

MINUTES
GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 68

January 6, 2022

The Board of Directors (the "Board") of Galveston County Municipal Utility District No. 68 (the "District") met in regular session, open to the public, on the 6th day of January, 2022, at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

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|--------------|--------------------------|
| 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 except Director Bays, thus constituting a quorum.

Also attending the meeting in person or by telephone were Derek Davenport of McLennan & Associates, L.P.; Odett Newman of Bob Leared Interests; David Corbin of Costello, Inc.; Scott Gray of Champions Hydro-Lawn, Inc.; Spencer Day of Masterson Advisors LLC; Bill Frey of Frey Development Companies, Inc.; Michael Kaska of KB Home Lone Star, Inc.; and Heather Trachtenberg and Kathryn Easey of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There were no public comments.

APPROVE MINUTES

The Board considered approving the minutes of the November 16, 2021, meeting. After review and discussion, Director Burton moved to approve the minutes as submitted. Director Ross seconded the motion, which passed unanimously.

2022 DIRECTORS ELECTION

Ms. Trachtenberg discussed procedures related to the 2022 Directors Election. Ms. Trachtenberg reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2022 Directors Election Period. Ms. Trachtenberg reported on requirements to post a Notice of Deadline to File Applications for Place on the Ballot for the 2022 Directors Election. Ms. Trachtenberg stated that the District may contract with Galveston County (the "County") to conduct the District's 2022 Directors Election. Ms. Trachtenberg reviewed an Order Calling Directors Election. Ms.

Trachtenberg discussed that a Notice of Election may be required to be posted or published and provided to the County Clerk and Voter Registrar of Galveston County.

Following review and discussion, Director Burton moved to (1) adopt a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2022 Directors Election Period appointing Kathryn Easey as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records; (2) authorize the Secretary's agent to post the Notice of Deadline to File Applications for Place on the Ballot for the 2022 Directors Election as required; (3) contract with the County to administer the District's election; (4) adopt the Order Calling Directors Election and direct that the Order be filed appropriately and retained in the District's official records; and (5) authorize the Secretary's agent to post or publish and provide to the County Clerk and Voter Registrar the Notice of Election, if required, and to direct that the Notice of Election be filed appropriately and retained in the District's official records. Director Ross seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Mr. Davenport 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 Burton seconded the motion, which passed unanimously.

ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

In accordance with the District's Investment Policy, the Board considered the annual disclosure statements of Derek Davenport and Jorge Diaz as the District's bookkeeper and investment officer, respectively. Ms. Trachtenberg explained that the statements disclose any relationships with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the District, and the disclosure statements will be filed with the Texas Ethics Commission and the District. After review and discussion, Director Rich moved to accept the disclosure statements as presented and to authorize they be appropriately filed. Director Ross seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Newman presented and reviewed the tax assessor/collector's reports for the months of November and December, including the bills presented for payment and the delinquent tax roll. Copies of the tax reports are attached. After review and discussion,

Director Burton moved to approve the tax assessor/collector's reports and payment of the tax bills. Director Rich seconded the motion, which passed unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Trachtenberg reported that ABHR has no recommendations for revision of the District's existing post-issuance compliance policy and that the District is currently in compliance with the policy.

DETENTION POND AND OUTFALL CHANNEL FACILITIES REPORT

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

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 status of plan approval for 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 stated he had no items for the Board's approval.

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. 7 in the amount of \$148,569.39 (all of which is KB Home's share of the cost) and Pay Estimate No. 8 in the amount of \$9,450.01 (all of which is KB Home's 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 reviewed and recommended approval of Pay Estimate No. 4 in the amount of \$66,542.94 (all of which is for paving), payable to R Construction Civil, LLC.

Mr. Corbin updated the Board regarding construction of the water, sewer, and drainage facilities to serve Ambrose, Section 1. He reviewed and recommended

approval of Pay Estimate No. 3 in the amount of \$421,820.47 and Pay Estimate No. 4 in the amount of \$158,898.89, payable to Blazey Construction Services, LLC.

Mr. Corbin updated the Board regarding construction of the paving and water, sewer, and drainage facilities to serve Sunset Grove, Section 4. He stated he had no items for the Board's approval.

Mr. Corbin updated the Board regarding construction of the mass grading project at Trails at Woodhaven Lakes. He reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$202,753.76, payable to Mako, LLC.

Mr. Corbin updated the Board on the status of bond application no. 4. He stated the pre-purchase inspection was held on November 23, 2021 and the Texas Commission on Environmental Quality's (the "TCEQ") approval letter was received on December 6, 2021.

