

MINUTES
GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 68

June 21, 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 21st day of June, 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:

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

and all of the above were present except Directors Bays and Rich.

Also attending the meeting were Joanne Lannin and Randall H. Trncak, members of the public; Tayo Ilori of McGrath & Co., PLLC; Renee Butler of McLennan & Associates, L.P.; Odett Newman of Bob Leared Interests; Jason Robinett and Sergio Gonzalez of Costello, Inc.; Scott Gray of Champions Hydro-Lawn, Inc.; Bill Frey of Frey Development Companies, Inc.; and Heather Trachtenberg and Kathryn Easey of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There were no public comments.

NEW DIRECTOR APPOINTMENTS

Director Bays submitted his resignation from the Board on April 7, 2022. The Board discussed the appointments of Joanne Lannin and Randall H. Trncak to fill the vacancies on the Board. Following review and discussion, Director Ross moved to (1) accept Director Bays' resignation effective April 7, 2022; (2) appoint Joanne Lannin to the Board for a term ending May 2, 2026; and (3) appoint Randall H. Trncak to the Board for a term ending May 4, 2024. Director Burton seconded the motion, which passed unanimously.

CERTIFICATE OF ELECTION

The Board considered approving a Certificate of Election, reflecting the election of Suzanne Ross and Bobby E. Rich to the Board of Directors of the District each for a four-year term. After review and discussion, Director Ross moved to approve the

Certificate of Election and the distribution of same to Directors Ross and Rich, and direct that the Certificate of Election be filed appropriately and retained in the District's official records. Director Burton seconded the motion, which passed unanimously.

DIRECTORS' SWORN STATEMENTS, BONDS AND OATHS OF OFFICE

Ms. Trachtenberg reviewed the Sworn Statements, Bonds, and Oaths of Office for Directors Ross, Rich, Lannin and Trncak. After review and discussion, Director Ross moved that the Board approve the Sworn Statements, Bonds and Oaths of Office and direct that the documents be filed appropriately and retained in the District's official records, and that the Oaths of Office be filed with the Secretary of State, as required by law. Director Burton seconded the motion, which passed unanimously.

DISTRICT REGISTRATION FORM

The Board considered reorganizing the Board of Directors. Following discussion, Director Ross moved to reorganize the Board as follows:

Suzanne Ross	President
Randy Trncak	Vice President
Cory Burton	Secretary
Joanne Lannin	Assistant Secretary
Bobby Rich	Assistant Vice President

Director Burton seconded the motion, which passed unanimously.

The Board then considered authorizing filing of an updated District Registration Form with the Texas Commission on Environmental Quality ("TCEQ"), reflecting the terms of the newly elected directors and the reorganization of the Board. Following review and discussion, Director Ross moved to authorize filing of the updated District Registration Form with the TCEQ and direct that the District Registration Form be filed appropriately and retained in the District's official records. Director Burton seconded the motion, which passed unanimously.

OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Ms. Trachtenberg reviewed a Memorandum from ABHR regarding the Texas Open Meetings Act requirements. She noted that Directors Lannin and Trncak, as appointed public officials, are required to complete the course on training responsibilities of the governmental body and its members under the Texas Government Code, Chapter 551, within 90 days of taking the Oath of Office.

CONFLICTS OF INTEREST DISCLOSURE

Ms. Trachtenberg next reviewed Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest. She then reviewed the forms adopted by the Texas Ethics Commission for making disclosures under Chapter 176 and noted the forms are required to be filed with the records administrator for the District within seven days of a disclosable conflict arising. Ms. Trachtenberg encouraged Board members to contact ABHR if assistance is needed in determining whether a conflict requires disclosure or in making a required disclosure. She also stated that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain a List of Local Government Officers. The Board reviewed the List of Local Government Officers, with the addition of Directors Lannin and Trncak. After review and discussion, Director Ross moved to approve the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Burton seconded the motion, which passed unanimously.

APPROVE MINUTES

The Board considered approving the minutes of the April 19, 2022, meeting. After review and discussion, Director Burton moved to approve the minutes, as submitted. Director Ross seconded the motion, which passed unanimously.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR ENDED MAY 31, 2022

The Board considered authorizing the auditor to prepare the District's audit report for the fiscal year ended May 31, 2022. Following discussion, Director Burton moved to authorize McGrath & Co., PLLC to prepare the District's audit report for the fiscal year ended May 31, 2022. Director Ross seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Butler reviewed the bookkeeper's report and the investment report, copies of which are attached. Following review and discussion, Director Burton moved to approve the bookkeeper's report and investment report and authorize payment of the District's bills. Director Ross seconded the motion, which passed unanimously.

