

**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 September 10, 2018; whereupon, the roll of the members of the Board of Directors was called, to-wit:

Theresa L. Gale	President
Doug Meisinger	Secretary
Ronald Richards	Assistant Secretary
Peyton Lumpkin	Vice President
Paul Boswell	Director

All members of the Board of Directors were present.

Also present were: Chris Richardson of Strawn & Richardson, P.C.; Ed Holdgraf, Jalene Palmer and Johnny Bellamy of Municipal District Services, LLC; Wallace Trochesset of LJA Engineering; and Glen Gordy and Lloyd Thornton, residents.

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

1. **CONDUCT 2018 TAX RATE PUBLIC HEARING.** The Board President called to order the Public Hearing on the 2018 Tax Rate. The Board noted that no taxpayer appeared to take part in the Public Hearing. The Board President then closed the Public Hearing.

2. **APPROVE 2018 DEBT TAX RATE.** The Board considered setting the 2018 Debt Service Tax Rate, and reviewed the recommendation from the financial advisor. The Board agreed to set a debt service tax rate of \$0.26, for a total tax rate of \$0.26 (the District does not have a maintenance tax). A copy of the Order Setting 2018 Debt Service Tax Rate is attached as Exhibit "A". Following discussion, it was moved by Director Meisinger seconded by Director Lumpkin to set the 2018 Debt Tax Rate at \$0.26, for a total rate of \$0.26, and to approve the related Order, which motion carried unanimously, 5-0.

3. **PUBLIC COMMENTS.** Glen Gordy stated he had engaged a surveyor to provide a metes & bounds description, to help proceed with annexation of property into the District.

4. **BOARD MEMBER ANNOUNCEMENTS.** Director Boswell described his tour of the District plant facilities. President Gale noted there is no drought this year and plenty of rain.

5. **MINUTES.** The Board considered the minutes for the meeting of August 13, 2018. Following discussion, it was moved by Director Richards and seconded by Director Lumpkin that the minutes be approved, which motion passed, 5-0.

6. **BOOKKEEPER'S REPORT.** The Board reviewed the bookkeeper's report, a copy of which is attached as Exhibit "B". Also reviewed was the use of bond proceeds and other matters in the report. The Board reviewed the checks, investments, budget, and energy usage for the past month. Following further discussion, it was moved by Director Meisinger and seconded by Director Lumpkin that the bookkeeper's report, and those checks as listed thereon be approved, along with the items discussed, which motion passed 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 1,742 customer connections. Water accountability was at 86.4%; the wastewater treatment plant reported no permit excursions and ran at 52.9% of capacity. Mr. Holdgraf reviewed the preventative maintenance schedule. He stated there had been

an inspection by the TCEQ and a Notice of Violation; he stated repairs are needed at the standpipe and have been scheduled.

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

8. APPROVE DOCUMENTS FOR LOCKBOX SERVICES WITH CENTRAL BANK, INCLUDING DEPOSITORY PLEDGE AGREEMENT. Jalene Palmer of MDS stated the operating company is moving District funds from Compass Bank to Central Bank, and she presented several documents for execution, including a Depository Pledge Agreement with Central Bank. Following further discussion, it was moved by Director Meisinger and seconded by Director Richards that the Depository Pledge Agreement be approved, along with the items presented, which motion carried unanimously, 5-0.

9. INTERCONNECT AGREEMENT WITH LEAGUE CITY. The Board discussed a possible emergency interconnect agreement with League City. The Board discussed the bond projects underway, including the new "interruptible service" water well as a backup to additional GCWA water supply. The Board discussed the recent negotiations with the City of League City. Following further discussion by the Board, it was moved by Director Boswell and seconded by Director Meisinger that the issue of an emergency interconnect with League City be tabled for 1 year, to allow the Board to assess the outcome of the construction of the new well; the motion passed unanimously, 5-0.

10. 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 there may be a less expensive method of meeting the TxDOT requirement, at an estimated cost of \$500,000. He discussed the

Interruptible Service Well; he stated the Elks Lodge is asking to be named as an additional insured on the Certificate of Insurance.

Mr. Trochesset discussed the expansion of the wastewater treatment plant and stated plans have been submitted to the TCEQ. He discussed Lift Station K near the Boardwalk, and stated he would set up a meeting to discuss cost sharing with representatives of the Boardwalk.

Mr. Trochesset discussed the Kemah Marketplace development. He noted the developers stated they had completed the flow testing on their fire suppression system. Mr. Trochesset stated the system should not have been connected to the District's system and the attorney should write a letter requiring the developers to install a water tank.

Mr. Trochesset discussed requests for capacity. The Board tabled the request from HouTex Engineering. The Board refused the request from Jason Kieshnick for annexation and capacity. The Board approved the commitments for:

Glen Gordy's renewal of 40 connections;

Teresa Frank's request for one connection at 935 Lawrence Rd.;

Bob Stokes' request for 2 connections for the temporary building at the Bay Foundation Property, for 2 years;

Evan Watkins' request for 23 connections for 5 acres at Cien and Kipp St., contingent upon the grant of an easement along the back edge of the property in the District's favor;

Bob Wright's renewal of 40 connections for his 10 acre property at Hwy. 96 and Lawrence Rd. (The Board refused his request for 260 additional connections, and President Gale explained the District does not have the capacity to commit in that amount.);

Mr. Stutzman's renewal of 20 connections (the Board refused his request for an additional 20 connections);

Mr. Thornton's renewal of 20 connections;

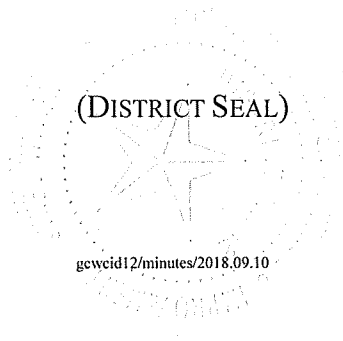
Following further discussion by the Board it was moved by Director Richards and seconded by Director Meisinger that the engineer's report be approved along with the items presented; the motion passed 5-0.

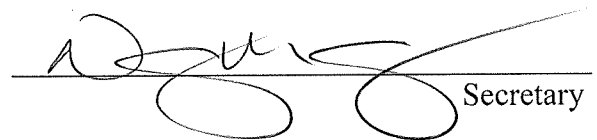
11. TAX COLLECTOR REPORTS. The Board reviewed the reports from the Galveston County Tax Assessor/Collector from August, 2018.

12. KVFD REPORT. President Gale updated the Board on KVFD activities. She noted there had been 19 calls for fire, 44 calls for EMS, and 5 calls for mutual aid in the previous month.

13. ADJOURNMENT. The Board convened in executive session at 8:10 p.m. to discuss matters with its attorney and reconvened in open session at 8:30 p.m. There being no further business, it was moved by Director Lumpkin, seconded by Director Richards and unanimously carried that the meeting be adjourned.

PASSED, ADOPTED and APPROVED this 8th day of October, 2018.




Secretary