

**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, on August 17, 2020, via telephone conference authorized by proclamation of Governor Abbott in response to the COVID-19 Pandemic; 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
Steve Mewborn	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; David Smalling of Robert W. Baird & Co.; Rob Steckler of KVFD; Megan Bradley of Triton Consulting Group; Daniel Conrad and Don Murphy.

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. Daniel Conrad thanked Mr. Richardson and the Board for assistance of the Lake Village HOA. He noted the difficulty involved with working with

banks, from home during the COVID-19 Pandemic.

Don Murphy addressed the Board concerning Lloyd Thornton's property. He stated he would like to develop an apartment complex.

2. BOARD MEMBER ANNOUNCEMENTS. Director Lumpkin informed the Board the checks are the fire station to be signed. Director Mewborn stated he will help sign the checks.

Director Meisinger wished everyone health and happiness. He also thanked Daniel Conrad.

3. PRESENTATIONS. There were no presentations at this time.

4. MINUTES. The Board considered the minutes for the meeting of July 20, 2020. Following discussion, it was moved by Director Meisinger and seconded by Director Lumpkin that the minutes be approved, which motion carried unanimously, 4-0.

5. DISCUSS 2020 TAX RATE. David Smalling presented the 2020 Tax Rate Recommendation, a copy of which is attached as Exhibit "A." He recommended reducing the debt tax rate from \$0.26 to \$0.25. Mr. Smalling added that the parity rate is \$0.2494. Director Wiggins recommended keeping the same tax rate as the previous year and advertising a debt service tax rate of \$0.26, and setting a public hearing date of September 21, 2020, the Board's next regular meeting. It was noted that the District does not have a maintenance tax.

Following a discussion, it was motioned by Director Lumpkin and seconded by Director Mewborn to authorize publication of the \$0.26 debt service tax rate and to set a public hearing date of September 21, 2020, which motion carried with Director Wiggins abstaining, 3-0.

6. RENEWAL OF DISTRICT INSURANCE THROUGH T.M.L. The Board considered approval of renewal of the District's insurance coverage through the TML

Intergovernmental Risk Pool, for 2020/2021. Following further discussion by the Board it was moved by Director Meisinger and seconded by Director Lumpkin that the insurance renewal with TML be approved; the motion passed unanimously, 4-0.

7. GCWA ALLOCATION AND REQUEST. Wallace Trochesset updated the Board on discussions with the Gulf Coast Water Authority (“GCWA”) concerning the “natural allocation” and the request for additional raw and/or treated water. He informed the Board the buy-in rate is \$2.8 million per 1 MGD. Director Wiggins stated the District needs to request 1.5 MGD, which will take the District to full buildout.

8. KVFD REPORT. The KVFD report was not presented at this time. Director Wiggins stated the firefighters are training this evening.

9. INTERLOCAL AGREEMENT WITH CITY OF KEMAH. The Board next discussed an Interlocal Agreement with the City of Kemah for the provision of fire services to properties not receiving water service. Mr. Richardson informed the Board he is waiting to hear back from Dick Gregg Jr., the attorney for the City of Kemah, then he will draft a Resolution requiring all Kemah properties pay the District fire fee, even if they are not in the District. The Board tabled this item.

10. BOOKKEEPER'S REPORT. Kandy Pfeffer presented the bookkeeper's report, a copy of which is attached as Exhibit “B”. 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. Pfeffer noted the District’s budget is operating at a surplus of \$251,000.

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 with Director Wiggins abstaining, 3-0.

11. OPERATOR'S REPORT. Johnny Bellamy presented the operator's report, a copy of which is attached as Exhibit "C". There were 1,765 customer connections. Water accountability was at 82.8%. The Wastewater Treatment Plant was compliant and ran at 72.6% of capacity. Director Lumpkin asked about the low accountability. Mr. Bellamy stated they have looked for leaks.

Mr. Bellamy informed the Board the receivables are five-times higher than the same time last year.

Mr. Bellamy reviewed the preventative maintenance schedule and reviewed the repairs.

Mr. Bellamy discussed water terminations. Director Wiggins suggested beginning normal collections in September. Mr. Bellamy asked when should terminations begin. Mr. Richardson reminded the Board it informed the customers there will not be any late fees or terminations until September 5, 2020 and the Board agreed to authorize six-month payment plans. He added the Board agreed the customers will not incur penalties if they are current on a payment plan and their current bill.

