

MINUTES
GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 68

August 17, 2021

The Board of Directors (the "Board") of Galveston County Municipal Utility District No. 68 (the "District") met in regular session by teleconference, with access by telephone available to the public, pursuant to Texas Government Code Section 551.125 and Governor Greg Abbott's emergency disaster declaration dated March 13, 2020, on the 17th day of August, 2021, and the roll was called of the members of the Board being present by telephone:

Suzanne Ross	President
Robert Eaton	Vice President
John Bays	Secretary
Cory Burton	Assistant Secretary
Bobby Rich	Assistant Vice President

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

Also attending the teleconference were Renee Butler of McLennan & Associates, L.P.; Odett McMullen of Bob Leared Interests ("BLI"); David Corbin and Jason Robinett of Costello, Inc.; Scott Gray of Champions Hydro-Lawn, Inc.; Christine Crotwell of Masterson Advisors LLC; Arturo Gonzalez of M/I Homes of Houston, LLC ("M/I Homes"); Bill Frey of Frey Development Companies, Inc.; Michael Kaska of KB Home; and Tim Austin and Kathryn Easey of Allen Boone Humphries Robinson LLP.

Mr. Austin reviewed certain recommended protocols for conducting the District's meeting via teleconference. He announced that the meeting was being recorded.

PUBLIC COMMENT

There were no public comments.

OPERATIONS AND SERVICE REQUIREMENTS RELATING TO COVID-19 EPIDEMIC AND RATIFICATION OF ANY EMERGENCY ACTIONS, IF NECESSARY

Mr. Austin generally reviewed operations and service requirements relating to the COVID-19 epidemic and stated there were no issues to report at this time. The Board took no action on this agenda item.

APPROVE MINUTES

The Board considered approving the minutes of the July 20, 2021, meeting. After review and discussion, Director Burton moved to approve the minutes as submitted. Director Ross seconded the motion. There being no objections, the motion passed unanimously with all Directors voting in favor of the motion.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Butler presented and reviewed the bookkeeper's report and the investment report, copies of which are attached. Following review and discussion, Director Eaton moved to approve the bookkeeper's report and investment report, and to authorize payment of the District's bills. Director Rich seconded the motion. There being no objections, the motion passed unanimously with all Directors voting in favor of the motion.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McMullen presented and reviewed the tax assessor/collector's report for the month of July, including the bills presented for payment and the delinquent tax roll. A copy of the tax report is attached. After review and discussion, Director Burton moved to approve the tax assessor/collector's report and payment of the tax bills. Director Ross seconded the motion. There being no objections, the motion passed unanimously with all Directors voting in favor of the motion.

TRANSPARENCY REQUIREMENTS PURSUANT TO SECTION 2051.202, TEXAS GOVERNMENT CODE

Mr. Austin discussed recent legislation enacting Section 2051.202, Texas Government Code, which requires certain special purpose districts to post or cause to be posted additional information on a website maintained by or accessible to the District. He said the new requirements apply to districts that levy a property tax, are required to prepare an annual audit, and have a population of 500 or more as of the beginning of the most recent fiscal year. Mr. Austin reviewed a summary of the new requirements, a copy of which is attached.

The Board discussed the applicability of the new posting requirements to the District and the possibility of expanding the website used by the District for compliance with previously-enacted transparency requirements. Ms. McMullen discussed the services currently provided by BLI to implement existing transparency requirements, including ensuring that information posted on the website is accurate and current. She presented a proposed amendment to the District's contract with BLI to incorporate the new posting requirements on the existing website.

After review and discussion, Director Rich moved to approve the amendment to the contract between the District and BLI as presented and direct that the amendment be filed appropriately and retained in the District's official records. Director Eaton seconded the motion. There being no objections, the motion passed unanimously with all Directors voting in favor of the motion.

DISCUSS 2021 TAX RATE, ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2021 TAX YEAR, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered the District's 2021 tax rate. Mr. Austin 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.

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 Developing District for the 2021 tax year.

Ms. Crotwell distributed and reviewed a debt service tax rate analysis reflecting the recommendation for the District to levy a 2021 water, sewer, and drainage debt service tax rate of \$0.64 per \$100 of assessed valuation, based on the District's initial 2021 certified value of \$82,052,009, which includes 80% of the uncertified value under protest. A copy of the debt service tax rate analysis is attached. The Board then discussed the District's operation and maintenance tax rate. Ms. Crotwell discussed the two-step process for setting the District's tax rate.

Following review and discussion, Director Burton moved to (1) adopt a Resolution Regarding Development Status for 2021 Tax Year establishing the District as a Developing District for the 2021 tax year, pursuant to Section 49.23603, 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 21, 2021; and (3) authorize the tax assessor/collector to publish notice of the District's meeting on September 21, 2021, to set the proposed 2021 total tax rate of \$0.864 per \$100 of assessed valuation, with \$0.64 allocated for debt service on water, sewer, and drainage bonds, and \$0.224 allocated for operations and maintenance. Director Ross seconded the motion. There being no objections, the motion passed unanimously with all Directors voting in favor of the motion.

