

**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 November 18, 2019; whereupon, the roll of the members of the Board of Directors was called, to-wit:

Matthew D. Wiggins	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, attorney, and Stephanie Nagel, legal assistant, of Strawn & Richardson, P.C.; Johnny Bellamy of Municipal District Services, LLC; Kandy Pfeffer of ETI Bookkeeping Services; Wallace Trochesset of LJA Engineering; Brent Hahn of KVFD; David Smalling of Robert W. Baird & Co.; Ray Hooker; and Dennis Flolo of Deep Flo Properties.

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. The Board first considered the sale of the District’s \$6,020,000 Unlimited Tax Bonds, Series 2019. David Smalling reviewed the bids received, with Baker Group being the

lowest bidder at a net effective interest rate of 2.71%. Mr. Smalling stated the District received an A Rating from Standard & Poor's and an AA Rating from Build America Mutual Assurance Company. Chris Richardson discussed the preparation of the transcript and review by the Attorney General. He stated the bond closing is set for December 19, 2019. Following a discussion of the bids, a motion was made by Director Richards, seconded by Director Boswell, and unanimously carried to award the sale of the 2019 Bonds to the low bidder, Baker Group.

The Board then reviewed the Bond Order and related Certificate for the Series 2019 Bonds. A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried, that said Order and Certificate be approved and adopted.

The Signature Identification and No-Litigation Certificate was presented to the Board. Following review, a motion was made by Director Richards, seconded by Director Boswell, and unanimously carried that the Signature Identification and No-Litigation Certificate be approved and further to authorize the Attorney General to date said Certificate upon approval and attorney to date same at closing.

The Board next reviewed the General Certificate for the Series 2019 Bonds. The Certificate states, among other current information and facts, that the District is in compliance with all applicable requirements of all regulatory agencies, including all applicable City of Galveston Ordinances. A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried that the General Certificate be approved.

The Paying Agent Registrar Agreement with Zions Bancorporation, National Association was presented. A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried to approve the Paying Agent Registrar Agreement.

The Escrow Agreement with BBVA USA was presented. A motion was made by

Director Richards, seconded by Director Boswell, and unanimously carried to approve the Escrow Agreement.

The Federal Tax Certificate was presented to the Board. Following review, a motion was made by Director Richards, seconded by Director Boswell, and unanimously carried to approve the Federal Tax Certificate and authorize attorneys to date same at closing.

The Certificate of Insurance was presented to the Board. A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried to approve and execute the Certificate of Insurance, approving the insurance commitment of Build America Mutual Assurance Company.

A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried to approve the Certificate for Official Statement.

The Board considered approving the Information Required by the Public Securities Procedures Act and authorize the execution and filing of same. A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried that the Information Required by the Public Securities Procedures Act be approved and filed.

A motion was next made by Director Richards, seconded by Director Boswell, and unanimously carried to approve and execute the Series 2019 Bonds.

A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried to authorize the attorneys for the District to submit the District's transcript and obtain approval of Attorney General of the State of Texas for the Series 2019 Bonds and secure registration by Comptroller of Public Accounts for such issue.

A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried to authorize attorneys for the District or the Paying Agent Registrar for the

District to receive the Series 2019 Bonds from the Comptroller of Public Accounts after registration.

A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried that the underwriter be authorized to obtain CUSIP registration numbers for the Series 2019 Bonds.

The Board next considered authorizing the preparation and filing of IRS Form 8038-G. A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried that the IRS Form 8038-G be approved and filed with the Internal Revenue Service.

A motion was made by Director Richards, seconded by Director Boswell, and unanimously carried that all other necessary documents be executed and that all other necessary action be taken for the issuance of the Series 2019 Bonds.

**2. PUBLIC COMMENTS.** Ray Hooker introduced two men from Holiday Inn and stated the hotel is receiving monthly water bills over \$20,000.

Dennis Flolo, of Deep Flo Properties, expressed his displeasure of the additional \$630 expense for the fire fee. He stated he has met the fire code and new building codes. Director Wiggins explained the District's Rate Order has a fee per unit. He stated the fee is defined by square footage and sprinklers. Director Wiggins added the District has had the fee in place since 2000 when it was voted into place by the voters.

**3. BOARD MEMBER ANNOUNCEMENTS.** There were no announcements at this time.

**4. MINUTES.** The Board considered the minutes for the meetings of September 30, 2019 and October 21, 2019. Following discussion, it was moved by Director Meisinger and

seconded by Director Richards that the minutes 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 the report. The Board reviewed the checks, investments, budget, and energy usage for the past month. Ms. Pfefffer discussed the draft budget for fiscal year ending December 31, 2020. She stated currently there is a \$688,000.00 deficit in the budget.

Following further discussion, it was moved by Director Richards 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.

**6. KVFD REPORT.** Brent Hahn presented the KVFD report for the Board's review, a copy of which is attached as Exhibit "B". He reported they received 56 calls, 25 fire calls, 21 EMS calls, 7 mutual aid calls, and 3 law enforcement calls.

Mr. Hahn discussed the Fire Marshall activities for Kemah and Clear Lake Shores.

Mr. Hahn next discussed the grant received from KIDDE Fire Protection. He stated the grant provides 50 smoke alarms and 25 fire extinguishers.

Following further discussion, it was moved by Director Meisinger and seconded by Director Lumpkin that the KVFD report be approved, which motion carried unanimously, 5-0.

