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## MINUTES CINCO MUNICIPAL UTILITY DISTRICT NO. 1 (Internal)

January 3, 2023

The Board of Directors (the “Board”) of Cinco Municipal Utility District No. 1 (the “District”) met in regular session, open to the public, on January 3, 2023, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Mike Price	President
Dan Whitton	Vice President
Sharon Bauer	Secretary
Jim Cusack	Assistant Vice President
Kermit Palmer	Assistant Secretary

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

Also attending the meeting were Rob Duncan, member of the public; Cara Sliva of Artesian Financial Services, LLC; John Taylor of Masuen Consulting, LLC; Larry Mueller of BGE, Inc. (“BGE”); Rene Anadel of Wheeler & Associates, Inc.; ElizaBeth Reeves of Inframark Water & Infrastructure Services (“Inframark”); and Harry H. Thompson and Jennifer Ramirez of Allen Boone Humphries Robinson LLP (“ABHR”).

### PLEDGE OF ALLEGIANCE

The Board conducted the Pledge of Allegiance.

### PUBLIC COMMENTS

There was no discussion on this agenda item.

### APPROVE MINUTES

The Board considered approving the minutes of the December 6, 2022, regular meeting. After discussion, Director Palmer moved to approve the minutes of December 6, 2022, regular meeting, as presented. Director Bauer seconded the motion, which passed unanimously.

### APPROVE AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2022

The Board deferred discussion on this agenda item.

## DISTRICT WEBSITE MATTERS

There was no discussion on this agenda item.

## TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Anadel reviewed the tax assessor/collector's report, a copy of which is attached. She reported that 43.5% of the District's 2022 taxes have been collected as of December 31, 2022.

After review and discussion, and based on the tax assessor/collector's recommendation, Director Bauer moved to approve the tax assessor/collector's report and payment of the tax bills. Director Cusack seconded the motion, which passed unanimously.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Sliva reviewed the bookkeeper's report, a copy of which is attached, and presented the bills for payment.

After review and discussion, and based on the bookkeeper's recommendation, Director Bauer moved to approve the bookkeeper's report and payment of the bills, as detailed above. Director Palmer seconded the motion, which passed unanimously.

## ACCEPT ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

The Board considered accepting the annual disclosure statements of the District's bookkeeper and investment officer. Following review and discussion, Director Palmer moved to accept the annual disclosure statements of the bookkeeper and investment officer. Director Bauer seconded the motion, which passed unanimously.

## ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. Thompson reported on the District's compliance activities during the prior calendar year related to bond financings. He reported that no corrective action to the District's Post-Issuance Compliance Policy is required at this time.

## REPORT REGARDING WATER CONSERVATION MATTERS

Mr. Taylor updated the Board regarding water conservation matters. Director Price reported that the Cinco Ranch Community Association has changed landscape maintenance providers to Earthcare Management.

## OPERATOR'S REPORT

Ms. Reeves reviewed the operator's report, a copy of which is attached, and updated the Board regarding facility repairs. She stated water accountability for the previous month was 95%.

Ms. Reeves reported that there were no excursions at the South Wastewater Treatment Plant ("WWTP") or the Central WWTP.

After review and discussion, and based on the operator's recommendation, Director Palmer moved to accept the operator's report. Director Bauer seconded the motion, which passed unanimously.

## HEARING ON TERMINATION OF WATER AND SEWER SERVICE

The Board conducted a hearing on the termination of utility service. Ms. Reeves reported that the customers appearing on the termination list were given proper notice and an opportunity to explain, contest, or correct the utility service bills and show reason why utility service should not be terminated for reason of nonpayment, all as required by the District's Rate Order. After discussion, Director Palmer moved that since the customers on the termination list did not attend the meeting or present any written statement on the matter, utility service should be terminated to all of the accounts. Director Bauer seconded the motion, which passed unanimously.

## AMEND DISTRICT RATE ORDER

Mr. Thompson discussed rules adopted by the Public Utility Commission of Texas ("PUC") to implement legislation prohibiting certain retail water or sewer providers from imposing late fees or terminating service for nonpayment of water bills that are due during a period when the previous day's highest temperature and the predicted temperature for the next 24 hours is not higher than 28 degrees Fahrenheit. He reviewed and discussed the one-time notice of the requirements that must be sent to utility customers by January 31, 2023. Mr. Thompson then presented a proposed Amended Rate Order incorporating the provisions of the PUC rules, including terms for customers to request and receive a payment schedule for payment of bills due during such an extreme weather emergency. After review and discussion, Director Palmer moved to (1) authorize the operator to send the one-time notice to District customers; and (2) adopt the Amended Rate Order and direct that it be filed appropriately and retained in the District's official records. Director Bauer seconded the motion, which passed unanimously.

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## ADOPT RESOLUTION AND APPROVE THE EXECUTION OF AGREEMENTS RELATED TO ELECTRONIC LOCKBOX PAYMENT SERVICES WITH CENTRAL BANK, INCLUDING ADDENDUM TO SERVICE AGREEMENT WITH DISTRICT OPERATOR

Ms. Reeves reviewed and requested approval of a Processing Agreement with Central Bank, a Resolution Approving Central Bank's Electronic Lockbox Payment Services, and an addendum to the Professional Services Agreement with Inframark, all related to electronic lockbox payment services for District customers.

Following review and discussion, and based upon the operator's recommendation, Director Palmer moved to (1) approve the Processing Agreement with Central Bank; (2) approve the Resolution Approving Central Bank's Electronic Lockbox Payment Services; (3) approve the addendum to the Professional Services Agreement with Inframark; and (4) direct that the documents be filed appropriately and retained in the District's official records. Director Bauer seconded the motion, which passed unanimously.

## REVIEW AND AUTHORIZE FILING OF UPDATED EMERGENCY PREPAREDNESS PLAN ("EPP")

Mr. Mueller stated that he is still working on updates to the District's EPP. After discussion, the Board concurred to defer action on this agenda item until the next regular meeting.

## ENGINEERING MATTERS

Mr. Mueller reviewed the engineer's report, a copy of which is attached.

Mr. Mueller updated the Board on the status of design of the Claircrest Drive sanitary sewer line repair. The Board discussed a communication plan for impacted residents.

Mr. Mueller updated the Board on the status of the Microfiltration Reverse Osmosis Plant.

After review and discussion, and based on the engineer's recommendation, Director Palmer moved to accept the engineer's report. Director Cusack seconded the motion, which passed unanimously.

## MEETING SCHEDULE AND ITEMS FOR INCLUSION ON THE NEXT AGENDA

Director Palmer announced that he will be resigning from the Board, effective immediately. The Board expressed appreciation for Director Palmer's long tenure of

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service. Mr. Duncan stated that he is interested in filling the upcoming vacancy on the Board. After review and discussion, Director Cusack moved to (1) authorize ABHR to proceed with any administrative items necessary for Mr. Duncan to serve on the Board; and (2) nominate Mr. Duncan to fill the upcoming vacancy on the Board. Director Bauer seconded the motion, which passed unanimously.

The Board concurred to hold the next internal meeting on February 7, 2023 at 11 a.m. at the offices of ABHR, subject to confirming a quorum.

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

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Secretary, Board of Directors

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