

MINUTES
CINCO MUNICIPAL UTILITY DISTRICT NO. 14

September 28, 2022

The Board of Directors of Cinco Municipal Utility District No. 14 met in regular session, open to the public, on the 28th day of September 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:

James Reuss	President
Patrick McDonald	Vice President
Patrick Carlson	Secretary
Leroy Mensik	Assistant Secretary
Josephine Traylor	Assistant Vice President/ Assistant Secretary

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

Also attending in person were Kevin Atkinson of Texas Pride Disposal; Avni Patel of FORVIS, LLP (“FORVIS”); Larry Mueller of BGE, Inc. (“BGE”); Rene Anandel of Wheeler and Associates, Inc. (“Wheeler”); Lynnette Tujague of District Data Services, Inc. (“DDS”); Robert Lugo of Inframark, LLC (“Inframark”); and Heather Trachtenberg and Kathryn Blanton of Allen Boone Humphries Robinson LLP (“ABHR”).

Attending via teleconference during executive session only was Conner Best of Munsch Hardt Kopf & Harr, P.C.

PUBLIC COMMENTS

There were no comments from the public.

APPROVE MINUTES

The Board considered approving the minutes of the August 24, 2022, regular meeting, submitted in advance. After review and discussion, Director McDonald moved to approve the minutes, as submitted. Director Mensik seconded the motion, which passed unanimously.

GARBAGE AND RECYCLING MATTERS

Director Traylor stated that recycling was not collected on the assigned day and that she received several phone calls from residents regarding the matter. Mr. Atkinson reported that truck service issues led to the missed collection. Discussion ensued.

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

The Board considered authorizing FORVIS to proceed with preparation of the District's audit report for the fiscal year ending September 30, 2022. Ms. Patel reviewed FORVIS's proposal and stated the estimated cost for the audit is \$19,000 plus \$1,000 for administrative expenses, a copy of which is attached. After discussion, Director Traylor moved to authorize FORVIS to proceed with preparation of the annual audit. The motion was seconded by Director Mensik, which passed unanimously

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Tujague reviewed the bookkeeper's report, including the bills for payment, a copy of which is attached. She noted that check no. 5526 was reissued to Cinco Municipal Utility District No. 1 ("Cinco 1"), as the original check was not processed by Cinco 1. She stated that a stop payment has been placed on the original check.

Ms. Tujague then presented and reviewed the proposed budget for the District's fiscal year ending September 30, 2023, a copy of which is attached to the bookkeeper's report. Discussion ensued. She noted proposed changes, including an increase in the outside counsel fees expense to \$20,000, smart meter expense to \$5,000, and a decrease from \$22,000 to \$5,000 for water conservation education expense.

Ms. Tujague reviewed the Cinco 1 general fund budget for the regional facilities for the fiscal year ending September 30, 2023.

Following review and discussion, Director Carlson moved to: (1) approve the bookkeeper's report and payment of the bills; (2) adopt the budget for the fiscal year ending September 30, 2023, as discussed; and (3) adopt the Cinco 1 budget for the fiscal year ending September 30, 2023. Director McDonald seconded the motion, which passed unanimously.

ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted its annual review of the District's Investment Policy, and Ms. Trachtenberg stated that neither ABHR nor the bookkeeper have any recommended changes. After review and discussion, Director McDonald made a motion to adopt a Resolution Regarding Annual Review of Investment Policy and to direct that a copy of the resolution be filed and retained in the District's records. Director Mensik seconded the motion, which carried unanimously.

ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Trachtenberg reviewed the Resolution Establishing Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. She next reviewed a list of qualified broker/dealers provided by Ms. Tujague and stated that Central Bank is reflected on the list. After review and discussion, Director Mensik moved to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Carlson seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Anadel presented the tax assessor/collector's report for the month of August and the delinquent tax roll, copies of which are attached. She stated that 99.45% of the 2021 taxes were collected by the end of August.

After review and discussion, Director Traylor moved to approve the tax assessor/collector's report and payment of the checks drawn on the tax account. Director Carlson seconded the motion, which passed unanimously.

