

# Galveston County Drainage District # 2

## REGULAR MEETING MINUTES

of the Board of Directors

July 18, 2024



The **Galveston County Drainage District # 2** (the "District") Board of Directors (the "Board" or "Directors") met in regular session at 4:04 p.m. on the 18<sup>th</sup> day of July, 2024 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	Chairman
Jack Ellison Jr.	Vice Chairman
Angel Murphy	Secretary

There being three members of the Board present, thus constituting a quorum.

In attendance were:

Mr. Landry Cravens, District Manager, Ms. Candace Warren, Records Management Officer / Office Administrator for the District, Mr. Steven Wilcox, P.E., CFM of Pape-Dawson Engineers, Ms. Monica Garza, Attorney of Polley Garza, Ms. Christian Carner, Bookkeeper of Gulf Coast Bookkeeping, Mr. Dean Oliver, Operator for the District, and Officer Marco Hernandez, LaMarque Police Department

Mr. Thomas Owens, of Owens 5 Installs LLC, Judy Sturgeon, and Laura Divine, residents of the city of La Marque, were members of the public in attendance.

1. Call Meeting to Order

After finding that notice of the meeting was posted as required by law, Director Hobgood determined that a quorum of the Board was present, calling the meeting to order at 4:04 p.m., and declaring it open for such business as may regularly come before it.

2. Old Business:

There being no approval for the Regular Meeting minutes from June 13, 2024, a decision was made by the Board to table the minutes, until the regular meeting to be held on August 8, 2024.

Engineers' Report

a) **LaMarque High School Drainage Impact Analysis (DIA)**

Mr. Wilcox explained to the Board that the high school met the Districts' drainage criteria requirements. He expressed that the District does not own, operate, or maintain any of the underground drainage improvements for this development. Mr. Wilcox stated Texas City ISD will be solely responsible for the maintenance of any structures involved. Mr. Wilcox recommended approval of LaMarque High School Drainage Impact Analysis. Mr. Cravens recommended approval as well. After Director Hobgood made

a motion to approve, Director Murphy seconded the motion, and the Board unanimously approved the LaMarque High School DIA.

**b) City of Dickinson Hughes Road**

Mr. Wilcox stated that the City of Dickinson was upgrading a concrete box culvert that drains into Ditch 2. They received a time-sensitive community development block grant. They showed that the system works and will discharge into Dickinson Bayou. Again, it was stressed that the District does not own, operate, or maintain any of the underground drainage improvements for this development and all responsibility for this box culvert lies with the City of Dickinson. Mr. Wilcox made a recommendation for approval and Mr. Cravens did as well. After Director Hobgood made a motion to approve, Director Murphy seconded the motion, and the Board unanimously approved the City of Dickinson Hughes Road drainage plan.

**3. Public Comments**

Ms. Divine and Ms. Sturgeon had concerns and questions for the Board regarding the drainage of the ditches behind the subdivision of their homes on Merry Lane and Melody Lane. In response to a question from the Board, Mr. Wilcox stated that he can look into the matter but he had previously determine the underground drainage system that is causing the issues is not owned by the District and is the City's responsibility. It was the consensus of the Board for Mr. Wilcox to look into the matter further.

**4. New Business:**

**a) Galveston County Tax Office Truth in Taxation**

Ms. Warren explained that the District is waiting for the next step in the process of Truth in Taxation, and the 2024 Tax Rate Information Worksheet for Water Code Entities had been submitted to the Galveston County Tax Office on June 27, 2024.

**b) Approval of Owens 5 Installs Contract**

After a lengthy discussion regarding the contract and invoices with Mr. Owens from Owens 5 Installs, the Board decided to table the contract and payment of Owens 5 Installs until a special meeting to be held the following week.

**c) Authorize District Manager Attendance at Public Funds Investment Act (PFIA) Training**

Mr. Cravens explained to the Board that he took a PFIA class in Houston in October 2022. The certificate earned lasts for two years and will expire in October 2024. He said that taking this class for insight and oversight would be prudent. Director Murphy stated that these classes were available online for free. The Board decided to table Authorizing District Manager Attendance at Public Funds Investment Act (PFIA) Training to research taking a free class online.

**d) Discussion and Approval on the Use of ACH Account**

Mr. Cravens expressed the need for clarity on using the District's ACH accounts. Mr. Cravens wanted the Board to approve ACH payments for the City of La Marque, APG & E, TCDRS, TXHB, ADP, Comcast Business, and Xerox. Ms. Carner included a list of Texas Class and consortium card charges. The Board decided to approve all the ACH-Approved Vendor List with the exception of Xerox. Director Hobgood made a motion to approve the list as presented except for Xerox, and Director Murphy seconded the motion.