BUDGET FOR FISCAL YEAR ENDING MAY 31, 2023

Ms. Butler reviewed the proposed budget for fiscal year ending May 31, 2023, a copy of which is attached to the bookkeeper's report. After review and discussion, Director Burton moved to adopt the budget for fiscal year ending May 31, 2023, as discussed. Director Ross seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Newman presented and reviewed the tax assessor/collector's report for the month of May, including the bills presented for payment and the delinquent tax roll. A copy of the tax report is attached.

Ms. Newman reported that the District's 2022 preliminary assessed value is \$115,694,352.

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, which passed unanimously.

THIRD AMENDMENT TO THE AGREEMENT FOR SERVICES OF TAX ASSESSOR AND COLLECTOR

Ms. Newman presented and reviewed a proposed Third Amendment to the Agreement for Services of Tax Assessor and Collector (the "Amendment"). Following review and discussion, Director Burton moved to approve the Amendment and direct that the Amendment be filed appropriately and retained in the District's official records. Director Ross seconded the motion, which passed unanimously.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH COLLECTION OF DELINQUENT TAXES

The Board considered authorizing the District's delinquent tax attorney, Perdue, Brandon, Fielder, and Collins & Mott, LLP ("Perdue Brandon"), to proceed with the collection of the 2021 delinquent tax accounts as of July 1, 2022. After discussion, Director Burton moved to authorize Perdue Brandon to proceed with the collection of delinquent taxes. Director Ross seconded the motion, which passed unanimously.

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

Mr. Robinett updated the Board regarding the design of Sunset Grove Sections 5 and 6. He stated he had no items for the Board's approval.

Mr. Robinett stated that bids were received for the construction of the water, sewer, and drainage facilities to serve Ambrose, Section 2. He recommended that the Board award the contract to Crostex Construction, Inc. ("Crostex") in the amount of \$1,325,000.00. The Board concurred that, in its judgment, Crostex is a responsible bidder who will be most advantageous to the District and will result in the best and most economical completion of the project.

Mr. Robinett updated the Board regarding construction of the detention pond and mass grading improvements to serve Ambrose. He reviewed and recommended approval of Change Order No. 3 to the contract with Paskey, Inc. ("Paskey") to increase the contract in the amount of \$1,668.25 for final quantity adjustment. The Board determined that Change Order No. 3 is beneficial to the District.

Mr. Robinett 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. 11 in the amount of \$51,960.04 (all of which is KB Home's share of the cost) payable to Longhorn Excavators, Inc. ("Longhorn"). He also reviewed and recommended approval of Change Order No. 2 to the contract with Longhorn to increase the contract in the amount of \$25,080.00 for slope erosion repair. He then reviewed and recommended approval of Change Order No. 3 to the contract with Longhorn to decrease the contract in the amount of \$61,224.60 for additional slope paving and final quantity adjustment. The Board determined that Change Order No. 2 and Change Order No. 3 are beneficial to the District.

Mr. Robinett 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 Final Pay Estimate No. 7 in the amount of \$76,508.05 payable to R Construction Civil, LLC ("R Construction"). He also reviewed and recommended approval of a revised Change Order No. 2 to the contract with R. Construction to increase the contract in the amount of \$41,881.90 (\$36,992.00 of which is for water, sewer and drainage and \$4,889.90 of which is for paving) for final quantity adjustment. The Board determined that the revised Change Order No. 2 is beneficial to the District.

Mr. Robinett updated the Board regarding construction of the paving and water, sewer, and drainage facilities to serve Sunset Grove, Section 4. He reviewed and recommended approval of Pay Estimate No. 4 in the amount of \$25,569.14 (\$22,869.14 of which is for water, sewer and drainage and \$2,700.00 of which is for paving) and Final Pay Estimate No. 5 in the amount of \$119,562.85 (\$84,689.77 of which is for water, sewer and drainage and \$34,873.08 of which is for paving), payable to R Construction. He also reviewed and recommended approval of Change Order No. 1 to the contract with R.