Following review and discussion, Director Burton moved (1) to approve the engineer's report; (2) based on the engineer's recommendation, to approve Pay Estimate No. 7 in the amount of \$148,569.39 (all of which is KB Home's share of the cost) and Pay Estimate No. 8 in the amount of \$9,450.01 (all of which is KB Home's 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; (3) based on the engineer's recommendation, to approve Pay Estimate No. 4 in the amount of \$66,542.94 (all of which is for paving) for construction of the paving and water, sewer, and drainage facilities to serve Sunset Grove, Section 3; (4) based on the engineer's recommendation, to approve Pay Estimate No. 3 in the amount of \$421,820.47 and Pay Estimate No. 4 in the amount of \$158,898.89 for the construction of the water, sewer, and drainage facilities to serve Ambrose, Section 1; and (5) based on the engineer's recommendation, to approve Pay Estimate No. 1 in the amount of \$202,753.76 for construction of the mass grading project at Trails at Woodhaven Lakes. Director Ross seconded the motion, which passed unanimously.

The Board then considered accepting conveyance of a Storm Sewer Easement for a 0.0240-acre tract, a Sanitary Sewer Easement for a 0.1362-acre tract, and a Water Line Easement for a 0.0086-acre tract from KB Home Lone Star, Inc. (the "Easements"). Following review and discussion, Director Burton moved to accept conveyance of the Easements and direct that the Easements be filed appropriately and retained in the District's official records. Director Ross seconded the motion, which passed unanimously.

SERIES 2022 UNLIMITED TAX BONDS \$1,800,000 (the "Series 2022 Bonds")

Mr. Day distributed and reviewed a draft Preliminary Official Statement and Notice of Sale for the Series 2022 Bonds. Mr. Day stated the Series 2022 Bonds would not be rated, but may qualify for bond insurance.

The Board discussed appointing The Bank of New York Mellon Trust Company, N.A., as Paying Agent/Registrar for the Series 2022 Bonds. The Board considered authorizing the District's financial advisor to advertise the sale of the District's Series 2022 Bonds and to engage the District's auditor to prepare the developer reimbursement report. The Board reviewed the engagement letter from McGrath & Co., PLLC related to the preparation of the developer reimbursement report in connection with the Series 2022 Bonds.

Following review and discussion, Director Burton moved to (1) approve the Preliminary Official Statement and Notice of Sale; (2) appoint The Bank of New York Mellon Trust Company, N.A. as the paying agent/registrar for the Series 2022 Bonds; (3) authorize the District's financial advisor to advertise the sale of the Series 2022 Bonds; (4) approve and authorize execution of the engagement letter from McGrath & Co., PLLC and direct that the engagement letter be filed appropriately and retained in the District's official records; and (5) authorize the auditor to begin preparation of the developer reimbursement report. Director Ross seconded the motion, which passed unanimously.

RESOLUTION ESTABLISHING ADDRESSES AND METHODS FOR TEXAS PUBLIC INFORMATION ACT REQUESTS

Ms. Trachtenberg reviewed with the Board a memorandum regarding designating addresses and methods for receipt of requests for public information under the Texas Public Information Act ("TPIA Requests"), a copy of which is attached. The Board considered designating a mailing address and an email address and approving other methods for receipt of TPIA Requests, pursuant to Section 552.234 of the Texas Government Code. After review and discussion, Director Ross moved to (1) adopt a Resolution Establishing Addresses and Methods for Texas Public Information Act Requests ("Resolution") to (a) designate the address of the District's official office as the mailing address and gal068@txdistricts.info as the email address for receipt of TPIA Requests to the District, and (b) direct that the designated addresses and methods be printed on the sign displayed by the District under Section 552.205, Texas Government Code; and (2) direct the Resolution to be filed appropriately and retained in the District's official records. Director Eaton seconded the motion, which passed unanimously.

REVIEW AND UPDATE EMINENT DOMAIN REPORT TO THE TEXAS
COMPTROLLER

Ms. Trachtenberg reported ABHR has filed the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas.

Ms. Trachtenberg then discussed *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1*, a pending case regarding the use of governmental immunity as a defense against condemnation.

REPORT REGARDING DEVELOPMENT

Mr. Kaska and Mr. Corbin generally reviewed development plans in the District.

NEXT MEETING DATE AND AGENDA ITEMS

Following discussion, the Board concurred to hold its next meeting on January 18, 2022, at 11:30 a.m.

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

SEAL



Bobby E. Aech

Secretary, Board of Directors

*Asst. Vice
President*

ATTACHMENTS TO MINUTES

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