MS4 STORM WATER MANAGEMENT MATTERS

There was no update regarding MS4 storm water management matters.

ENGINEERING MATTERS

Mr. Corbin presented and reviewed a report on engineering matters, a copy of which is attached.

Mr. Corbin updated the Board regarding the design of the paving and water, sewer, and drainage facilities to serve Sunset Grove, Section 4.

Mr. Corbin updated the Board regarding the status of plan approval for the mass grading project to serve Trails at Woodhaven Lakes, Section 1, and the paving and water, sewer, and drainage facilities to serve Trails at Woodhaven Lakes, Section 1.

Mr. Corbin updated the Board regarding construction of the detention pond and mass grading improvements to serve Ambrose. He reviewed and recommended approval of Pay Estimate No. 5 in the amount of \$138,257.10, payable to Paskey, Inc.

Mr. Corbin updated the Board regarding construction of the Phase II Detention Improvements and Mass Grading for Sunset Grove, Sections 3, 4, 5, 6 and Partial Ambrose Section 1 and Ditch 9G Improvements. He reviewed and recommended approval of Pay Estimate No. 3 in the amount of \$184,698.81 (\$181,818.81 of which is KB Home's share of the cost and \$2,880.00 of which is M/I Homes' share of the cost), payable to Longhorn Excavators, Inc.

Mr. Corbin updated the Board regarding construction of the paving and water, sewer, and drainage facilities to serve Sunset Grove, Section 3. He stated he had no items for the Board's approval.

Mr. Corbin updated the Board regarding construction of the water, sewer, and drainage facilities to serve Ambrose, Section 1. He stated he had no items for the Board's approval.

Mr. Corbin updated the Board on the status of bond application no. 4. Mr. Austin presented and reviewed a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Projects and Bonds ("Resolution").

Following review and discussion, Director Ross moved (1) to approve the engineer's report; (2) based on the engineer's recommendation, to approve Pay Estimate No. 5 in the amount of \$138,257.10 for construction of the detention pond and mass grading improvements to serve Ambrose; (3) based on the engineer's recommendation, to approve Pay Estimate No. 3 in the amount of \$184,698.81 (\$181,818.81 of which is KB

Home's share of the cost and \$2,880.00 of which is M/I Homes' share of the cost) for construction of the Phase II Detention Improvements and Mass Grading for Sunset Grove, Sections 3, 4, 5, 6 and Partial Ambrose Section 1 and Ditch 9G Improvements; and (4) to adopt the Resolution, subject to bond application no. 4 requesting an amount not to exceed \$1,800,000, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Burton seconded the motion. There being no objections, the motion passed unanimously with all Directors voting in favor of the motion.

ANNEXATION MATTERS

Mr. Corbin updated the Board on the status of the proposed annexation. He stated the creation of a planned development district is in progress.

The Board then considered annexing an approximate 47.4515-acre tract into the District, which Houston LD, LLC ("Houston LD") proposes to develop as a planned development district. Mr. Austin reviewed the terms of an annexation letter agreement with Houston LD, which requires an annexation deposit of \$15,000 from Houston LD that he stated must be received before any work on the annexation begins.

Mr. Austin then explained that if the Board chooses to consider the annexation, the District's engineer should conduct a feasibility study on annexation of the tract.

Following review and discussion, Director Ross moved to (1) approve the Annexation Agreement with Houston LD; and (2) authorize the engineer to prepare a feasibility study for the proposed annexation of land into the District, subject to receipt of the annexation deposit from Houston LD. Director Burton seconded the motion. There being no objections, the motion passed unanimously with all Directors voting in favor of the motion.

DETENTION POND AND OUTFALL CHANNEL FACILITIES REPORT

Mr. Gray presented and reviewed the detention and drainage facilities report, a copy of which is attached.

REPORT REGARDING DEVELOPMENT

Mr. Kaska and Mr. Gonzalez generally reviewed development plans for the District.

NEXT MEETING DATE AND AGENDA ITEMS

Following discussion, the Board concurred to hold its next meeting in person on September 21, 2021, at 11:30 a.m.

There being no further business to come before the Board, the meeting was adjourned.

SEAL



Asst. 
Secretary, Board of Directors

ATTACHMENTS TO MINUTES

	<u>Minutes</u>
	<u>Page</u>
Bookkeeper's report.....	2
Tax assessor/collector's report	2
Government Code 2051.202 internet posting requirements	2
Debt service tax rate analysis	3
Engineer's report.....	4
Detention and Drainage Facilities report	5