

MINUTES
GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

August 3, 2021

The Board of Directors (the "Board") of Galveston County Municipal Utility District No. 39 (the "District") met in regular session, open to the public, on the 3rd day of August, 2021, at 400 West Walker, League City, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

David Parker	President
Courtney Boudreaux	Vice President
Rebecca Murphy	Secretary
Mark Marquis	Assistant Vice President
Omar Flores	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also attending the meeting were The Honorable Larry Millican and The Honorable John Bowen of the City of League City (the "City"); Dana Davis of Myrtle Cruz, Inc. ("MCI"); Tayo Ilori of McGrath & Co., PLLC ("McGrath"); Odett McMullen of Bob Leared Interests ("BLI"); Greg Lentz of Masterson Advisors LLC; Greer Pagan and Hope Jeffers of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

The Board opened the meeting for public comments. There being no comments from the public, the Board closed the public comments portion of the meeting.

MINUTES

The Board considered approving the minutes of the April 6, 2021, regular meeting. Following review and discussion, Director Parker moved to approve the minutes as submitted. Director Murphy seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

Ms. Davis presented and reviewed the bookkeeper's report and submitted the bills for the Board's review. She also requested the Board approve the addition of check no. 2534, payable to the City for the room rental in the amount of \$190.00. Following review and discussion, Director Parker made a motion to approve the bookkeeper's report and payment of the bills, including check no. 2534. Director Boudreaux

seconded the motion, which passed unanimously. A copy of the bookkeeper's report is attached.

DEPOSITORY PLEDGE AGREEMENTS

Ms. Davis stated BBVA, USA ("BBVA") will no longer accept public funds beginning on October 8, 2021, and she recommended the Board move its bank account to Central Bank. Ms. McMullen recommended the Board move its bank account for the District's tax funds from Wells Fargo Bank to Allegiance Bank. Mr. Pagan discussed entering into Depository Pledge Agreements with both Central Bank and Allegiance Bank. Following review and discussion, Director Parker moved to: (1) authorize the bookkeeper to transfer the District's bank account from BBVA to Central Bank and to approve a Depository Pledge Agreement with Central Bank; and (2) authorize the tax assessor/collector to transfer the District's bank account for tax funds from Wells Fargo Bank to Allegiance Bank and to approve a Depository Pledge Agreement with Allegiance Bank. Director Boudreaux seconded the motion, which passed unanimously.

HOUSE BILL 1154 TRANSPARENCY REQUIREMENTS

Mr. Pagan generally discussed House Bill 1154 and stated additional information will be provided to the Board at the next meeting.

RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2021 TAX YEAR

The Board considered the District's 2021 tax rate. Mr. Pagan discussed the "truth-in-taxation" property tax calculations and tax levy process for water districts and stated that Chapter 49 of the Texas Water Code establishes three main categories for water districts, based on a district's development status and/or tax rate. He reviewed the definitions for each of the three categories and said the Board must annually determine the District's category for that tax year and follow the associated notice and levy provisions in the Texas Water Code. A memorandum to the Board regarding the 2021 tax levy process is attached.

Discussion ensued regarding the District's development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developed District for the 2021 tax year.

Mr. Lentz distributed and reviewed a debt service tax rate recommendation reflecting the recommendation for the District to levy a 2021 water, sewer, and drainage debt service tax rate of \$0.445 per \$100 of assessed valuation based on the District's initial 2021 certified value of \$463,719,895, which includes \$15,768,527 representing 80% of the uncertified value under protest. A copy of the debt service tax rate recommendation is attached. The Board then discussed the District's operation and maintenance tax rate. Mr. Pagan discussed the two-step process for setting the District's tax rate.

Mr. Lentz then presented and reviewed a summary of the District's outstanding bonds, a copy of which is attached. The Board discussed options to make additional payments on the District's debt, and Mr. Pagan requested the financial advisor prepare a bond redemption analysis for the Board's review.

Following review and discussion, Director Boudreaux moved to: (1) adopt a Resolution Regarding Development Status for 2021 Tax Year establishing the District as a Developed district for the 2021 tax year, pursuant to Section 49.23602, Texas Water Code, and direct that the Resolution be filed appropriately and retained in the District's official records; (2) set the public hearing date for September 7, 2021; and (3) authorize the tax assessor/collector to publish notice in the Galveston Daily News of the District's meeting on September 7, 2021, to set the proposed 2021 total tax rate of \$0.50 per \$100 of assessed valuation, with \$0.445 allocated for debt service on water, sewer, and drainage bonds and \$0.055 allocated for operations and maintenance. Director Marquis seconded the motion, which passed unanimously.

BUDGET

Ms. Davis presented and reviewed the proposed budget for the fiscal year ending August 31, 2022, which she stated she will revise to reflect a 2021 tax rate of \$0.50. Following review and discussion, Director Parker moved to adopt the budget, subject to the revision as discussed. Director Murphy seconded the motion, which passed unanimously.

TAX REPORT

Ms. McMullen presented and reviewed the District's tax report, which includes a list of checks that were written after the last meeting, and a list of delinquent taxpayers, copies of which are attached. She reported that 99.3% of the District's 2020 taxes were collected as of July 31, 2021. After review and discussion, Director Parker moved to approve the tax report and the list of checks. Director Flores seconded the motion, which passed unanimously.

AUDIT

Mr. Ilori requested the Board authorize McGrath to prepare the District's audit for fiscal year ending August 31, 2021, for an estimated fee of \$11,250. Following discussion, Director Parker moved to authorize McGrath to begin preparation of the audit. Director Boudreaux seconded the motion, which carried unanimously.

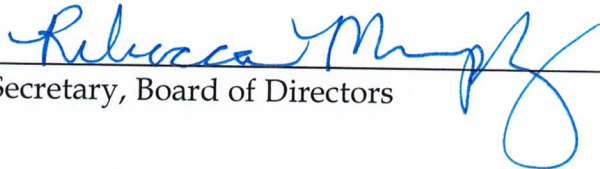
DISTRICT'S INSURANCE POLICIES

Mr. Pagan stated the District's insurance policies with Harco Insurance Services will expire on October 1, 2021, and he stated the renewal proposal will be provided to the Board at the next meeting.

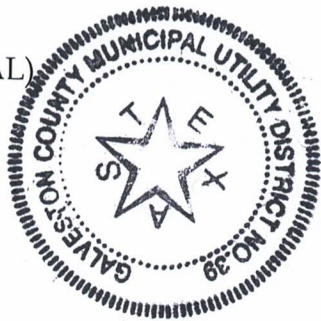
UNLIMITED TAX REFUNDING BONDS, SERIES 2021

Mr. Lentz presented and reviewed a final analysis of the Series 2021 Unlimited Tax Refunding Bonds, a copy of which is attached.

The Board noted it will meet next on September 7, 2021. There being no further matters to come before the Board, the meeting was adjourned.


Secretary, Board of Directors

(SEAL)



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