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 passed with Director Wiggins abstaining, 3-0.

12. RATE ORDER AMENDMENT. The Board next considered amending the District Rate Order regarding the sewer only rates. Director Wiggins explained the standardized rates have been simplified; the residential minimum bill is now \$2.00 per month. Director Meisinger stated it good to have the standardized rates condensed. A copy of the Rate Order is attached as Exhibit "D".

Following further discussion, it was moved by Director Meisinger and seconded by

Director Lumpkin to amend the Rate Order, concerning the standardized rates and the residential minimum bill, as discussed, which motion carried unanimously, 4-0.

13. ENGINEER'S REPORT. Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "E". He presented for approval Pay Estimate No. 13 from R&B Group, Inc., in the amount of \$117,891.20, for the 0.50 mgd expansion for the Wastewater Treatment Plant. He also presented for approval Change Order No. 2, which adds a 35-day time extension. Mr. Trochesset explained the time extension has been requested because of delays in supplies and materials due to COVID-19.

Mr. Trochesset next presented for approval Pay Estimate No. 1, in the amount of \$68,400.00, for the Birch Road Utility Bridge. He also presented Change Order No. 1 for a 45-day time extension, which has been requested also because of the delays in supplies and materials due to COVID-19.

Mr. Trochesset discussed the SH 146 Utility Relocation. He informed the Board there is one easement left along SH 146 that KDM is acquiring and KDM is indicating the easement paperwork may be final this week. Mr. Trochesset requested permission to begin the advertising of the project.

Mr. Trochesset reported they met with TxDOT last week to discuss a possible conflict with an existing waterline that is located on the west side of SH 146 just south of Bel Road.

Mr. Trochesset next discussed requests for capacity. He presented a request from Manvinder Cheema for 83 connections for a hotel development at SH 146 and 6th Street. The Board deferred action on the request.

Mr. Trochesset presented a request from Don Murphy for 194 connections for an apartment complex located on the Thornton tract along SH 96. The Board deferred action on the request.

Mr. Trochesset presented a request from Betty Middleton for one connection for a single-family resident located at 2325 Anders Lane.

Mr. Trochesset next presented a request from Texas Complete Auto Repair, Lube and Carwash, Inc. for 3 connections for a 6060 square-foot auto repair facility located at 916 FM 518.

Following further discussion by the Board it was moved by Director Meisinger and seconded by Director Mewborn that the engineer's report be approved, to approve Pay Estimate No. 13 and Change Order No. 2 for the Wastewater Treatment Plant expansion, to approve Pay Estimate No. 1 and Change Order No. 1 for the Birch Road Utility Bridge, to approve the capacity request from Betty Middleton, and to approve the capacity request from Texas Complete Auto Repair, Lube and Carwash, Inc., which motion carried unanimously, 4-0.

14. TAX ASSESSOR'S REPORT. The tax assessor's report was not presented at this time.

15. OLD BUSINESS. The Board discussed two proposals from Alana Croker for the listing of District property on Delasandri and Lawrence Road. Director Wiggins recused himself from the discussion and asked Vice President Lumpkin to take over the meeting. Director Lumpkin presided over the discussion. Director Lumpkin stated Ms. Croker does not need to co-list the property. He added that Ms. Croker is more than qualified to handle the listing herself. Director Meisinger asked why Ms. Croker would co-list the property.

Following further discussion, it was moved by Director Meisinger and seconded by Director Lumpkin to approve the proposal from Alana Croker, individually, which motion carried unanimously, 3-0. Director Wiggins was recused from the discussion and abstained from the vote.

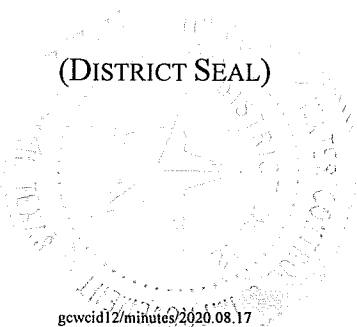
16. NEW BUSINESS. There was no new business to discuss at this time.

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

18. ADJOURNMENT. There being no further business, it was moved by Director Meisinger, seconded by Director Lumpkin which carried unanimously, 4-0, that the meeting be adjourned.

PASSED, ADOPTED and APPROVED this 25st day of September, 2020.

(DISTRICT SEAL)



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Secretary