

**MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS**

**THE STATE OF TEXAS** §  
**COUNTY OF GALVESTON** §  
**GALVESTON COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 12** §

The Board of Directors of Galveston County Water Control & Improvement District No. 12 (the “District”) met in regular session, open to the public, at its regular meeting place inside the boundaries of the District, on February 12, 2018; whereupon, the roll of the members of the Board of Directors was called, to-wit:

Theresa L. Gale	President
Linda Merryman	Vice President
Nancy McDonald	Secretary
Doug Meisinger	Assistant Secretary
Peyton Lumpkin	Assistant Secretary

All members of the Board of Directors were present.

Also present were: Chris Richardson of Strawn & Richardson, P.C.; Ed Holdgraf and Johnny Bellamy of Municipal District Services, LLC; Kandy Pfeffer of ETI Bookkeeping Services; and Wallace Trochesset of LJA Engineering, and Scott Gale, Glenn Gordy, residents; Mary Dubois of Acclaim Energy; Hubert Ekstrum of Kemah Village; and Chief Brent Hahn of the KVFD.

Whereupon, the President called the meeting to order and evidence was presented that public notice of the meeting was given in compliance with the law.

**1. PUBLIC COMMENTS.** Hubert Ekstrum of Kemah Village asked about having 11 more residents annexed into the District. Chris Richardson explained the District can

only annex those who sign a petition for annexation, and cannot simply annex those who express an interest at the HOA meeting.

2. **BOARD MEMBER ANNOUNCEMENTS.** Director Gale asked for prayers for Chris Morlan, who lost his wife recently.

3. **MINUTES.** The Board considered the minutes for the meeting of January 8, 2018. Following discussion, it was moved by Director Lumpkin and seconded by Director Meisinger that the minutes be approved, which motion passed unanimously, 5-0.

4. **PRESENTATION FROM ACCLAIM ENERGY.** Mary Dubois stated the current contract for electricity ends in June of 2020, and the current rate is 0.04699. She stated there are savings to be locked in, by choosing to extend the contract with rates which are currently available. She presented a breakdown of providers and rates, and explained the General Land Office's rate includes certain savings of charges that are not available from other providers. Following a discussion, it was moved by Director Meisinger and seconded by Director Lumpkin that the extension of the contract for electricity through the General Land Office, at a term of 60 months be approved, which motion passed unanimously, 5-0.

5. **BOOKKEEPER'S REPORT.** Kandy Pfeffer presented the bookkeeper's report, a copy of which is attached as Exhibit "A". She reviewed the use of bond proceeds and other matters in her report. The Board reviewed the checks, investments, budget, and energy usage for the past month.

Following further discussion, it was moved by Director Merryman and seconded by Director Meisinger that the bookkeeper's report, and those checks as listed thereon be approved, along with the items discussed, which motion passed unanimously, 5-0.

6. **RESOLUTION AUTHORIZING SURPLUS FUNDS.** Mr. Richardson presented for approval the Resolution Authorizing Use of Surplus Funds, a copy of which is

attached as Exhibit “B”. He explained the Resolution authorizes using surplus funds in the amount of \$214,763.00, to pay for wastewater treatment plant repairs and improvements at the plant site.

Following further discussion, it was moved by Director Meisinger and seconded by Director Lumpkin that the Resolution Authorizing Use of Surplus Funds be approved, which motion carried unanimously, 5-0.

**7. OPERATOR'S REPORT.** Ed Holdgraf presented the operator’s report, a copy of which is attached as Exhibit “C”. There were 1,734 customer connections. Water accountability was at 93.2%; the wastewater treatment plant reported no permit excursions and ran at 51% of capacity. Mr. Holdgraf reviewed the preventative maintenance schedule. He described a “blow off”; which was a line break in the middle of a field, which resulted in lost water, but residents nearby called in quickly and the line was repaired.

Following further discussion, it was moved by Director Merryman and seconded by Director Meisinger that the operator’s report be approved, along with the items presented, which motion carried unanimously, 5-0.

**8. ENGINEER’S REPORT.** Wallace Trochesset presented the engineer’s report, a copy of which is attached as Exhibit “D”. He discussed the TxDOT requirement for casing of the District lines at five existing crossings of SH 146; he stated he would locate the remaining three of the five casings.

