

## BROOKSHIRE MUNICIPAL WATER DISTRICT

### MINUTES OF BOARD OF DIRECTORS REGULAR MEETING

August 15, 2022

The Board of Directors (the "Board" or "Directors") of Brookshire Municipal Water District (the "District") met in regular session on the 15<sup>th</sup> day of August, 2022, at 6:00 p.m., in the meeting room of the District, 4004 6<sup>th</sup> Street, Brookshire, Texas, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code, whereupon the roll was called of the members of the Board, to-wit:

|                       |                     |
|-----------------------|---------------------|
| Stephanie Green       | President           |
| LaKethia Connor       | Vice President      |
| Erin Jackson          | Secretary           |
| Michael Whitaker, Jr. | Assistant Secretary |
| Shirley Williams      | Investment Officer  |

All members of the Board were present, thus constituting a quorum. Also attending were Linda Guevara, employee of the District; Jennifer K. Wienecke, CPA, of Knox Cox & Co., L.L.P. ("Auditor"); Councilperson Kim Branch, City of Brookshire (the "City"); Michael Foley of Riverway Properties ("Riverway"); Monica A. Garza, attorney, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); and Tony McAnelly, member of the public.

The President, after finding that notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order at 6:05 p.m. and declared it open for such business as may regularly come before it.

#### **1. Public Comment.**

The President first opened the meeting to public comment. Councilperson Branch stated that the City Council would like to hold a joint meeting with the Board to discuss the City and District's processes for development. Councilperson Branch proposed that the City and District hold such meeting on August 25<sup>th</sup>.

Mr. McAnelly reported that he previously spoke with the District's General Manager regarding the removal of the irrigation meter on his property and was invited to address the Board regarding such matter at tonight's Board meeting. Mr. McAnelly stated that he purchased his residence in November 2021 and at such time, set up an account with the District for water service. Mr. McAnelly explained that his property previously had two (2) water meters installed: one (1) meter for the residence and another meter for irrigation. Mr. McAnelly stated that when he set up an account with the District for water service, only the residential meter was included in his account. Mr. McAnelly then explained that the District locked the irrigation meter in March after his neighbor turned on his irrigation meter and that the District removed the irrigation meter from his property in July. Mr. McAnelly then stated that the District subsequently notified him that it assessed a penalty against his account for meter tampering. Mr. McAnelly stated he is agreeable to paying the cost of any water that was used from the irrigation meter but is requesting the Board waive the penalties that have been assessed against his account.

There being no further public comments, the President directed the Board to proceed with the agenda.

**2. Approve Minutes of Prior Meetings.**

The Board then considered approval of the minutes from the regular meeting of July 18, 2022. Upon a **motion** by Director Williams, seconded by Director Whitaker, after full discussion and with all Directors present voting aye, the Board approved the minutes from the regular meeting of July 18, 2022, as presented.

**3. Financial Advisors Report.**

Ms. Garza then presented to the Board correspondence from the District's Financial Advisor recommending a proposed tax rate of \$0.01 for the 2022 tax year based upon the District's cash flow and debt obligations. Ms. Garza reminded the Board that the 2021 tax rate was \$0.012 per \$100 of assessed valuation. Further discussion then ensued regarding the proposed 2022 tax rate to be published in *The Waller Times*. Upon a **motion** by Director Whitaker, seconded by Director Connor, after full discussion and with all Directors present voting aye, the Board voted to: 1) publish a 2022 tax rate of \$0.01 per \$100 assessed valuation; and 2) authorize publication of the proposed 2022 tax rate in *The Waller Times*, which is a newspaper of general circulation within the District, at least seven (7) days prior to the date of the public hearing on the 2022 tax rate.

Upon a **motion** by Director Connor, seconded by Director Williams, after full discussion and with all Directors present voting aye, the Board voted to: 1) set the date for the public hearing on the 2022 tax rate as the first (1<sup>st</sup>) regular Board meeting held in September; and 2) reschedule the first (1<sup>st</sup>) regular Board meeting of September to Tuesday, September 6, 2022, at 6:00 p.m.

**4. Engage Auditor for Fiscal Year Ending ("FYE") August 31, 2022.**

Ms. Wienecke then presented the Auditor's engagement letter, a copy of which is available upon request. Ms. Wienecke reminded the Board that the total fee charged to the District for the previous year's audit was \$15,500. Ms. Wienecke then explained that the Auditor's fee to complete the FYE August 31, 2022 audit will be between \$13,500 and \$15,500.

Ms. Wienecke next explained that because the District spent more than \$750,000 in funds from the Federal Government during the FYE August 31, 2022, the Auditor will need to prepare a separate Single Audit at an additional cost of \$6,500 to \$8,000.

Director Green then expressed her concern regarding the Auditor using the same representative to perform the District's annual audit each year.

