

MINUTES  
CINCO MUNICIPAL UTILITY DISTRICT NO. 1  
(Internal)

September 5, 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 September 5, 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
Robert B. Duncan	Assistant Secretary

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

Also attending the meeting were Troy Gillar of Zone Industries; Jennifer Hanna of FORVIS, LLP (“FORVIS”); Julie Peak of Masterson Advisors LLC; Cara Sliva of Artesian Financial Services, LLC (“AFS”); John Taylor and Chris Dunn of Masuen Consulting, LLC; Larry Mueller of BGE, Inc.; 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 August 1, 2023, regular meeting. After review and discussion, Director Whitton moved to approve the minutes of August 1, 2023, regular meeting, as presented. Director Cusack 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, 2023

The Board considered authorizing FORVIS to prepare the District's annual audit for the fiscal year end September 30, 2023. After review and discussion, Director Bauer moved to authorize FORVIS to conduct the audit for fiscal year end September 30, 2023. Director Duncan seconded the motion, which passed unanimously.

DISCUSS 2023 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Peak reviewed the 2023 tax rate recommendation, a copy of which is attached, reflecting a recommended 2023 contract tax rate of \$0.095 and a debt service tax rate of \$0.075 for debt service per \$100 of assessed valuation. The Board then discussed the maintenance and operations tax rate.

Following review and discussion, Director Whitton moved to (1) set the public hearing date for October 3, 2023; and (2) authorize the tax assessor/collector to publish notice in the Houston Chronicle of the District's meeting to set the proposed 2023 tax rate of \$0.38 per \$100 of assessed valuation, comprised of \$0.095 for contract tax, \$0.075 for debt service, and \$0.21 for operations and maintenance. Director Duncan seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

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

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 Bauer seconded the motion, which passed unanimously.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal from HARCO Insurance Services for renewal of the District's insurance policies.

Following review and discussion, Director Duncan 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. 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 Whitton moved to approve the bookkeeper's report and payment of the bills. Director Bauer seconded the motion, which passed unanimously.

ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2024

Ms. Sliva reviewed the proposed budget for the fiscal year ending September 30, 2024, a copy of which is attached to the bookkeeper's report. The Board discussed revisions to the maintenance tax revenue line item.

After discussion, Director Whitton moved to adopt the budget for the fiscal year ending September 30, 2024, revised as discussed. Director Bauer seconded the motion, which passed unanimously.

REPORT REGARDING WATER CONSERVATION MATTERS

Mr. Taylor updated the Board regarding water conservation matters.

Mr. Taylor reviewed a proposed budget for general consulting services for the fiscal year ending September 30, 2024, in an amount not to exceed \$5,000.00.

After review and discussion, Director Bauer moved to approve the proposed budget for general consulting services for the fiscal year ending September 30, 2024, in an amount not to exceed \$5,000.00. Director Whitton seconded the motion, which passed unanimously.

ENGINEERING MATTERS

The Board discussed Master District matters, including the failure of the two transfer pumps at the Microfiltration Reverse Osmosis Plant. Mr. Mueller stated that there was some pitting on the pumps due to the chemicals used in the acid injection system and a small amount of calcium carbonate buildup. Mr. Gillar recommended the District consider utilizing a 3/16 stainless steel pump and reviewed a cost estimate in the amount of \$90,300.00 for the purchase and installation of two pumps. After discussion, the Board concurred with Inframark's request to solicit three bids for the purchase of two 3/16 stainless steel transfer pumps for the Board's review at the next Master District meeting.

Director Price left the meeting.

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 reviewed the Notice of Preliminary Fees for 2024 from the North Fort Bend Water Authority, a copy of which is attached to the operator's report.

After review and discussion, and based on the operator's recommendation, Director Duncan 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 Duncan 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.

ENGINEERING MATTERS (CONT'D)

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 stated that the contractor might be required to hydro-excavate certain areas in order to work around an existing 8" CenterPoint Energy gas line that was closer to the District's sanitary sewer manhole than originally anticipated. Mr. Mueller stated that the work would cost an amount not to exceed \$15,000 and BGE will bring a Change Order for the Board's approval at the next regular meeting. He stated that there were no pay estimates from Specialty Construction TX for the Board's approval.

After review and discussion, and based on the engineer's recommendation, Director Duncan 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 3, 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

(SEAL)

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