

MINUTES
CINCO MUNICIPAL UTILITY DISTRICT NO. 1
(Internal)

September 7, 2021

The Board of Directors (the "Board") of Cinco Municipal Utility District No. 1 (the "District") met in regular session, open to the public, on September 7, 2021, 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:

G. Tim Lawrence	President
Jim Cusack	Vice President
Sharon Bauer	Secretary
Kermit Palmer	Assistant Vice President
Mike Price	Assistant Secretary

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

Also attending the meeting were Michele Vinogradov of BKD, LLP ("BKD"); Josh Hargrave of HARCO Insurance Services ("HARCO"); Fran Matuska of F. Matuska, Inc. ("FMI"); Larry Mueller of BGE, Inc. ("BGE"); Rene Anandel of Wheeler & Associates, Inc. ("Wheeler"); ElizaBeth Reeves of Inframark Water & Infrastructure Services ("Inframark"); and Harry H. Thompson and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

Due to the COVID-19 virus epidemic emergency and the high threat level warnings issued by various governments and agencies, the District established a telephone option for members of the public to listen to the meeting and to address the Board.

On the telephone was Roger Van Hauen of Masuen Consulting.

PLEDGE OF ALLEGIANCE

The Board conducted the Pledge of Allegiance.

PUBLIC COMMENTS

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the August 3, 2021, regular

meeting. After discussion, Director Palmer moved to approve the minutes of the August 3, 2021, regular meeting, as presented. Director Bauer seconded the motion, which passed unanimously.

DISTRICT WEBSITE MATTERS

There was no discussion on this agenda item.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR THE FISCAL YEAR END SEPTEMBER 30, 2021

The Board considered authorizing BKD to prepare the District's annual audit for the fiscal year end September 30, 2021. After review and discussion, Director Palmer moved to authorize BKD to conduct the audit for fiscal year end September 30, 2021. Director Lawrence seconded the motion, which passed unanimously.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Mr. Thompson stated that the District's tax assessor/collector published a notice of today's public hearing to set the District's proposed 2021 total tax rate of \$0.4414 per \$100 of assessed valuation, consistent with the financial advisor's recommendation. Director Lawrence opened the public hearing regarding the adoption of the District's 2021 tax rate. There being no members of the public in attendance who wished to address the Board, the public hearing was closed.

Mr. Thompson reviewed the Order Levying Taxes and an Amendment to Information Form reflecting the proposed tax rate. He stated that the Amendment to Information Form will be filed with the Texas Commission on Environmental Quality and recorded in the Official Public Records of Fort Bend County.

After review and discussion, Director Palmer moved to (1) adopt the Order Levying Taxes reflecting a total 2021 tax rate of \$0.4414 per \$100 of assessed valuation, with \$0.14 allocated for contract tax, \$0.08 allocated for debt service, and \$0.2214 allocated for operations and maintenance, and to direct that the Order be filed appropriately and retained in the District's official records; and (2) authorize execution of the Amendment to Information Form to reflect the 2021 tax rate and to direct that such documents be filed appropriately and retained in the District's official records. Director Price seconded the motion, which passed unanimously.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Andel reviewed the tax assessor/collector's report, a copy of which is

attached. She reported that 100% of the District's 2020 taxes have been collected as of August 31, 2021.

Ms. Andel requested the Board authorize Wheeler to move the District's tax account to Allegiance Bank and approve the related agreements, including a Depository Pledge Agreement with Allegiance Bank.

Mr. Thompson discussed recent legislation enacting Section 2051.202, Texas Government Code, which requires certain special purpose districts to post or cause to be posted additional information on a website maintained by or accessible to the District. He said the new requirements apply to districts that levy a property tax, are required to prepare an annual audit, and have a population of 500 or more as of the beginning of the most recent fiscal year. Mr. Thompson reviewed a summary of the new requirements, a copy of which is attached. The Board discussed the applicability of the new posting requirements to the District and the possibility of expanding the website used by the District for compliance with previously-enacted transparency requirements.

Ms. Wheeler then reviewed a Third Amendment to Agreement for Services of the Tax Assessor and Collector, which includes fees for Government Code Section 2051.202 compliance.

Following review and discussion, Director Palmer moved to (1) approve the tax assessor/collector's report and payment of the tax bills; (2) authorize Wheeler to transfer the District's tax account to Allegiance Bank and approve the related agreements; (3) approve the Depository Pledge Agreement with Allegiance Bank and direct that the agreement be filed appropriately and retained in the District's official records; and (4) approve the Third Amendment to Agreement for Services of the Tax Assessor and Collector, subject to final review, and direct that the amendment be filed appropriately and filed in the District's official records. Director Bauer seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

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

After review and discussion, Director Palmer moved to approve the report and payment of the bills. Director Cusack seconded the motion, which passed unanimously.

ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2022

Ms. Matuska reviewed the proposed budget for the fiscal year ending September

30, 2022. After discussion, Director Palmer moved to approve the budget for the fiscal year ending September 30, 2022, as presented. Director Cusack seconded the motion, which passed unanimously.

AUTHORIZE RENEWAL OF DISTRICT'S INSURANCE POLICIES

Mr. Hargrave reviewed a proposal from HARCO for renewal of the District's insurance policies. The Board discussed the increase in the proposed deductible for property coverage. The Board also discussed the supplemental sewage backup coverage options. After discussion, the Board concurred to increase the sewer backup liability limits to \$50,000/\$100,000 for an increase of \$12 to the total premium amount, consistent with Mr. Hargrave's recommendation.

Following review and discussion, Director Palmer moved to approve the proposal for renewal of the District's insurance policies, as discussed. Director Cusack seconded the motion, which passed unanimously.

CINCO MUNICIPAL UTILITY DISTRICT NO. 1 BOND SALE

The Board tabled this agenda item.

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 96%. The Board discussed historical water accountability.

After review and discussion, Director Cusack moved to approve the operator's report. Director Palmer 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 Price seconded the motion, which passed unanimously.

REPORT REGARDING WATER CONSERVATION

Mr. Van Hauen updated the Board regarding water conservation matters.

ENGINEER'S REPORT

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

Mr. Mueller updated the Board on the status of the Jasper Well No. 1, including the transfer pump upgrade project.

Mr. Mueller updated the Board on the status of the installation of the new pumping equipment at Water Well No. 6.

After review and discussion, Director Palmer moved to approve the engineer's report. Director Price 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 in person on October 5, 2021, at the offices of ABHR.

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

(SEAL)




Secretary, Board of Directors

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