

**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 11, 2019; whereupon, the roll of the members of the Board of Directors was called, to-wit:

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

All members of the Board of Directors were present.

Also present were Chris Richardson of Strawn & Richardson, P.C.; Johnny Bellamy of Municipal District Services, LLC; Kandy Pfeffer of ETI; Wallace Trochesset of LJA Engineering; Brent Hahn of KVFD; Bill Monacelli and Lance Gilliam, developers; and Scott Gale, resident.

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. PUBLIC COMMENTS. John Hardin addressed the Board about capacity for a building on Anders Lane in Kemah. Bill Monacelli stated he attended to discuss the Boardwalk Hospitality Easement issue. Zane Segal stated he attended to discuss the capacity renewal for Starfleet Marina; he stated they had hired LJA and the feasibility study is finished. He stated there

is no deal done yet, and they are looking for the “right flag”, or franchise hotel, for the project.

2. **BOARD MEMBER ANNOUNCEMENTS.** Director Lumpkin reminded the Board about the “Krewe du Lac” Mardi Gras Parade event on Sunday the 24th of February.

3. **MINUTES.** The Board considered the minutes for the meeting of January 14, 2019. Following discussion, it was moved by Director Richards and seconded by Director Lumpkin that the minutes be approved, which motion passed unanimously, 5-0.

4. **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 the report. She noted the District is currently under budget. The Board reviewed the checks, investments, budget, and energy usage for the past month. The Board agreed to pay the invoice for windstorm insurance in full.

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

5. **OPERATOR'S REPORT.** Johnny Bellamy presented the operator’s report, a copy of which is attached as Exhibit “B”. There were 1,744 customer connections. Water accountability was at 98.7%. The wastewater treatment plant reported no permit excursions and ran at 64% of capacity. Mr. Bellamy reviewed the preventative maintenance schedule and reviewed the repairs. He described a request from a customer for an adjustment to the water bill, due to a broken service line. The Board agreed to adjust to the customer’s average bill due to the fact that the District’s contractor caused the leak when replacing the meter.

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

6. ENGINEER'S REPORT. Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "C". He presented a copy of the Bond Election Report, to be left in the District's office. He noted there is a power point copy, for use at upcoming meetings. He discussed the TxDOT Utility Relocation and stated he would solicit bids for the 3rd Street Waterline. Mr. Trochesset discussed the Fire Station Well Rehabilitation and Interruptible Service Well projects. He discussed the expansion of the Wastewater Treatment Plant and recommended award of the contract to R&B Group, Inc., which the Board accepted.

Mr. Trochesset discussed the Birch Road Utility Bridge. He also discussed the easement to be obtained from the Galveston Bay Foundation for the Wastewater Treatment Plant outfall. Mr. Trochesset stated KDM Services is working to acquire the easement, but GBF had made a very high counter offer for the access easement.

Mr. Trochesset discussed requests for capacity. The Board approved the commitment for David Russell, at 1130 Winfield, for 2 connections, out of District. The Board approved the commitment for Steve McCree, at 1100 S. Kemah Dr., for 4 connections, out of District. The Board approved the commitment for John Hardin, at 2325 Anders Ln., for 1 connection, in District.

The Board discussed the Starfleet Marina commitment renewal with Mr. Segal, who confirmed there was no funding secured, and no detailed drawings. President Gale stated the District will have more water capacity and more wastewater capacity in 2020, but can no longer wait for Starfleet, as other shovel-ready projects in the District are seeking capacity. The Board decided to renew Starfleet's commitment for 10 connections, down from 120, to signify that utilities are available, and that the District does intend to supply the project.

Following further discussion by the Board it was moved by Director Gale and seconded by Director Meisinger that the engineer's report be approved along with the items presented; the motion passed 4-1, with Director Richards opposed.

7. **EASEMENT ACQUISITION – BOARDWALK HOSPITALITY.** President Gale discussed her meeting on Friday February 8th with the developers, engineer and attorney. She asked for the Board to authorize the attorney to draft an Agreement for Annexation of the Boardwalk Hospitality tract, including a commitment for 80 connections of capacity in exchange for a signed easement in favor of the District, and the developers' acceptance of payment of the appraised value from Mr. Monacelli. Following a discussion, it was moved by Director Lumpkin and seconded by Director Meisinger to grant the authorization as discussed, which motion passed unanimously, 5-0.

8. **KVFD REPORT.** Chief Hahn presented and reviewed the KVFD report. There were 10 calls for fire, 22 calls for EMS and 2 mutual aid calls. The report is attached as Exhibit "D".

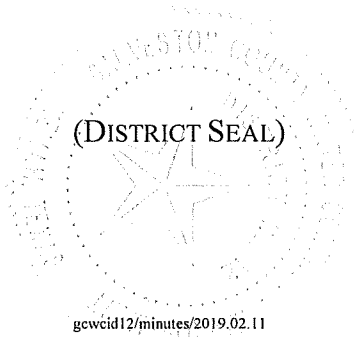
9. **TAX ASSESSOR'S REPORT / RESOLUTION FOR FEE CHANGE.** The Board reviewed the tax assessor's report from Galveston County showing 76% collected for 2018 taxes; no action was taken. The Board noted the County Tax Assessor is lowering fees and considered the approval of the required Resolution Approving the Fee Change, which was motioned by Director Richards and seconded by Director Lumpkin. The motion passed unanimously, 5-0.

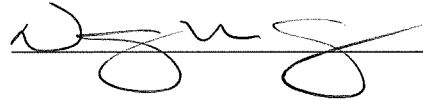
10. **ORDER SETTING 2019 TAX EXEMPTIONS.** Chris Richardson explained the District set a homestead exemption of 20% last year, which is the highest allowed by law. The District also set an exemption of \$45,000.00 for over 65 and/or disabled individuals last year.

Following a discussion, it was moved by Director Meisinger and seconded by Director Richards that the Order Setting 2019 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".

11. **ADJOURNMENT.** 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 4th day of March, 2019.




Secretary