

**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 December 16, 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, of Strawn & Richardson, P.C.; Johnny Bellamy of Municipal District Services, LLC; Kandy Pfeffer of ETI Bookkeeping Services; Wallace Trochesset of LJA Engineering; and Rob Steckler of KVFD.

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. A representative from Move It Self Storage addressed the Board regarding the fire fee. The representative stated the fire fee is high since it is based upon square footage.

2. BOARD MEMBER ANNOUNCEMENTS. There were no announcements at

this time.

3. **MINUTES.** The Board considered the minutes for the meeting of November 18, 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 AND BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2020.** 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 presented the budget for fiscal year ending December 31, 2020. Director Lumpkin stated the Board needs to address the \$00,000.00 deficit in the budget. Director Wiggins explained the District will raise rates by 20% and seek KVFD repayment for the \$340,000 cost of the fire truck.

Following further discussion, it was moved by Director Meisinger and seconded by Director Boswell that the bookkeeper's report, and those checks as listed thereon be approved, along with the items discussed, and that the budget for fiscal year ending December 31, 2020 be approved, which motion passed unanimously, 5-0.

5. **INVESTMENT POLICY.** The Board next considered reviewing the Investment Policy. Chris Richardson explained an annual review and confirmation of the Investment Policy is required by the Public Funds Investment Act. He stated changes were made to the Act during the 2019 legislative session and the District's policy has been updated to reflect those changes.

Following further discussion, it was moved by Director Richards and seconded by Director Meisinger, to approve the Order Approving Investment Policy, a copy of which is attached as Exhibit "B", which motion carried unanimously.

6. **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 89%. The Wastewater Treatment Plant was compliant and ran at 58.7% of capacity. Mr. Bellamy reviewed the preventative maintenance schedule and reviewed the repairs.

Mr. Bellamy presented a request from a customer for an adjustment to their water bill due to a running toilet. He stated the customer has repaired the toilet. The Board agreed to adjust the sewer portion down to the average water bill.

Following further discussion, it was moved by Director Richards and seconded by Director Boswell that the operator's report be approved, along with the items presented, and to approve the adjustment to the sewer portion of the customer's water bill, as discussed, which motion carried unanimously, 5-0.

7. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "D". He reported the contractor has been finishing up the final items for the Interruptible Service Well project. Mr. Trochesset stated the startup is scheduled for this week and the production test will occur in early January 2020.

Mr. Trochesset presented for approval Pay Estimate No. 5 from R&B Group, Inc., in the amount of \$159,991.40, for the 0.50 mgd expansion for the Wastewater Treatment Plant.

Mr. Trochesset discussed the Birch Road Utility Bridge. He stated the County Engineer asked for the District's attorney to help with the preamble language in the Interlocal Agreement.

Mr. Trochesset updated the Board on the status of the easements for the Wastewater Treatment Plant outfall. He reported Mr. Warren Sullins' easement has been recorded, they have

received a signed easement from the Galveston Bay Foundation, and he will make a counter-offer on Mr. Tinkle's easement.

Mr. Trochesset reported the State Highway 146 utility relocation is under design and KDM has submitted the offering amounts based on the appraisals.

Mr. Trochesset presented the re-rate letter from the Gulf Coast Water Authority for the Board's review.

Mr. Trochesset informed the Board the District has a dead-end waterline crossing on SH 146 and it is conflicting with TxDOT construction. He explained the District has a valve in the area to isolate the waterline but the valve is not closing all of the way. Mr. Trochesset added that the District will need to add an isolation valve to isolate the waterline and allow TxDOT to continue working. He stated the cost of the work is approximately \$16,000. The Board requested the cost not exceed \$20,000.

Mr. Trochesset reported KDM has provided a proposal for acquiring the waterline easement from Alana Croker.

Mr. Trochesset next discussed requests for capacity. He stated Sally Shishani, with Heights Engineering, is requesting 83 connections for a hotel site located at 6th Street and Texas Avenue. Mr. Trochesset stated the District does not have capacity. The Board did not approve the capacity request.

Mr. Trochesset presented a request from Bob Avery for 40 connections for a Mister Carwash along FM 518. He stated the property is outside the District and the District does not have the capacity. The Board did not approve the capacity request.

Mr. Trochesset presented a request for a capacity renewal from Glen Gordy. The Board approved the capacity renewal.

Following further discussion by the Board it was moved by Director Richards and seconded by Director Meisinger that the engineer's report be approved, to approve Pay Estimate No. 5 for the Wastewater Treatment Plant expansion, to approve adding an isolation valve on SH 146 for a cost not to exceed \$20,000, and to approve the capacity renewal for Glen Gordy, which motion carried unanimously, 5-0.

8. KVFD REPORT. Director Wiggins introduced Rob Steckler, the Interim Chief for KVFD. He stated Brent Hahn resigned. Director Wiggins informed the Board Mr. Steckler took over training and he is working on the straightening out the department's finances. Director Wiggins stated \$338,000 of fire department fees will be held back for repayment of the cost of the fire truck. He stated the District would hold back \$30,000 per month out of the fire department fees for the repayment of the fire truck.

Following further discussion, it was moved by Director Meisinger and seconded by Director Boswell to approve a monthly payment to the District of \$30,000 from fire department fees for repayment of the fire truck, which motion carried unanimously, 5-0.

9. CONSIDER AMENDING RATE ORDER. Director Wiggins proposed amending the water rate, sewer rate and minimum bills in Appendix A to the Rate Order. A copy of the Rate Order is attached as Exhibit "E". Following further discussion, it was moved by Director Meisinger and seconded by Director Lumpkin to approve amending the water rate, sewer rate and the minimum bills in Appendix A of the Rate Order, which motion carried unanimously, 5-0.

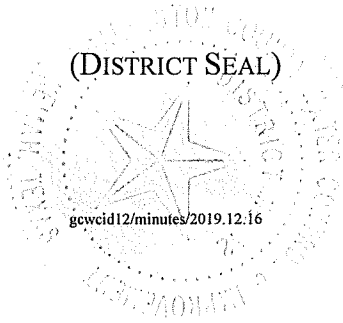
10. TAX ASSESSOR'S REPORT. The Board reviewed the tax assessor's report for November from Galveston County; no action was taken.

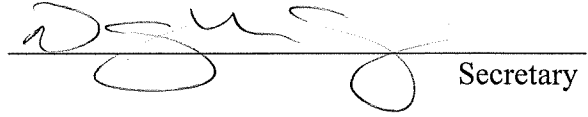
11. FUTURE AGENDA ITEMS. There were no future agenda items requested.

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 20th day of January, 2020.




Secretary