



Galveston County Drainage District # 2

August 8, 2024

Regular Meeting Minutes of the Board of Directors

The Galveston County Drainage District # 2 (the "District") Board of Directors (the "Board" or "Directors") met in regular session at 4:00 p.m. on the 8th day of August, 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:

Jack Ellison Jr.
Angel Murphy

Vice Chairman
Secretary

There being two 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, Ms. Monica Garza, Attorney of Polley Garza, Ms. Christian Carner, Bookkeeper of Gulf Coast Bookkeeping, Mr. Dean Oliver, Operator for the District, and Detective Matthew Cypert, 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 Ellison Jr. determined that a quorum of the Board was present, calling the meeting to order at 4:00 p.m., and declaring it open for such business as may regularly come before it.

2. Public Comments

Ms. Divine thanked the District for performing maintenance of the ditches behind the homes on Merry Lane and Melody Lane.

3. Old Business:

a. **Approval of June 13, 2024, Regular Meeting Minutes** – tabled.

b. Mr. Thomas Owens spoke to the Board and inquired about being paid for several months of work performed for the District. Director Murphy reiterated that the invoices need to be updated to include specific dates when service was provided. An extensive discussion ensued regarding Owens 5 Installs invoices and whether to approve same. It was the consensus of the Board to hold on payment of the invoices until such requested detailed information was provided.

4. New Business:

a. **Approval of July 18, 2024, Regular Meeting Minutes** – tabled.

b. **Review of 2024 Tax Rate Calculation Recommendation, Authorize Publication of Proposed Tax Rate, and Set Public Hearing Date**

Ms. Garza stated that Ms. Warren as well as Ms. Garza, had worked with the Galveston County

Tax Office to prepare the tax rate worksheet. Ms. Garza stated that the District is considered a developing District. She went on to explain to the Board the figures of the 2024 Tax Rate Worksheet. A copy of the worksheet is attached hereto. Ms. Garza stated that last year, the District adopted a tax rate of \$0.044553 per \$100 of valuation. This year, the highest rate the District can adopt without being subject to an election to reduce the tax rate is \$0.044140 / \$100 of valuation. Ms. Garza stated that the District is not adopting the tax rate today but is determining the proposed tax rate to be included in the published Notice of Public Hearing on 2024 Tax Rate. Ms. Garza stated the public hearing would be held at the District's September 12, 2024 Board meeting at which time, the Board could formally adopt the 2024 tax rate. The Tax Office would handle the publication of the Notice of Public Hearing on 2024 Tax Rate. Director Ellison Jr. made a motion to approve the Review of 2024 Tax Rate Calculation, set the proposed 2024 tax rate at \$0.044140 per \$100 of valuation, set the public hearing for adoption of the 2024 tax rate for September 12, 2024 at 4 p.m., and to authorize publication of the Notice of Public Hearing on Proposed 2024 Tax Rate, which was seconded by Director Murphy.

c. Engagement of Auditor for Preparation of Fiscal Year Ending September 30, 2024 Audit or Solicitation of Proposals for Same, if Necessary.

Mr. Cravens stated that Mr. Hernandez with Whitley Penn, sent out an engagement letter for the District yesterday. Mr. Cravens also expressed that Whitley Penn's fees have increased. It was explained that because the District is a long-standing client of Whitley Penn, our costs were held down as much as possible. In his proposal, Whitley Penn's cost is \$30,000.00. Ms. Garza stated that according to her records, the District has inquired about auditor proposals in the past, due to concerns and questions the Board had. She went on to say that fees should not be a deciding factor in selecting an auditor as such selection is subject to the Professional Services Procurement Act. If the District decides to go with a different firm, there will be costs related to starting over with a new auditor, since Ms. Garza, Ms. Carner, and the District office will need to work with the new auditing firm. Director Murphy expressed interest in seeing other proposals. Director Ellison Jr. did as well. Director Ellison made a motion for Polley Garza to solicit proposals on the District's behalf for auditing services, which was seconded by Director Murphy.

5. Bookkeepers' Report

a. Approval of Bookkeeper Report, ACH Report, Credit Card Report, Approval of Bills

A copy of the Bookkeeper Report, ACH Report and Credit Card Report is attached hereto.

b. Approval of Money Market Transfer

Ms. Carner requested an approval of \$100,000.00 to be transferred to the General Operating Fund, to cover all transactions within the General Operating Fund for the month. Director Ellison Jr. motioned to approve the Money Market Transfer for \$100,000.00. Director Murphy seconded the motion.

c. Approval of New ACH's Items and/or Credit Card Pre-Authorized Items as Needed

A copy of the New ACH's report and Credit Card Pre-Authorized Items report is attached hereto.

d. Discussion and Approval of Directors Fees of Office Disbursements

A copy of the Directors Fees of Office Disbursements report is attached hereto. Director Ellison Jr. asked that when mileage is turned in, mileage should be justified when travelling from point A to point B. A motion was made to approve the Directors Fees of Office Disbursements, and for Director Murphy to provide the information required regarding mileage reimbursement. Director Murphy seconded the motion.