Construction to increase the contract in the amount of \$7,400.00 (all of which is for water, sewer and drainage). He also reviewed and recommended approval of the Final Quantity Adjustment to decrease the contract with R. Construction in the amount of \$49,150.20 (\$19,100.00 of which is for water, sewer and drainage and \$30,050.20 of which is for paving). The Board determined that Change Order No. 1 and the Final Quantity Adjustment are beneficial to the District.

Mr. Robinett updated the Board regarding construction of the mass grading project at Trails at Woodhaven Lakes. He stated he had no items for the Board's approval.

Mr. Robinett updated the Board regarding construction of the paving and water, sewer, and drainage facilities to serve Trails at Woodhaven Lakes, Section 1. He reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$473,382.90 (all of which is for water, sewer and drainage), payable to Principal Services, Ltd.

The Board then considered accepting conveyance of a Sanitary Sewer Easement for a 0.0581-acre tract, a Water Line Easement for a 0.0148-acre tract, and a Storm Sewer Easement for a 0.0717-acre tract, all from Trails at Woodhaven Lakes, Ltd. (the "Easements").

Following review and discussion, Director Ross moved (1) to approve the engineer's report; (2) to award the contract for construction of water, sewer, and drainage facilities to serve Ambrose, Section 2 to Crostex in the amount of \$1,325,000.00, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; (3) based on the engineer's recommendation and the Board's finding that the change order is beneficial to the District, to approve Change Order No. 3 in the amount of \$1,668.25 as an increase to the contract with Paskey for the construction of the detention pond and mass grading improvements to serve Ambrose; (4) based on the engineer's recommendation and the Board's finding that the change orders are beneficial to the District, to approve Pay Estimate No. 11 in the amount of \$51,960.04, Change Order No. 2 in the amount of \$25,080.00 as an increase to the contract with Longhorn, and Change Order No. 3 in the amount of \$61,224.60 as a decrease to the contract with Longhorn 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; (5) based on the engineer's recommendation and the Board's finding that the change order is beneficial to the District, to approve Final Pay Estimate No. 7 in the amount of \$76,508.05 and revised Change Order No. 2 to the contract with R. Construction to increase the contract in the amount of \$41,881.90 (\$36,992.00 of which is for water, sewer and drainage and \$4,889.90 of which is for paving) for final quantity adjustment for construction of the paving and water, sewer, and drainage facilities to serve Sunset Grove, Section 3;

(6) based on the engineer's recommendation and the Board's finding that the change order and final quantity adjustment are beneficial to the District, to approve Pay Estimate No. 4 in the amount of \$25,569.14 (\$22,869.14 of which is for water, sewer and drainage and \$2,700.00 of which is for paving), Final Pay Estimate No. 5 in the amount of \$119,562.85 (\$84,689.77 of which is for water, sewer and drainage and \$34,873.08 of which is for paving), Change Order No. 1 in the amount of \$7,400.00 (all of which is for water, sewer and drainage) as an increase to the contract with R. Construction, and the Final Quantity Adjustment to decrease the contract with R. Construction in the amount of \$49,150.20 (\$19,100.00 of which is for water, sewer and drainage and \$30,050.20 of which is for paving) for construction of the paving and water, sewer, and drainage facilities to serve Sunset Grove, Section 4; (7) based on the engineer's recommendation, to approve Pay Estimate No. 1 in the amount of \$473,382.90 (all of which is for water, sewer and drainage) for construction of the water, sewer, and drainage facilities to serve Trails at Woodhaven Lakes, Section 1; and (8) to accept conveyance of the Easements and direct that the Easements be filed appropriately and retained in the District's official records. Director Burton seconded the motion, which passed unanimously.

ANNEXATION MATTERS

Ms. Trachtenberg updated the Board on the status of the proposed annexation of an approximately 46.25-acre tract into the District. Discussion ensued.

CYBERSECURITY MATTERS

Ms. Trachtenberg reported there has been an increase in fraudulent banking activities. Ms. Butler discussed cybersecurity measures taken by the District's bookkeeper to detect and prevent fraudulent activity against the District's accounts.

Discussion ensued regarding adding Positive Pay fraud prevention services to the District's Central Bank accounts. The Board requested that Ms. Butler obtain a quote from Central Bank for Positive Pay fraud prevention services.

REPORT REGARDING DEVELOPMENT

There was no discussion on this agenda item.

NEXT MEETING DATE AND AGENDA ITEMS

Following discussion, the Board concurred to hold its next meeting on July 19, 2022, at 11:30 a.m.

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

SEAL



Joanne Jennin
Asst. Secretary, Board of Directors

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