

**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 April 9, 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 of Municipal District Services, LLC; Kandy Pfeffer of ETI Bookkeeping Services; Joseph Ellis, McCall Gibson Swedlund Barfoot, PLLC; and Wallace Trochesset of LJA Engineering; also, Dale Hammacher and Ronnie Richards, candidates for the Board of Directors; and Scott Gale and Glen Gordy, residents.

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.** There were no public comments.

2. BOARD MEMBER ANNOUNCEMENTS. Directors Meisinger and Gale thanked Director Merryman for her years of faithful service to the District. Director Meisinger stated he hated to burst Director Gale's bubble, but there would be no more cold weather.

3. MINUTES. The Board considered the minutes for the meetings of February 5, 2018 and March 19, 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. APPROVAL OF AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2017. Joseph Ellis presented and reviewed a draft of the audit for the fiscal year ended December 31, 2017. He stated the firm's opinion is unqualified, which means there are no material weaknesses identified. The Board discussed the issue of surplus funds being used to reimburse the General Fund, and whether those should be include in the 2017 Audit. Mr. Ellis stated the item should be footnoted but likely would not be included in the 2017 numbers. The Board approved the audit pending resolution of the issue.

Following a full discussion, it was moved by Director Lumpkin and seconded by Director Merryman that the audit for the fiscal year ended December 31, 2017 be approved, which motion carried 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 Lumpkin and seconded by Director Merryman 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. OPERATOR'S REPORT. Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "B". There were 1,746 customer connections. Water accountability was at 90.4%; the wastewater treatment plant reported no permit excursions and ran at 80.4% of capacity. Mr. Holdgraf reviewed the preventative maintenance schedule. He presented a draft of the Consumer Confidence Report (CCR) for the Directors to review.

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

7. REVIEW AND CONFIRM IDENTITY THEFT POLICY. Mr. Richardson presented the Order Reviewing and Confirming the District's Identity Theft Policy, a copy of which is attached as Exhibit "C". Mr. Richardson and Mr. Holdgraf recommended no changes to the Policy; there were no incidents of ID theft identified. Following discussion by the Board it was moved by Director Meisinger and seconded by Director Merryman to confirm the District's Identity Theft Policy; the motion passed 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 is still locating all of the crossings. He stated that design is ongoing and advertisement will occur in June for both the Fire Station Well Rehabilitation and Interruptible Service Well projects.

Mr. Trochesset discussed requests for capacity. Gerald Prickette requested 1 connection for 1903 Lawrence Road; Mark Story requested 1 connection for 406 Bay Avenue, both of which were approved by the Board. The Board decided to remove the allocation of 120 connections for the City of Kemah convention center, as that project is not showing forward progress.

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

9. WINDSTORM INSURANCE. Chris Richardson explained to the Board that the District's windstorm insurance, currently through TWIA, would be transferred to Weston, but would still be handled through the same insurance broker. Following discussion by the Board about the proposed changes, it was moved by Director Meisinger and seconded by Director Merryman to approve the transfer to Weston, which motion passed unanimously.

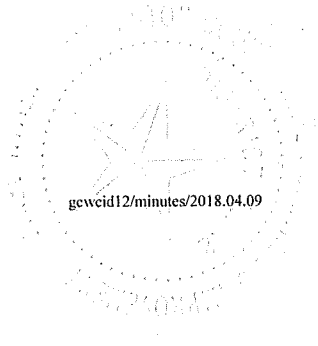
10. TAX COLLECTOR REPORTS. The Board reviewed the reports from the Galveston County Tax Assessor/Collector from February and March, 2018.

11. KVFD REPORT. Chief Hahn presented the Fire Department Report. There were 77 total calls; 58 of them were for EMS and 17 were fire calls. There were 2 marine calls. He described a "big fire" at Wendy's and stated the suppression system worked well; this demonstrates the reason for inspections of the systems. Chief Hahn asked the Board to name an emergency management coordinator, Director Gale nominated Chief Hahn, and the Board agreed. Director Gale reported the ESB had approved the trade-in of the fire truck for a new fire truck, which would still be titled in the District's name; the new truck will be paid for with ESB funds. The Board approved the trade-in. Following discussion by the Board, it was moved by Director Meisinger and seconded by Director Merryman to approve the KVFD Report with the items discussed, which motion passed unanimously.

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

PASSED, ADOPTED and APPROVED this 14th day of May, 2018.

(DISTRICT SEAL)



Nancy McDermott
Secretary