CONDUCT PUBLIC HEARING REGARDING DISTRICT TAX RATE, ADOPT ORDER LEVYING TAXES, AND APPROVE AMENDMENT TO DISTRICT INFORMATION FORM

Ms. Anadel stated that notice was published of the public hearing to be held at today's meeting regarding adoption of the District's proposed 2022 total tax rate of \$0.49.

The Board concurred to open the public hearing. There being no comments from the public, the Board concurred to close the public hearing.

Ms. Trachtenberg discussed an Order Levying Taxes reflecting the proposed 2022 tax rate. She then discussed an Amendment to Information Form reflecting the tax rate and stated that the Amendment 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 Mensik moved to: (1) adopt the Order Levying Taxes reflecting a total 2022 tax rate of \$0.49 per \$100 of assessed valuation, comprised of \$0.16 to pay debt service, \$0.19 for operations and maintenance, and \$0.14 for the contract tax requirements; (2) authorize execution of the Amendment to Information Form; and (3) direct that the Order and Amendment be filed appropriately

and retained in the District's official records. Director Carlson seconded the motion, which passed by unanimous vote.

ENGINEERING MATTERS

Mr. Mueller reviewed an engineering report, a copy of which is attached.

Mr. Mueller stated that the Godwin Back-Up Natural Gas Specialized Pumping System installation has been completed. He reported that CenterPoint completed the installation of the natural gas meter and service has been established. He then reported that Phase 1 of the GIS system has been completed and log-on protocol has been given to Inframark. Discussion ensued.

After review and discussion, Director Traylor moved to: (1) approve the engineer's report; and (2) authorize BGE to receive quotes for Phase II of the GIS Mapping System. Director McDonald seconded the motion, which passed unanimously.

STORM WATER PERMITTING MATTERS AND STORM WATER MANAGEMENT PLAN

There was no discussion on this agenda item.

OPERATION OF DISTRICT FACILITIES

Mr. Lugo reviewed the operator's report for August, a copy of which is attached, and updated the Board on facility repair and maintenance matters. He reported the water accountability was 94% for the previous month.

The Board directed Mr. Lugo to bring a proposal with a mock-up for additional signs to the October meeting.

Mr. Lugo discussed correspondence from Cinco 1 regarding an increase in the monthly per connection charge from \$31.75 to \$34.75, and a revised billing method for calculating the pass-through costs of the North Fort Bend Water Authority ("NFBWA") pumpage fee, a copy of which is attached to the report. The Board considered amending the District's Rate Order related to same. Discussion ensued.

Director Mensik requested more information regarding invoiced repairs. Discussion ensued. The Board directed Mr. Lugo to research the invoiced repairs and forward information to Director Mensik for review.

After review and discussion, Director Carlson moved to: (1) approve the operator's report; and (2) approve the Amended Rate Order to reflect the NFBWA expense. Director Traylor seconded the motion, which passed unanimously.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT ACCOUNTS

The Board conducted a hearing on the termination of utility service. Mr. Lugo reported that the residents on the termination list provided to the Board were mailed written notice prior to this meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and to show reason why the utility service should not be terminated for reason of nonpayment. After discussion, Director Carlson moved that, because the residents on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with procedures set forth in the Rate Order and directed that the termination list be filed appropriately and retained in the District's official records. Director Traylor seconded the motion, and the motion passed unanimously.

NFBWA MATTERS

Mr. Lugo discussed the community event scheduled for November 5, 2022.

DISTRICT WEBSITE MATTERS

The Board reviewed the analytics report provided in advance.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS ON DISTRICT OPERATIONS

There was no discussion on this agenda item.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

The Board convened in executive session at 1:03 p.m. in order to conduct a private consultation with the District's attorneys regarding potential litigation. In attendance were Directors Reuss, McDonald, Mensik, Traylor, and Carlson, Ms. Trachtenberg, Ms. Blanton, and Mr. Best.

RECONVENE IN OPEN SESSION

The Board reconvened in open session at 1:56 p.m. The Board took no action during executive session.

Director Reuss moved to approve a legal services engagement letter with Feldman & Feldman, and direct that the legal services engagement letter be filed appropriately

and retained in the District's official records. Director Mensik seconded the motion, which passed unanimously.

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

Assistant Levy Mensik
Secretary, Board of Directors

(SEAL)



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