

MINUTES
CINCO MUNICIPAL UTILITY DISTRICT NO. 1
(Internal)

September 6, 2022

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 6, 2022, 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:

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

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

Also attending the meeting were Jennifer Hanna of FORVIS, LLP ("FORVIS"); Lisa Rickert of Artesian Financial Services, LLC ("AFS"); Roger van Hauen of Masuen Consulting, LLC; Larry Mueller of BGE, Inc. ("BGE"); Rene Anandel of Wheeler & Associates, Inc.; ElizaBeth Reeves of Inframark Water & Infrastructure Services ("Inframark"); and Harry H. Thompson, Jennifer Ramirez, and Tenille Dennis 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.

MINUTES

The Board considered approving the minutes of the August 2, 2022, regular meeting. After discussion, Director Palmer moved to approve the minutes of August 2, 2022, regular meeting, as presented. Director Bauer seconded the motion, which passed unanimously.

DISTRICT WEBSITE MATTERS

There was no discussion on this agenda item.

REORGANIZE THE BOARD AND AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

The Board discussed reorganizing the Board. After review and discussion, Director Palmer moved to reorganize the Board as follows:

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

Director Bauer 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 reorganization of the Board. Following review and discussion, Director Palmer 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 Bauer 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 2022 total tax rate of \$0.40977 per \$100 of assessed valuation, consistent with the financial advisor’s recommendation and the Board’s direction. Director Price opened the public hearing regarding the adoption of the District’s 2022 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 TCEQ and recorded in the Official Public Records of Fort Bend County.

After review and discussion, Director Cusack moved to (1) adopt the Order Levying Taxes reflecting a total 2022 tax rate of \$0.40977 per \$100 of assessed valuation, with \$0.13 allocated for contract tax, \$0.075 allocated for debt service, and \$0.20477 allocated for operations and maintenance, and 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 2022 tax rate and direct that such

documents be filed appropriately and retained in the District's official records. Director Whitton seconded the motion, which passed unanimously.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR THE FISCAL YEAR END SEPTEMBER 30, 2022

The Board considered authorizing FORVIS to prepare the District's annual audit for the fiscal year end September 30, 2022. After review and discussion, Director Palmer moved to authorize FORVIS to conduct the audit for fiscal year end September 30, 2022. Director Bauer seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Andel reviewed the tax assessor/collector's report for the month of August, a copy of which is attached. She reported that 100% of the District's 2021 taxes have been collected as of August 31, 2022.

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

APPROVE DEPOSITORY AGREEMENT, SECURITY, AND RELATED DOCUMENTS WITH FROST BANK

Ms. Wheeler discussed service concerns with Allegiance Bank and stated that Wheeler will be recommending that the Board transfer the tax account to Frost Bank in April 2023, subject to finalization of the appropriate agreements with Frost Bank. Discussion ensued.

AUTHORIZE RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal from HARCO Insurance Services for renewal of the District's insurance policies. The Board also discussed the cyber liability/data breach insurance coverage options. After discussion, the Board concurred to move to the Tier 2 cyber liability/data breach coverage for an increase of \$52 to the total premium amount.

Following review and discussion, Director Palmer moved to approve the proposal for renewal of the District's insurance policies, as discussed. 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.

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

ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2023

Ms. Rickert reviewed the proposed budget for the fiscal year ending September 30, 2023, a copy of which is attached to the bookkeeper's report. The Board discussed revisions to the auditor, the surface water expense, storm water conservation management, and extraordinary m/r line items.

In response to an inquiry from the Board, Ms. Reeves and Mr. Mueller explained that the extraordinary m/r line item is allocated for the future repair of a sag in the sanitary sewer line on Claircrest Lane. The Board discussed proceeding forward with design of the project and requested that Mr. Mueller investigate potential repair options and provide updated cost estimates for the Board's review at the next regular meeting.

After discussion, Director Whitton moved to approve the budget for the fiscal year ending September 30, 2023, revised as discussed. Director Palmer seconded the motion, which passed unanimously.

REPORT REGARDING WATER CONSERVATION MATTERS

There was no discussion on 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 94%.

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 Bauer 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 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 Palmer 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 the Jasper Well No. 1, including the transfer pump upgrade project.

After review and discussion, Director Palmer 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 October 4, 2022 at 11 a.m. at the offices of ABHR, subject to confirming a quorum.

CONVENE IN EXECUTIVE SESSION TO CONSULT WITH ATTORNEY, PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

The Board convened in Executive Session at 12:30 p.m. pursuant to Section 551.071 of the Texas Government Code to conduct a private consultation with their attorney. Mr. Thompson, Ms. Ramirez, and Ms. Dennis also were present.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in Open Session at 12:38 p.m. After discussion, Director Palmer moved to authorize execution of an engagement letter with Feldman & Feldman, LP. Director Bauer seconded the motion, which passed unanimously.

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

(SEAL)



Mark Bauer
Secretary, Board of Directors

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