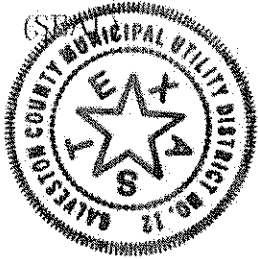


SIGNED AND SEALED the 21st day of August, 2017.



Robert A. Bassett
Secretary, Board of Directors

ORDER CALLING BOND ELECTION

WHEREAS, Galveston County Municipal Utility District No. 12 (the "District"), was heretofore duly created by order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality ("Commission" or "TCEQ") dated September 1, 1981 and operates pursuant to the terms and conditions within Chapters 49 and 54, Texas Water Code, as amended;

WHEREAS, at elections held on November 3, 1981 and August 12, 1985, the District was authorized to issue the bonds of the District in the maximum amount of \$4,270,000 for the purpose or purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a waterworks system, sanitary sewer system, and drainage and storm sewer system, including, but not limited to, all additions to such systems and all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefore and administrative facilities needed in connection therewith; to provide for the payment of principal of and interest on such bonds by the levy and collection of a sufficient ad valorem tax upon all taxable property within the District and for the purpose of refunding such bonds.

WHEREAS, the District has sold and delivered its Unlimited Tax Bonds, Series 1983 ("Series 1983 Bonds"); its Unlimited Tax Bonds, Series 1983A ("Series 1983A Bonds"); its Unlimited Tax Bonds, Series 1996 ("Series 1996 Bonds"); its Unlimited Tax Bonds, Series 1996A ("Series 1996A Bonds"); its Unlimited Tax and Refunding Bonds, Series 1998 ("Series 1998 Refunding Bonds"); and its Unlimited Tax Bonds, Series 2014 ("Series 2014 Bonds"); of which in aggregate \$365,000 in principal and \$7,530 in interest is currently outstanding;

WHEREAS, the District is authorized to collect a debt service tax upon all taxable property within the District, the current rate of said debt service tax is \$0.072389 per \$100 of assessed valuation and it is expected said debt service tax rate will be \$0.072389 per \$100 of assessed valuation if the additional bonds contemplated herein are authorized;

WHEREAS, the Board of Directors (the "Board") of the District has determined that it is necessary to authorize additional bonds so that the District can purchase, acquire and construct further works, improvements, facilities, equipment and appliances for the District's waterworks system, sanitary sewer system, and drainage and storm sewer system, and to make repairs, replacements, and additions to said systems;

WHEREAS, there has been filed in the office of the District, open to inspection by the public, an engineer's report covering the works, improvements, facilities, equipment and appliances to be purchased, acquired and constructed by the District, as well as the estimated cost of all of the foregoing, together with the maps, plats, profiles and data showing and explaining the report;

WHEREAS, the engineer's report contains an estimate of the cost of purchase, acquisition and construction of the proposed works, improvements, facilities, equipment, appliances and an estimate of the District's cost of purchasing and acquiring the extension to the waterworks system, sanitary sewer system, and drainage and storm sewer system and an estimate of the expenses incident thereto, as generally follows:

SUMMARY OF PROJECT COST ESTIMATES

Construction Costs¹

| | |
|--|---------------------|
| Wastewater Treatment Plant (WWTP) Non-Potable Water System | \$ 265,000 |
| WWTP Rehabilitation and Odor Control | \$ 1,341,000 |
| Ground Storage Tank Replacement | \$ 756,000 |
| Water Plant/Water Quality Improvements – Phase I | \$ 310,000 |
| Replacement of Emergency Generators | \$ 550,000 |
| Water Plant/Water Quality Improvements – Phase II | \$ 368,000 |
| Contingencies | \$ 180,000 |
| Sub-total Construction Costs: | <u>\$ 3,770,000</u> |

