



## **Galveston County Drainage District # 2**

### **Minutes of Board of Directors Regular Meeting**

**April 13, 2023**

The Board of Directors (the "Board" or "Directors") of Galveston County Drainage District # 2 (the "District") met in regular session on the 13<sup>th</sup> day of April, 2023 at 4:00 p.m. in the meeting room of the District at 5000 F.M. 1765, La Marque, TX, 77568, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code, whereupon the roll was called of the members of the Board, to-wit:

Wayne Hobgood	Director
Jack Ellison Jr.	Director

There being two members of the Board present, thus constituting a quorum. Also attending were Mr. Landry Cravens ("District Manager"), Ms. Monica A. Garza, attorney of Polley Garza PLLC, Mr. Steve Haskins of Protocol Bookkeeping Inc., Mr. Stephen Wilcox, P.E. of Costello Inc., Ms. Eva Livy, Records Management Officer for the District, Ms. Candace Warren, Office Administrator for the District, Dean Oliver, Operator for the District, and Detective Matthew Cypert. Attendee Chad Gaston was also present and in attendance. A copy of the sign-in sheet is attached hereto, with no signatures recorded.

1. Call Meeting to Order

Director Hobgood, after finding that notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order at 4:00 p.m. and declared it open for such business as may regularly come before it.

2. Public Comments

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

3. Old Business: Nothing was discussed.

Due to time restraints, the Board moved the agenda to discuss with Mr. Wilcox, the Engineers' Report.

6. Engineer's Report

- a) Regarding CenterPoint Energy Gas Line – Mr. Wilcox asked for the Board to approve the CenterPoint Energy Gas Line project. He stated that he can get a letter ready along with Mr. Cravens on the next business day. Additionally, Mr. Cravens recommended approval, however approval will be subject to completion of a recommendation letter. Mr. Wilcox stated that the line was lowered as recommended. A motion was made by Director Hobgood and was seconded by Director Ellison Jr.
- b) Regarding Ditch 8, F.M.1765 La Marque Retail – Mr. Wilcox stated that LM Retail did what they needed to do, and there were no issues regarding drainage. He recommended approval by the Board. Mr. Cravens also recommended approval. A motion was made by Director Hobgood and was seconded by Director Ellison Jr.
- c) Regarding Marlow Lakes, Ditch 6 Lift Station - part of section 5 plat – Mr. Wilcox did not want to recommend an impact fee at this time. He stated that an impact fee can be charged when plat section 5 is done. Mr. Cravens recommended approval since it is a small lift station. A motion was made by Director Hobgood and was seconded by Director Ellison Jr.
- d) Regarding JMK5 Arena Phase I – Mr. Wilcox explained that JMK5 Arena, formerly the dog track, moved their detention pond to the south of the site, and actually enlarged it and tied it into the existing storm sewer drainage. Mr. Wilcox recommended that the upgrade was good enough for approval. Mr. Cravens recommended approval as well. A motion was made by Director Hobgood and was seconded by Director Ellison Jr.

Mr. Wilcox stated that the Ditch 5 study is progressing. He will be using his own surveying team because it would be cheaper. On Ditch 12 and 13, there was some confusion on the layout, so he sent his surveyors out to collect more information. Mr. Wilcox stated he would be working on an online map to help with easement research. He stated that the district may have easements that have not been recorded.

Engineers' report is concluded. Mr. Wilcox left the meeting at 4:15 p.m.

4. New Business:

- a) The minutes of March 8, 2023, Regular Meeting and March 15, 2023, Special Meeting were tabled as of this date, to be discussed when all Board members are present.
- b) Regarding Order Declaring Surplus Property – Ms. Garza stated that in the water code, it is stated that property that is no longer needed still has a value. We need to get fair market value for it. We are allowed to sell at market value any surplus item that is deemed

appropriate. Ms. Garza recommended that the Board approve the Order declaring surplus property and Authorizing sale of surplus property. A motion was made by Director Hobgood and was seconded by Director Ellison Jr.

- c) Regarding the Consideration/Approval of Excavator Bid for Purchase –  
Mr. Cravens stated that CAT offered \$125k. Director Hobgood stated that if we can get an offer that is higher than \$125k, we can consider awarding the excavator. Mr. Chad Gaston stated interest in the equipment, to be used for his business, and his intentions on the purchase of the equipment. Mr. Gaston made an offer of \$130k. Director Hobgood stated that the offer from Mr. Gaston for \$130k is acceptable to him. The offer is \$5k more than the highest bid we received from Mustang Cat.

To Mr. Gaston, Director Hobgood stated that as long as there is not a conflict from Mustang with the sale to an outside firm, we can approve this, and it must be an offer in **writing**. Mr. Cravens stated that he and Mr. Gaston would get together. Mr. Gaston can provide wire transfer information, and this was recommended by Mr. Haskins. A motion was made by Director Hobgood and seconded by Director Ellison Jr., contingent upon the offer in writing. Mr. Gaston stated he had to leave, and the time was noted as 4:25 pm.

- d) Regarding the Discussion on Audit 2022 "Other Financing Sources" – the audit did pass, stated Director Hobgood. However, in going over the General Account fund – in April 2022, he stated that \$500k collected from the impact fees of Ditches 6, 8, and 9, was moved into the General fund account. He asked Director Ellison Jr. why money was moved from these accounts.

Director Ellison Jr. stated that we (the "District") operated out of the General fund, that money was used from the general fund to improve all three of those ditches. Mr. Dan Hernandez, the auditor for Whitley Penn, advised the previous office administrator to move this money (impact fees) into the General fund, as long as reimbursement took place. He stated the money was moved to fund improvements in all three of the ditches in question.

