

MINUTES
GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

August 1, 2023

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 1st day of August, 2023, 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, except Director Murphy thus constituting a quorum.

Also attending the meeting were Carol Andrews, a resident of the District; Dana Davis of Myrtle Cruz, Inc.; Odett McMullen of Bob Leared Interests; Anthea Moran of Masterson Advisors LLC; and Greer Pagan and Hope Palmer of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

The Board opened the meeting for public comments. Ms. Andrews requested information regarding the next directors election, which Mr. Pagan stated will be in May, 2024. There being no additional comments from the public, the Board closed the public comments portion of the meeting.

RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2023 TAX YEAR

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 copy of the memorandum regarding the "truth-in-taxation" property tax calculations 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 2023 tax year.

Following review and discussion, Director Marquis moved to adopt a Resolution Regarding Development Status for 2023 Tax Year establishing the District as a Developed District for the 2023 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. Director Flores seconded the motion, which passed unanimously.

2023 TAX RATE

The Board considered the District's 2023 tax rate. Ms. Moran distributed and reviewed a debt service tax rate analysis reflecting the recommendation for the District to levy a 2023 debt service tax rate of \$0.36 per \$100 of assessed valuation based on the District's initial 2023 certified value of \$548,873,697, which includes \$30,126,313 representing 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. Mr. Pagan discussed the two-step process for setting the District's tax rate.

Ms. Moran also distributed and reviewed a summary of outstanding bonds, a copy of which is attached.

Following review and discussion, Director Marquis moved to: (1) set the public hearing date for September 5, 2023; and (2) authorize the tax assessor/collector to publish notice in the Galveston Daily News of the District's meeting on September 5, 2023, to set the proposed 2023 total tax rate of \$0.405 per \$100 of assessed valuation, with \$0.36 allocated for debt service on water, sewer, and drainage bonds and \$0.045 allocated for operations and maintenance. Director Flores seconded the motion, which passed unanimously.

MINUTES

The Board considered approving the minutes of the May 2, 2023, regular meeting. Following review and discussion, Director Parker moved to approve the minutes as submitted. Director Boudreaux seconded the motion, which passed unanimously.

RESOLUTION ESTABLISHING DIRECTOR FEES OF OFFICE AND DISTRICT REIMBURSEMENT POLICY

Mr. Pagan stated that House Bill No. 2815, which became effective on June 18, 2023, sets the maximum water district director fees of office at the per diem amount set by the Texas Ethics Commission for members of the legislature. He noted that, pursuant to House Bill No. 2815, the current maximum amount for director fees of

office is \$221.00, and going forward, the maximum amount automatically will be indexed for inflation.

The Board considered adopting a Resolution Establishing Director Fees of Office and District Reimbursement Policy to reflect that directors' fees of office shall be paid at the maximum rate allowed by law.

Following review and discussion, Director Boudreaux moved to adopt the Resolution Establishing Director Fees of Office and District Reimbursement Policy and direct that it be filed appropriately and retained in the District's official records. Director Flores seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

Ms. Davis presented and reviewed the bookkeeper's report and the summary of investments, a copy of which is attached, and the bills for the Board's review. Following review and discussion, Director Parker moved to approve the bookkeeper's report, the summary of investments, and payment of the bills. Director Boudreaux seconded the motion, which passed unanimously.

BUDGET FOR FISCAL YEAR END AUGUST 31, 2024

Ms. Davis presented and reviewed the proposed budget for the fiscal year ending August 31, 2024, a copy of which is attached. She stated she will revise the maintenance tax revenue line item in the budget to \$240,000 based on today's tax rate discussion. Following review and discussion, Director Boudreaux moved to adopt the budget, as revised. Director Parker seconded the motion, which passed unanimously.

TAX REPORT

Ms. McMullen presented and reviewed the District's tax report for the months of May, June, and July, 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 99.1% of the District's 2022 taxes were collected as of July 31, 2023. After review and discussion, Director Parker moved to approve the tax report and the list of checks. Director Boudreaux seconded the motion, which passed unanimously.

AMENDMENT TO INFORMATION FORM

Mr. Pagan reported on legislation passed by the Texas Legislature to update the language for the Notice to Purchasers form that must be provided by persons proposing to sell or convey real property located in a water district. He said water districts that are required to maintain a website or have access to a website under Section 26.18, Tax

Code, are also now required to post their Notice to Purchasers on the applicable website. The Board then considered authorizing execution of an Amendment to Information Form reflecting the District's new form of Notice to Purchasers attached thereto. Mr. Pagan explained that the District is required to file the Amendment to Information Form in the Official Public Records of Real Property of Galveston County and with the Texas Commission on Environmental Quality ("TCEQ"). Following review and discussion, Director Parker moved to authorize execution of the Amendment to Information Form and to authorize filing with Galveston County and the TCEQ. Director Boudreaux seconded the motion, which passed unanimously.

AUTHORIZE AUDITOR TO CONDUCT THE FISCAL YEAR END AUDIT

The Board considered authorizing McGrath & Co., PLLC ("McGrath") to prepare the District's audit for the fiscal year ending August 31, 2023. Following review and discussion, Director Parker moved to authorize McGrath to prepare the District's audit. Director Boudreaux seconded the motion, which passed unanimously.

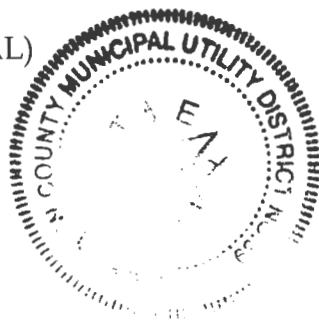
RENEWAL OF DISTRICT'S INSURANCE POLICIES

Mr. Pagan stated he expects to have a proposal from Brown & Brown Insurance for renewal of the District's insurance policies for the Board's review at the next meeting.

The Board noted they will meet next on September 5, 2023.


Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

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