Upon a **motion** by Director Connor, seconded by Director Whitaker, after full discussion and with all Directors present voting aye, the Board voted to engage the Auditor to prepare the District's annual audit and Single Audit and to approve the annual management letter for the FYE August 31, 2022.

5. **Adopt Order Adopting Budget for FYE August 31, 2023 ("FYE 2023 Budget").**

Discussion then ensued regarding the FYE 2023 Budget, including various line items in such budget and the revenue that will be generated from the upcoming increase of the District's water and sewer rates.

Upon a **motion** by Director Connor, seconded by Director Whitaker, after full discussion and with all Directors present voting aye, the Board approved the FYE 2023 Budget, as presented.

6. **Update on Status of Letters to Customers Regarding Smoke Testing Results.**

Ms. Garza reminded the Board that the District previously conducted smoke testing on its wastewater lines in order to address certain deficiencies in its wastewater collection systems, and it was determined that damaged cleanout caps are the primary source of infiltration into such system. Ms. Garza then presented and reviewed with the Board a proposed letter to customers whose cleanout caps are in need of repair notifying such customers that if their cleanout caps are not replaced within 30 days, the District will replace such cap at a cost of \$75.00 to such customer pursuant to the District's Rate Order. Director Connor stated that once such letters are distributed to customers, the District's office staff needs to be prepared to explain the purpose of such letters to customers who call to inquire about such letters.

Upon a **motion** by Director Jackson, seconded by Director Whitaker, after full discussion and with all Directors present voting aye, the Board voted to authorize the District's office staff to send letters to customers whose cleanout caps are in need of repair.

7. **Review Rate Order.**

The Board reviewed correspondence from the District's Operator setting forth the increase in the District's water and sewer rates discussed by the Board at the special Board meeting held on August 3<sup>rd</sup>. Upon a **motion** by Director Connor, seconded by Director Jackson, after full discussion and all Directors present voting aye, the Board authorized: 1) amending the District's Rate Order, to be effective September 8, 2022, as follows: (i) increase the base water rate for residential and multi-family customers by \$2.75; (ii) increase each water usage tier for residential and multi-family customers by \$1.00; (iii) increase the base sewer rate for residential and multi-family customers by \$4.00; (iv) increase each sewer usage tier for residential and multi-family customers by \$1.00; (v) increase the base water rate for commercial customers by \$10.00; (vi) increase each water usage tier for commercial customers by \$3.50; (vii) increase the base sewer rate for commercial customers by \$10.00; and (viii) increase each sewer usage tier for commercial customers by \$3.50; and 2) publishing a notice regarding the Amended Rate Order in *The Waller Times* on August 24<sup>th</sup> and August 31<sup>st</sup>.

8. **Annual Review of Compliance Guidelines for the District's Website.**

Ms. Garza then reviewed with the Board a checklist of documents and information required to be posted on the District's website pursuant to Texas Government Code Section 2051.202 and Texas Tax Code Section 26.18.

9. **Authorize Director Attendance at Post-Issuance Tax-Exempt Debt Compliance Officer Training Seminar on September 24, 2022.**

Ms. Garza reported that RBAP, in conjunction with Arbitrage Compliance Specialists, Inc., will be conducting a training/seminar for Post-Issuance Tax-Exempt Debt Compliance Officers ("Compliance Officers") on Saturday, September 24, 2022. Ms. Garza reminded the Board that the District's Compliance Officer is Director Green, but that anyone wishing to attend could do so. Director Williams stated her preference to complete such training through an online course.

Upon a **motion** by Director Connor, seconded by Director Whitaker, after full discussion and with all Directors present voting aye, the Board authorized: 1) the Directors' attendance at the Post-Issuance Tax-Exempt Debt Compliance Officer Training; and 2) the General Manager to enroll Director Williams in an equivalent online training course for Compliance Officers.

10. **Attorney's Report.**

Ms. Garza next updated the Board regarding the Financing Agreement between the District and Riverway for the Riverwood Farms development. Ms. Garza reported that RBAP is coordinating with Riverway and the District's Engineer to address their comments to such agreement. Ms. Garza then requested that the Board authorize the District's Engineer to revise the Capacity Report that was previously approved by the Board for such development in order to correspond with the revisions made to the Financing Agreement. Upon a **motion** by Director Connor, seconded by Director Jackson, after full discussion and with all Directors present voting aye, the Board authorized the District's Engineer to revise the Capacity Report for the Riverwood Farms development.

11. **Adjournment.**

There being no further business to come before the Board, the Board meeting was adjourned at 7:06 p.m.

PASSED, APPROVED and ADOPTED this the 19 day of SEPTEMBER, 2022.

(DISTRICT SEAL)



*Eren Y. Yarn*  
Secretary, Board of Directors