**e) Review and Approval for Ditch 8 for Investing**

Mr. Cravens stated that back in May, the District received impact fees of \$9000.00 into the District's Ditch 8 account. He stated that Texas Class is earning 5.4% interest right now. He recommended that the Board invest the \$9000.00 into Texas Class. Director Hobgood motioned to approve the Review and Approval for Ditch 8 for Investing. Director Murphy made a second motion to approve this as well. Ms. Carner presented a Transfer Request Form to the Board evidencing approval of such transfer of funds.

**f) Discussion and Action on District Employees' Payroll Processing and Directors' Fees of Office**

Mr. Cravens stated that in May 2024, the bookkeeper advised that she would handle the Directors' Fees of Office. He stated that the Board should decide who would handle the Directors' Fees of Office, not the bookkeeper. Ms. Carner said she would like to take care of the Directors' Fees of Office. Director Murphy stated that it was in the District's Policy regarding Director Fees of Office and Reimbursement for the bookkeeper to handle Directors' Fees of Office. For clarity, Mr. Cravens asked the Board if they wanted the District's office to handle the Directors' Fees of Office or the bookkeeper. Director Hobgood wanted the District to handle employees' payroll and the bookkeeper to handle Directors' Fees of Office. Director Murphy agreed that the bookkeeper should handle payment of the Directors' Fees of Office. Director Ellison Jr. added that copies of the Directors' Fees of Office should be sent to the District office, and copies could be provided to the bookkeeper. Ms. Carner added that all the forms she will keep including Directors Fees of Office can be accessed if an email request is made. This will make any audit process run smoothly, she added. It was the consensus of the Board for the District's Office to handle payroll for District employees and for the District Bookkeeper to handle payment of Director Fees of Office and Reimbursements.

**g) Discussion on the District's Records**

Mr. Cravens asked Director Murphy to provide the District office with a copy of her PFIA Certification for record keeping.

**h) Discussion and Approval of Transferring Funds From Amegy Bank Sweep Accounts to Texas Class**

Mr. Cravens told the Board that he checks the District's accounts daily and noticed on June 20, 2024, funds in the amount of \$300,000.00 were moved from the Sweep accounts, and again on June 24, 2024, \$245,000.00 was moved. He believed it was moved into the District's Texas Class accounts. He informed the Board that since funds were moved out of the Amegy Bank Sweep accounts, he can no longer see those funds. Ms. Carner stated that she could send Mr. Cravens an email link to Texas Class so that he could see the funds being transferred. Director Ellison Jr. asked if the transfer of those funds had Board approval. Mr. Cravens stated that it did not. Director Murphy said that the District's Investment Policy authorizes the investment officer and the bookkeeper to transfer District for investment purposes. Director Ellison Jr. stated that any transfer of funds should come before the Board and that Mr. Cravens should be involved. Ms. Garza stated that the District's Investment Policy does grant the investment officer and the bookkeeper the authority to invest District funds. She stated that this policy can be changed so that all investment transactions can come before the Board, but the interest rate could change in the wait for the Board's approval. She did not recommend amending the Investment Policy but recommended giving a directive to the investment officer and the bookkeeper to notify the District office when investments are made. Director Ellison, in a very detailed discussion, stated that the Board should be notified as to what has taken place immediately after the investment is made. Director Hobgood stated that in Director Ellison Jr.'s rationale for the loss of \$2000.00 in the investing process, the Board should consider how much the District is spending for discussions between the bookkeeper and the investment officer and whether such costs outweighs the interest earned on investments. Director Hobgood requested that an immediate notification with the District office needs to take place when District funds are invested. It was the consensus of the Board that the bookkeeper and/or the investment officer notify the Board and District office when investments are made.

**5. Bookkeepers' Report (continues later within these Minutes)**

**a) Payments of Bills, Issuance of Checks**

Director Hobgood wanted more time to go through the bills and checks.

**b) Review of Investments**

Ms. Carner reviewed the investments with the Board via the Bookkeeper's report. A copy of the Bookkeeper's report is attached hereto.

**c) Approval of Money Market Transfer**

Ms. Carner requested a \$170,000.00 transfer. Director Hobgood motioned to approve the Money

Market Transfer, and Director Murphy seconded the motion. Ms. Carner asked the Board if she could have the authority to transfer funds to cover bills in the event a meeting is canceled. Mr. Cravens recommended approval of this as well. Director Hobgood motioned to approve the request for Gulf Coast Bookkeeping to transfer funds between accounts as needed, and Director Murphy seconded the motion.

