



MINUTES OF BOARD OF DIRECTORS SPECIAL MEETING

March 15, 2023

The Board of Directors (the "Board" or "Directors") of Galveston County Drainage District No. 2 (the "District") met in special session on the 15th day of March, 2023, at 4:00 p.m., in the meeting room of the District at 5000 F.M. 1765, La Marque, Texas 77568, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code, where upon the roll was called of the members of the Board, to-wit: Wayne Hobgood, Director. Angel Murphy, Director. 2 members(Jack Ellison, Director, absent) of the Board were present, thus constituting a quorum. Also attending the meeting was Landry Cravens (District Manager), Eva Livy (Office Administrator), Candace Warren and Dean Oliver. Steve Haskins (CPA, Protocol Bookkeeping) and Mr. Dan Hernandez (Senior Manager) of Whitleypenn.

No members of the public were in attendance.

1. Call Meeting to Order

Director Hobgood, after finding that notice of the meeting as posted as required by law and determining that a quorum of the Board was present, called the meeting to order at 4:01 p.m. and declared it open for such business as may regularly come before it.

2. Prayer

Lead by Director Hobgood

3. Pledge of Allegiance

4. Public Comments

There being no public comments, the Board proceeded with the agenda.

5. Review of 2022 Audit

Dan Hernandez of Whitleypenn began his power point presentation of the Audit 2022. Mr. Henandez stated that the district received the highest standard of opinion which is the "CLEAN OPINION". Areas of concern Mr. Hernandez noted, as within the Audit report, Record retention (stated needs to be properly maintained as information needed was missing, i.e Depository Contracts and some files). Suggested better meeting minutes to reflect in greater detail items discussed within the meeting, missing important and vital information i.e no transfers mentioned, lack of full detail.

Director Murphy asked about the \$500,000 Transfer from 3 separate Ditch Accounts into the Money Market account. Mr. Hernandez stated as this is not a deep dig Audit and only looking to make sure when money is moved the trail shows beginning to an end point, not why the money was moved to begin with. Mr. Hernandez stated as they looked in the minutes for those transfers, none were mentioned in any minutes. He then suggested that we may wish to ask Director Ellison as he was present at the meetings and provided the minutes.

Director Hobgood, as well as Director Murphy asked about the \$100,000.00 donation to TCDRS. Mr. Hernandez spoke to a couple of possibilities referring to why this may had been done. Mr. Hernandez stated as none of the people that were involved in that decision are no longer employed, except for Director Ellison, it may be best to ask him, as anything Mr. Hernandez stated were strictly his opinions and merely possibilities.

Fund Balance was noted to be at 629 days. Which Mr. Hernandez stated would allow us, in emergency situations, to go over 2 years without having to have any money come in to support the district. It was also stated we may want to work on making this fund be at a lower amount consistently, setting to a 365 day, 120 day or 90-day fund.

Landry Cravens (District Manager) asked what we can do better as management; Mr. Hernandez stated Record Retention and Better meeting minutes. Landry then asked regarding the Depository contracts if that is something we should have had on file this whole time? Mr. Hernandez stated yes you should have had these in your files. He also stated that they had requested these documents in prior Audits with no results.

There being no other questions asked to Mr. Hernandez, he left the meeting.

Approval of the 2021-2022 Audit


Motion moved to Approve by Director Hobgood and seconded by Director Murphy.

Motion Passed unanimously with present Board members, both Directors voting "AYE"

Adjournment

Director Hobgood stated there being no further business to come before the Board, the Board meeting was adjourned at 5:04 p.m.

PASSED, APPROVED and ADOPTED this the 15th day of March 2023



Secretary, Board of Directors