

MINUTES
CINCO MUNICIPAL UTILITY DISTRICT NO. 1
(Internal)

July 17, 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 July 17, 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:

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| Mike Price | President |
| Dan Whitton | Vice President |
| Sharon Bauer | Secretary |
| Jim Cusack | Assistant Vice President |
| Robert B. Duncan | Assistant Secretary |

and all of the above were present except for Director Whitton, thus constituting a quorum. Director Whitton attended the meeting by telephone but was not part of the quorum and did not participate in the meeting.

Also attending the meeting were Lisa Rickert of Artesian Financial Services, LLC; John Taylor and Chris Dunn of Masuen Consulting, LLC ("Masuen"); Larry Mueller of BGE, Inc. ("BGE"); Rene Anandel 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 were no comments from the public.

APPROVE MINUTES

The Board considered approving the minutes of the June 6, 2023, regular meeting. After review and discussion, Director Cusack moved to approve the minutes of June 6, 2023, regular meeting, as presented. Director Duncan seconded the motion, which passed unanimously.

DISTRICT WEBSITE MATTERS

The Board reviewed a website analytics report, a copy of which is attached.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Andel reviewed the tax assessor/collector's report, a copy of which is attached. She reported that 99.66% of the District's 2022 taxes have been collected as of June 30, 2023.

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.

AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Mr. Thompson 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 stated 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. Thompson explained that the District is required to file the Amendment to Information Form in the Official Public Records of Real Property of Fort Bend County and with the Texas Commission on Environmental Quality ("TCEQ").

After review and discussion, Director Duncan moved to authorize execution of the Amendment to Information Form and to authorize filing with Fort Bend County and the TCEQ. Director Bauer seconded the motion, which passed unanimously.

ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2023 TAX YEAR

The Board discussed 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 Bauer 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 Duncan seconded the motion, which passed unanimously.

RESOLUTION ESTABLISHING DIRECTOR FEES OF OFFICE AND DISTRICT REIMBURSEMENT POLICY

Mr. Thompson 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 then 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, noting that this would replace the previously adopted Resolution. After review and discussion, Director Duncan moved to adopt a Resolution Establishing Director Fees of Office and District Reimbursement Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Bauer seconded the motion, which passed unanimously.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT WINTER CONFERENCE

The Board discussed the AWBD summer conference and attendance at the winter AWBD conference. After discussion, Director Cusack moved to approve reimbursement of eligible director expenses from the summer AWBD conference, which the bookkeeper confirmed are in compliance with the District's Travel Reimbursement Guidelines, and authorize any interested directors to attend the winter AWBD conference. Director Bauer seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Rickert reviewed the bookkeeper's report, a copy of which is attached, and presented the bills for payment. Director Duncan requested that check no. 6054 should be voided, as it was a personal expense that should be deducted from his total conference reimbursement.

After review and discussion, and based on the bookkeeper's recommendation, Director Cusack moved to approve the bookkeeper's report and payment of the bills, with the exception of check no. 6054. Director Duncan seconded the motion, which passed unanimously.

REPORT REGARDING WATER CONSERVATION MATTERS

Mr. Taylor updated the Board regarding water conservation matters.

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 93%.

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

ENGINEERING MATTERS

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

Mr. Mueller updated the Board on the status of construction of the Claircrest Drive sanitary sewer line repair project. He reported that there were no pay estimates from Specialty Construction TX for the Board's approval.

Mr. Mueller updated the Board on Master District matters.

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

MEETING SCHEDULE AND ITEMS FOR INCLUSION ON THE NEXT AGENDA

The Board concurred to hold the next internal meeting on August 1, 2023 at 11 a.m. at the offices of ABHR, subject to confirming a quorum.

REPORT REGARDING LEGISLATIVE MATTERS

Mr. Thompson reviewed a report prepared by ABHR regarding legislative matters pertaining to the 88th Regular Session of the Texas Legislature.

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

(SEAL)



Karen Bauer
Secretary, Board of Directors

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