## 7. Attorney's Report

### **a) District Credit Card and Purchasing Policy**

Ms. Garza asked the Board if there needed to be any clarification on the District Credit Card and Purchasing Policy. Mr. Cravens asked that in Section 2 of the policy, in order for a Board member to use the District's credit card, doesn't it need Board approval first? Ms. Garza stated that the Board approval language can be added. Mr. Cravens recommended that the Board table the District's Credit Card and Purchasing Policy so that it can be reviewed further.

### **b) Amended Order Establishing Director Fees of Office and Reimbursement Policy**

Ms. Garza stated that this was already discussed and confirmed, so there is no further need for discussion.

### **c) Depository Pledge Agreement (possibly needed, confirming with bookkeeper)**

Ms. Garza said there is no need for action at this time. It was discussed and the District office will need to find the original depository pledge agreement with Amegy Bank.

### **d) Resolution Declaring Development Status of District for Calculation of 2024 Tax Rate**

Ms. Garza explained to the Board the three different development status designated for drainage districts. The one designated for Galveston County Drainage District # 2 is a developing district. Ms. Garza stated that the Board needed a motion to approve the resolution that the District is a developing district. Director Hobgood made a motion to approve the Resolution Declaring Development Status of District for Calculation of 2024 Tax Rate, which was seconded by Director Murphy.

### **e) Real Estate Items, including the following:**

- i. Acceptance or Conveyance of Drainage Dedications, Easements, Deeds, or Consents to Encroachment (PAS, LLC)

Ms. Garza stated that she provided comments to Texas New Mexico Power Company on the easement they requested from the District. She stated that she would have an easement agreement to present for Board approval at the next meeting.

## 8. District Managers' Report

*District property, facilities, infrastructures, vehicles, equipment, projects, developments, compliance, reporting, and personnel matters.*

- i. On the maintenance side, we have had a rainy and wet month, but we did mow Ditch 10A, 10B, 13B, 13C, 13E, 15A, and 6D2.
- ii. On the operating side, we are still excavating Ditch 6 when it is dry enough to do so.

Mr. Cravens gave an update on post-Hurricane Beryl concerning the District. He stated that the District is still cleaning up debris. The forecast calls for rain next week so we will be behind on mowing.

## 9. Director's Report

Director Murphy told the Board that on June 25, 2024, there was concern about the City of La Marque having an open drainpipe into Ditch 10B, where she said sewage was leaking. She stated that it was taken care of by the City. Director Murphy stated that there was damage on a lot of the Districts' ditches. She mentioned that there were trees on the homeowner's houses. She said it had been 7 days since Hurricane Beryl and she asked Mr. Cravens about the status of cleaning debris. Mr. Cravens said that we have been actively working to remove debris from our ditches. Pictures are on the website for review. Director Ellison Jr. expressed to Director Murphy that she needs to tell Mr. Cravens when things like that happen. He stated that after a hurricane event, it takes time to clean up the damage and debris. Director Ellison Jr. stated that

Director Murphy should submit her concerns, and the concerns of the citizens, and let Mr. Cravens oversee the situation. Director Hobgood stated that he agrees with Director Ellison Jr. that the Board hired Mr. Cravens to run the District.

Director Ellison Jr. stated that he was happy with the new flap gates installed off Humble Camp Road.

Director Hobgood asked about a potential cap on the bookkeeper and the attorney's invoices that could be put in place. There was a broad discussion on this matter.

Director Hobgood also gave kudos to all the District employees on the work that has continued, and for developing relationships outside of the District as well.

(5. Continuation of Section 5 Bookkeepers' Report Discussion)

**a) Payment of Bills, Issuance of Checks**

Following discussions of the bills and invoices with the Board, Ms. Carner, Mr. Cravens, and Ms. Warren, Director Hobgood motioned to approve the payments of bills and issuance of checks, except for Owens 5 Installs. Director Murphy seconded the motion to approve the payment of bills and issuance of checks.

Ms. Carner asked the Board if they would like to add Positive Pay services to the District's account. It was the consensus of the Board to add Positive Pay services.

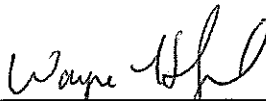
10. Executive Session

There was no executive session held.

11. Adjournment

There being no further business the meeting was adjourned. The time was 7:05 p.m.

PASSED, APPROVED, and ADOPTED this the 8<sup>th</sup> day of August 2024.

  
Director