**7. OPERATOR'S REPORT.** Johnny Bellamy presented the operator's report, a copy of which is attached as Exhibit "C". There were 1,754 customer connections. Water accountability was at 86.6%. The Wastewater Treatment Plant was compliant and ran at 69% of capacity. Mr. Bellamy reviewed the preventative maintenance schedule and reviewed the repairs.

Mr. Bellamy requested approval to not terminate water service during the holidays.

Mr. Bellamy discussed vacation homes being used as Air BNBs and being charged as a commercial property for purposes of the fire fee. The Board discussed treating the structures as residences, as they were originally built. Following further discussion, it was moved by Director Boswell and seconded by Director Meisinger to treat the vacation homes as residences, for the purposes of the fire fee, which motion carried with Director Wiggins abstaining.

Ray Hooker addressed the Board about the water leaks at the Holiday Inn. He stated sewer adjustments were made after the repairs were complete. Director Wiggins stated there may be a problem with the meter reading. Mr. Bellamy stated a meter reading issue would be easy to identify since meters do not reset to zero. He added that they will audit the meters and correct the bills if there is an error. Following further discussion, it was moved by Director Wiggins and seconded by Director Richards to authorize Director Wiggins to settle the meter reading issue with the operator, which motion carried unanimously, 5-0.

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, and to approve not terminating water service during the holidays, 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 presented for approval Pay Estimate No. 7 for the Interruptible Service Well, in the amount of \$27,297.78.

Mr. Trochesset presented for approval Pay Estimate No. 4 from R&B Group, Inc., in the amount of \$266,573.80, for the 0.50 mgd expansion for the Wastewater Treatment Plant.

Mr. Trochesset discussed the Birch Road Utility Bridge. He stated the County Engineer will speak with the Commissioner about a possible Interlocal Agreement to put the construction projects under one contract through the County.

Mr. Trochesset updated the Board on the status of the easements for the Wastewater Treatment Plant outfall. He informed the Board they currently have a verbal agreement with the Galveston Bay Foundation for their easement in the amount of \$77,088.

Mr. Trochesset reported the State Highway 146 utility relocation is under design and KDM is working on acquiring the easements.

Mr. Trochesset informed the Board that Mehal Bhakta, a hotel developer, is requesting help with facilitating, negotiating, and finalizing the waterline easement with Alana Croker, the property owner. He is also requesting that any of the costs associated with the water line extension and easement be reimbursed by the District. Mr. Trochesset explained the extension would be from Cien Street to the hotel. He stated it will cost \$25,000 for the easement and \$75,000 for the water line extension.

Mr. Trochesset next discussed requests for capacity. He stated Frank Ball is requesting another 8 connections for the town homes at Miller and 8<sup>th</sup> Street. Following further discussion, it was moved by Director Meisinger and seconded by Director Boswell to approve the 8 additional connections for the town homes, which motion carried unanimously, 5-0.

Mr. Trochesset presented a request from Mark Musemeche for 148 sanitary sewer connections for a senior living facility at 1200 FM 518. He stated the property is out of the District and the water may be from a private well, or sourced from Bayview MUD at the developers cost, and they conveyed to the District. Mr. Musemeche has also requested to be annexed by the District. Following further discussion, it was moved by Director Richards and seconded by Director Meisinger to approve the capacity request for 148 sewer connections for the senior living facility and to begin the annexation process of the property based upon the developers promise to pay \$3,500 per sewer connection, which motion carried unanimously, 5-0.

Mr. Trochesset next presented a request from Mr. Navi for 76 connections for a hotel development along SH 146 and 6<sup>th</sup> Street. He stated the District does not have enough capacity for the development.

Mr. Trochesset stated Frank Stutzman requested an additional 35 connections for his property along SH 96. The Board took no action on the request.

Mr. Trochesset informed the Board he and the operator met with David Davis, of the Gulf Coast Water Authority, about the water re-rate. He stated they will discuss the future build out of the District.

Following further discussion by the Board it was moved by Director Meisinger and seconded by Director Lumpkin that the engineer's report be approved, to approve the Pay Estimate No. 7 for the Interruptible Service Well, and to approve Pay Estimate No. 4 for the Wastewater Treatment Plant expansion, which motion carried unanimously, 5-0.

**9. TAX ASSESSOR'S REPORT.** The Board reviewed the tax assessor's report for October from Galveston County; no action was taken.

**10. AUTHORIZE ANNUAL EMINENT DOMAIN FILING.** Chris Richardson asked for authorization to complete the District's annual eminent domain filing with the State Comptroller's office. Following further discussion by the Board it was moved by Director Richards and seconded by Director Meisinger that the attorney be authorized to complete the annual eminent domain filing; the motion passed unanimously, 5-0.

**11. FUTURE AGENDA ITEMS.** There were no future agenda items requested.

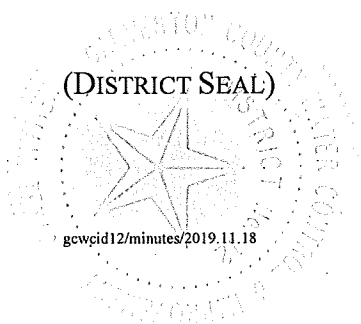
**CLOSED SESSION.** The Board held an executive session to discuss a personnel issue and confer with its attorney. The Closed session began at 8:30 p.m. and the Board reconvened in open session at 9:20 p.m.

**12. ADJOURNMENT.** There being no further business, it was moved by Director



Richards, seconded by Director Meisinger and unanimously carried that the meeting be adjourned.

*PASSED, ADOPTED and APPROVED* this 16th day of December, 2019.



  
Secretary