e. Discussion of Positive Pay

Ms. Carner updated the Board with information about her training with Amegy Bank, which she stated would be free to attend. Director Ellison Jr. decided to table this item until all directors were in attendance.

f. Discussion of Texas Class Transfers and Closure of Sweep Account

Ms. Carner stated that she had already mentioned previously in her Bookkeeper's report that the funds from the ICS account would be transferred to the Texas Class account.

g. Discussion and Approval of Active Credit Cards

Ms. Carner mentioned numerous times regarding four cards being active, and Mr. Cravens corrected the statement that there were only three cards. Ms. Carner stated that all cards but one

should be frozen. Mr. Cravens added that there was never a recorded entry in the minutes of the District to maintain only one card. He also added that Ms. Carner could call the bank to confirm that we only have three cards. Director Murphy stated she was fine with the cards being frozen. Director Ellison Jr. requested that the Discussion and Approval of Active Credit Cards be tabled until all Directors were present for the vote.

h. Review and Approval of Monthly Investment Report

Ms. Carner reviewed the investment report for July. A copy of the investment report is attached hereto.

i. Review and Approval of Fiscal Year Ending September 30, 2025 Budget

Ms. Carner discussed with the Board a draft Fiscal Year Ending 2025 Budget. She discussed various line items on the budget. Mr. Cravens stated that he was not involved in the formation of this budget. Ms. Carner stated that she sent an email at the beginning of the month, asking Mr. Cravens if he had anything to add to the draft budget. Mr. Cravens advised that it would be better to have a simple phone call to go over budgetary items. Ms. Carner said she would send an Excel spreadsheet for Mr. Cravens to make additions to. A copy of the draft FYE 2025 budget is attached hereto.

j. Schedule Fiscal Year Ending September 30, 2025 Budget Workshop

Ms. Garza stated that the Board can either set up a meeting between now and the Regularly Scheduled September Meeting, or the Board can wait to conduct a meeting when all Directors can attend. Director Ellison Jr. suggested that the Board set up the meeting for the end of August. Mr. Cravens suggested we set up the meeting for the last Thursday of August. Ultimately, the Board decided to set the workshop for August 29, 2024, at 4:00 PM.

6. Engineers' Report

a. 2024-014 Bayou Ridge Detention – tabled.

b. 2024-016 College of the Mainland – Public Safety Careers Building – tabled.

7. District Managers' Report

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

Mr. Cravens stated that on the operating side, we are still excavating Ditch 6. On the maintenance side, although it's been a wet month, Mr. Cravens stated that his guys mowed Ditch 10, 10B, 8A1, 8A2, and 13E. Mr. Cravens explained to the Board that with regard to the Lee addition, the District does not own or operate any concrete lined or concrete structured ditches. Mr. Cravens also added that the District needs to purchase the Walker tract. He advised that Ms. Garza was presented with a warranty deed for this property so that she can review it. Lastly, Mr. Cravens stated that Director Murphy needs to provide the District office with a copy of her PFIA Certification for record keeping.

8. Attorney's Report

a. Order Regarding Annual Review of Rules, Policies, Code of Ethics and List of Authorized Brokers for the Investment of District Funds

Ms. Garza explained to the Board that the Review of Rules, Policies, Code of Ethics and List of Authorized Brokers for the Investment of District Funds is required to be reviewed every year. She stated she is not recommending any changes to the investment policy at this time but has received an updated authorized brokers list from Ms. Carner. Director Ellison Jr. motioned to approve the Annual Review of Rules, Policies, Code of Ethics and List of Authorized Brokers for the Investment of District Funds. Director Murphy seconded the motion.

b. Memo Regarding Public Information Act and Open Meetings Act Training Requirements

Ms. Garza, as a refresher, reminded both the Board and staff about the requirements of the Public Information Act and the Open Meetings Act training requirements.

c. Real Estate Items, including the following:

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

Ms. Garza stated that she would review the warranty deed that Mr. Cravens presented to her. She also discussed the aerial and utility line easement to Texas New Mexico Power.

9. Director's Report

No Director's report was given by either of the Directors.

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

a. **Approval of Bookkeeper Report, ACH Report, Credit Card Report, Approval of Bills**

Following discussions of the bills and invoices with the Board, Ms. Carner and Mr. Cravens, Director Ellison Jr. motioned to approve the payments of bills and issuance of checks, except for Owens 5 Installs. Director Murphy seconded the motion for the approval of the Bookkeeper Report, ACH Report, Credit Card Report, and Approval of Bills.

10. Executive Session:

No executive session was held.

11. Adjournment

There being no further business the meeting was adjourned. The time was 6:04 p.m.

PASSED, APPROVED, and ADOPTED this the 12th day of September, 2024.



Director