Non-Construction Costs

| | |
|---------------------------------------|---------------------|
| Legal Fees | \$ 110,000 |
| Financial Advisor Fees | \$ 88,000 |
| Capitalized Interest | \$ 198,000 |
| Bond Discount | \$ 132,000 |
| TCEQ Fees | \$ 11,000 |
| Bond Application Report Fee | \$ 54,000 |
| Administration and Organization | \$ 37,000 |
| Sub-total non-construction costs: | <u>\$ 630,000</u> |
| Total bond authorization requirement: | <u>\$ 4,400,000</u> |

WHEREAS, the Board of Directors finds that the above estimate of \$4,400,000 is reasonable and proper and hereby approves the same and all items thereof;

WHEREAS, the Board desires to submit to the electors at an election to be held within the District on November 7, 2017, a proposition to authorize the issuance of unlimited tax bonds of the District in the maximum principal amount of \$4,400,000 for all of the above-described purposes, for the purpose of refunding all or any part of the principal of or interest on such bonds, and to provide for the payment of principal of and interest on such bonds by the levy and collection of an ad valorem tax upon all taxable property within the District;

WHEREAS, in accordance with Section 41.001 of the Election Code, the Board has determined to hold the election on a uniform election date, being November 7, 2017;

¹ Construction costs include engineering fees and estimated inflation costs

WHEREAS, Galveston County, Texas (the "County") has notified the District that it will be holding an election on November 7, 2017 and has requested that the District hold a joint election with the County; and

WHEREAS, the Board of Directors wishes to proceed with the ordering of said election.

NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 12 THAT:

Section 1: The matters and facts set out in the preamble of this order are hereby found and declared to be true and complete.

Section 2: The engineer's report and estimates of costs described above are hereby approved.

Section 3: The District shall enter into a Joint Election Agreement with the County and the Directors and officers of the District shall be authorized to execute said Joint Election Agreement.

Section 4: An election shall be held within and for the District, on November 7, 2017, between the hours of 7:00 a.m. and 7:00 p.m., at polling places within the District to be determined by the County. At said election there shall be submitted to the duly qualified resident electors of the District the following proposition:

PROPOSITION

SHALL THE BOARD OF DIRECTORS OF GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 12 OF GALVESTON COUNTY, TEXAS, BE AUTHORIZED TO ISSUE THE BONDS OF SAID DISTRICT IN ONE OR MORE ISSUES OR SERIES IN THE MAXIMUM AMOUNT OF \$4,400,000, MATURING SERIALLY OR OTHERWISE IN SUCH INSTALLMENTS AS ARE FIXED BY SAID BOARD OVER A PERIOD OR PERIODS NOT EXCEEDING FORTY (40) YEARS FROM THEIR DATE OR DATES, BEARING INTEREST AT ANY RATE OR RATES AND TO SELL SAID BONDS AT ANY PRICE OR PRICES, PROVIDED THAT THE NET EFFECTIVE INTEREST RATE ON ANY ISSUE OR SERIES OF SAID BONDS SHALL NOT EXCEED THE MAXIMUM LEGAL LIMIT IN EFFECT AT THE TIME OF ISSUANCE OF EACH SUCH ISSUE OR SERIES ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF SAID DISTRICT, FOR THE PURPOSE OR PURPOSES OF REPAIRING, IMPROVING OR EXTENDING A WATERWORKS SYSTEM, SANITARY SEWER SYSTEM, DRAINAGE AND STORM SEWER SYSTEM, AND NAVIGABILITY OF COASTAL AND INLAND WATERS OF THE DISTRICT, AND/OR PURCHASING, CONSTRUCTING, ACQUIRING, OWNING, AND OPERATING SUCH SYSTEM, INCLUDING BUT NOT LIMITED TO, ALL ADDITIONS TO SUCH SYSTEM AND ALL WORKS, IMPROVEMENTS, FACILITIES, EQUIPMENT, APPLIANCES, INTEREST IN PROPERTY, AND CONTRACT RIGHTS NEEDED THEREFOR AND ADMINISTRATIVE FACILITIES NEEDED IN CONNECTION THEREWITH, AND FOR THE FURTHER PURPOSE OF REFUNDING ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST ON THE DISTRICT'S BONDS NOW

OR HEREAFTER OUTSTANDING, AND TO PROVIDE FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH BONDS BY THE LEVY AND COLLECTION OF A SUFFICIENT TAX UPON ALL TAXABLE PROPERTY WITHIN SAID DISTRICT, ALL AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS; SAID BONDS TO BE IN ADDITION TO THOSE BONDS AUTHORIZED AT SAID DISTRICT'S BOND ELECTIONS OF NOVEMBER 3, 1981 AND AUGUST 12, 1985?