Director Hobgood stated that there is no record of minutes showing the transfer. Director Ellison Jr. stated that there should be records that were kept by the previous office administrator. He stated that when money gets moved to the General fund, and used for a specific project, then reimbursement needs to take place.

Mr. Cravens stated that all transfers should be recorded in the minutes. There is no accounting of this in our records. Director Hobgood stated that it should be documented. Director Hobgood asked a question regarding where the records are at

that shows what the money was spent on and stated that he wants to see invoices of what this money was spent on.

This matter was tabled until the next regular meeting.

- e) Regarding Review and Approve Hurricane Readiness flyer for the City of La Marque Hurricane Huddle – E. Livy scheduled herself to go and discuss with the City of La Marque about sharing flyers and items of relevance, on April 29, 2023. It was stated by her that on May 17, 2023, the Hurricane Huddle for GCDD2 would be held here at our location. Director Ellison Jr. mentioned that the notion of cash on hand should be discussed, in light of the potential for ATM's to be down during a weather event. Right now, the plan is only to pass out flyers, stated Ms. Livy. The Board approved the flyers to be handed out.

Director Ellison Jr. asked Mr. Cravens to contact Richard Pierce, Galveston County Health Corp (Medical Reserve Corp) with the Galveston County Health District, about getting plastic, giveaways, and the like. His number is (409) 938-7221. A motion was made by Director Hobgood and was seconded by Director Ellison Jr.

5. Bookkeeper's Report

- a) Regarding the Approval from the Board of Payments of Bills and Investments. Mr. Haskins gave his monthly report. There were no investments as of yet and the bills were presented and approved.
- b) Regarding the Approval from the Board of Money Market Transfer – (shown in his Bookkeeper's Report, 1<sup>st</sup> page) Mr. Haskins stated that he would be transferring \$100k to the money market account to cover bills. He stated that he could make an electronic transfer, thus eliminating the need to physically go to the bank. A motion was made by Director Hobgood and seconded by Director Ellison Jr. for the transfer of \$100k into the money market account.

7. District Manager's Report

- a) District Manager Landry Cravens stated that Dean Oliver and E. Livy are helping in researching right of ways. Mr. Cravens showed pictures of certain ditches that are difficult to maintain the right of ways. Mr. Cravens expressed the need to obtain right of ways and went on to state that if we do not get easements or right of ways, these problems will continue to happen. Mr. Cravens stated that we have been trying to find deeds that we currently have right of ways for. He stated that the operating crew and been working on ditches 5A and 5B. The maintenance crew has been working on Ditches 13, 3, 7, 11 and some of 10.

Director Hobgood asked if we would continue to take before and after pictures, and Mr.

Cravens stated yes. Mr. Cravens stated that the consortium card came in and it has not been used. Director Hobgood asked what our purchasing limit is. The purchasing limit is \$15k.

8. Attorney's Report

- a) Regarding the Approval of Order Establishing District Fees of Office and District Reimbursement Policy – Ms. Garza was taking minutes. Director Ellison Jr. asked why it looked like we are being charged twice for some services provided. Director Hobgood asked Ms. Garza to explain why there was a \$1600.00 charge for the workshop she attended. Ms. Garza explained that she does not charge anything of her own. Charges begin when they are consulted, and contact is initiated with their firm. She expressed the lack of clarity regarding her attendance, stating she was not told that her presence was not needed, but she was requested to attend by Mr. Cravens, so she could brush up on her knowledge of impact fees. Mr. Cravens stated that it was good for her to have been there. Director Hobgood listened while Ms. Garza gave a breakdown of their firms' charges. Ms. Garza wanted to know the concern as to why their charges are upsetting to the Board. She explained about using a timer for billing purposes. Billing begins when a call, email, or any initiation of service from their firm is needed, then the timer is set into motion.
- b) Regarding the Engagement of Auditor for Agreed-Upon Procedures Report related to compensation of previous employee(s) – this has been tabled for the next regular scheduled meeting while all Board members are present.
- c) Regarding the Approval of Consent to Assignment of Legal Services Agreement - Director Hobgood stated that he wanted a ballpark figure before work is done with them, moving forward.

Ms. Garza suggested that the office could start taking the minutes, to save costs on their services. Director Hobgood makes a motion for GCDD2 staff to do all minutes and agendas in the future. Director Ellison Jr. seconded the motion.

Ms. Garza stated that she can blind copy the Board when the invoice arrives to us. Director Ellison Jr. would like to see the invoice before the regular meetings are held.

Ms. Garza stated that the Board of Directors fees are currently \$7200.00, and would we want to continue with either the fiscal year or calendar year? This discussion was tabled as of this date, to be discussed when all Board members are present.

Ms. Garza announced that effective April 1, 2023, the new firm of Polley-Garza will be the representative firm for GCDD2. She asked for the present directors to approve their consent to the assignment. This discussion is tabled as of this date, to be discussed when all Board members are present.

Ms. Garza stated there was an invoice ready for the month of April. Director Hobgood asked if we will get a new contract. Ms. Garza stated that we can use the old contract as the original firm was the representing firm for that invoice. She went on to state that the contract is exactly the same, and that the only difference is the name change taking effect.

9. Director's Report

Director Ellison Jr. thanked the Board for their support and flowers for his family's loss. Condolences were given to Director Ellison Jr.

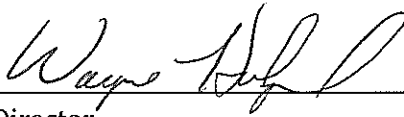
10. Executive Session

Not held as all directors were not present at this regular meeting.

11. Adjournment

There being no further business the meeting was adjourned. The time was 5:26 p.m.

PASSED, APPROVED and ADOPTED this the 13<sup>th</sup> day of April 2023.

  
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Director