Mr. Trochesset stated the District will need sanitary control easements around the interruptible service well site. He noted there will be price increases for the odor control chemicals at the wastewater treatment plant, according to the supplier, Evoqua.

Mr. Trochesset discussed capacity requests: He stated Steward Elementary School is asking for 12 connections for its expansion. Chad Star asked for 2 connections; South Custom

Concepts asked for 2 connections; Kemah Cleaners asked for 2 connections; Phil Yates asked for 2 connections.

Mark Caldwell asked for renewal of the commitment for 120 connections; his representative presented plans for the Star Harbor Resort, and stated it will be zoned for “marine mixed use”. He stated it would take 6 months to get the working drawings in order.

Following further discussion by the Board it was moved by Director Meisinger and seconded by Director Merryman that the engineer’s report be approved along with the items presented; the motion passed 5-0.

**9. LONG TERM WATER PLAN.** Director Gale discussed the update from Kyle Burks regarding the GCWA – FM 517 Booster Pump Station. She stated the Booster Pump Station and the Interruptible Well will combine to produce increased capacity early next year. She discussed increasing the fire fee from \$7.00 to \$10.00 per unit on the water bills, and the possibility of changing the per square foot charge for the units assessed to commercial accounts.

**10. KVFD REPORT.** Director Lumpkin presented the Fire Department Report. There were 71 total calls; 33 of them were for EMS and 6 were mutual aid calls. He stated the Kemah Marketplace has had some Fire Marshall issues which are being resolved. Director Gale noted the KVFD has asked the Board to hold its meetings at 7:30 p.m.

**11. AMENDMENT TO KVFD CONTRACT.** Chris Richardson presented the Fourth Amendment to the Contract for Fire Fighting Services with the KVFD; he explained the Amendment returns two (2) voting members on the KVFD Board to the District. One member of the KVFD Board of Directors shall be the President of the District’s Board of Directors; the other District representative shall be appointed by the District’s Board of Directors. Initially, that person was named as the current liaison to the KVFD Board of Directors, Director Lumpkin.

Following a discussion, it was moved by Director Lumpkin and seconded by Director Meisinger to approve the Fourth Amendment to the KVFD Contract, which motion passed unanimously, 5-0.

**12. ORDER SETTING 2018 TAX EXEMPTIONS.** Chris Richardson explained the District set a homestead exemption of 20% last year; this is the highest allowed by law. The District also set an exemption of \$45,000.00 for over 65 and/or disabled individuals last year.

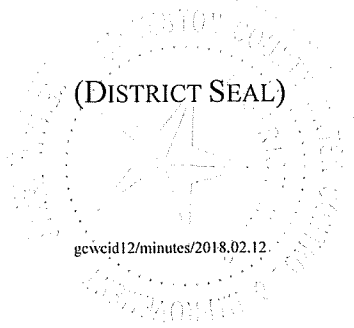
Following further discussion, it was moved by Director Meisinger and seconded by Director Merryman that the Order Setting 2018 Tax Exemptions be approved, setting a 20% homestead exemption, and an exemption of \$45,000.00 for over 65 and/or disabled individuals, which motion carried unanimously, 5-0. A copy of said Order is attached as Exhibit "E".

**13. AUTHORIZE ANNUAL SPECIAL PURPOSE DISTRICT FILING.** Chris Richardson stated the Legislature in Senate Bill 625 has mandated a form to be filled out and filed on the Comptroller's website, listing certain financial information about some districts, including water districts. Following discussion, it was moved by Director Lumpkin, and seconded by Director Meisinger, to authorize the annual Special Purpose District Filing, which motion carried unanimously, 5-0.

**14. ENGAGEMENT OF ARBITRAGE COMPLIANCE SPECIALISTS.** The Board considered an agreement to engage Arbitrage Compliance Specialists for the Bond Management Compliance Program for the Series 2018 Bond Issue. Mr. Richardson explained the issue of arbitrage and the need for arbitrage self-auditing and self-reporting to the IRS. Following further discussion, it was moved by Director Meisinger and seconded by Director McDonald to approve the agreement to engage Arbitrage Compliance Specialists, which motion carried unanimously, 5-0. A copy of the engagement agreement is attached as Exhibit "F".

11. **ADJOURNMENT.** There being no further business, it was moved, seconded and unanimously carried that the meeting be adjourned.

*PASSED, ADOPTED and APPROVED* this 19th day of March, 2018.



*Glory McDonald*  
Secretary