Section 5: Voting in said election shall be by the use of electronic voting equipment provided and operated by the County and its agents under the terms of a Joint Election Agreement, and the ballots shall be printed in English and Spanish and shall conform to the requirements of the Texas Election Code. The English ballots used in the election shall have printed thereon the following:

OFFICIAL BALLOT

PROPOSITION

FOR

THE AUTHORITY OF THE DISTRICT TO ISSUE \$4,400,000 OF FUTURE BONDS, FOR THE PURPOSE OF MAKING REPAIRS, REPLACEMENTS, AND ADDITIONS TO THE DISTRICT'S EXISTING WATERWORKS SYSTEM, SANITARY SEWER SYSTEM, DRAINAGE AND STORM SEWER SYSTEM, AND NAVIGABILITY OF COASTAL AND INLAND WATERS OF THE DISTRICT, OR PURCHASING, ACQUIRING AND CONSTRUCTING FURTHER WORKS, IMPROVEMENTS, FACILITIES, EQUIPMENT AND APPLIANCES FOR SAID SYSTEMS, FOR THE REFUNDING OF THE DISTRICT'S BONDS, AND THE LEVY OF AD VALOREM TAXES ADEQUATE TO PROVIDE FOR THE PAYMENT OF THE BONDS

AGAINST

Each voter shall vote on the proposition by selecting "FOR" or "AGAINST" on the electronic voting equipment provided. Oral assistance in Spanish shall be made available to all persons requiring such assistance. Any person requiring oral assistance should contact the Galveston County Clerk, Elections Division.

Section 6: The boundaries of the District are hereby designated as and shall constitute two election precincts. The Galveston County Clerk, Elections Division, shall be responsible for the appointment of all election officials.

Section 7. Early voting in the election by personal appearance shall occur on each day from Monday, October 23, 2017, and shall continue through Friday, October 27, 2017, and Monday, October 30, 2017, and shall continue through Friday, November 3, 2017, on each day that is not an official State holiday. The clerk for early voting shall be the Galveston County Clerk, and the times and places at which early voting by personal appearance shall be conducted shall be determined by the County. The early voting clerk's mailing address to which ballot applications and ballots to be

voted by mail may be sent is Galveston County Clerk, Elections Division, P.O. Box 17253, Galveston, Texas 77552-7253. Early voting ballots shall be provided to the presiding judge on election day, and the presiding judge and any clerks shall serve as the early voting ballot board and tally the early ballots.

Section 8: The election shall be held and conducted and returns made to the Board of Directors in accordance with the Texas Election Code as modified by Chapter 49, Texas Water Code, as amended.

Section 9. The rate of pay for judges and clerks for the election shall be determined by the County, in compliance with the Texas Election Code, as amended.

Section 10: All qualified resident electors of the District shall be entitled to vote in the election.

Section 11: The Board of Directors of the District has appointed Bacon & Wallace, L.L.P. as the District's agent for the election. The offices of the District's agent are located at 6363 Woodway, Suite 800, Houston, Texas 77057, and are open from 8:30 a.m. to 5:00 p.m. each weekday.

Section 12: The Secretary of the Board or the District's agent is hereby directed to cause notice of this election to be posted within the District (at the place where notices of meetings are posted) at least twenty-one (21) days before the date of the election, or the next business day after the twenty-first day if the twenty-first day is a Saturday, Sunday, or official State holiday.

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PASSED AND APPROVED this 21st day of August, 2017.

GALVESTON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 12

/s/ Bill Alcorn
President, Board of Directors

ATTEST:

/s/ Robert A. Bassett
Secretary, Board of Directors

(SEAL)

