

BROOKSHIRE MUNICIPAL WATER DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING

March 2, 2020

The Board of Directors (the "Board" or "Directors") of Brookshire Municipal Water District (the "District") met in regular session on the 2nd day of March, 2020, at 6:00 p.m., in the meeting room of the District, 4004 6th 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:

Edith Penrice-Kelley	President
Albert Wilkins	Vice President
Stephanie Green	Investment Officer
Havanaugh Glover	Secretary
Victor Alardin	Assistant Secretary

All members of the Board were present, except Directors Wilkins and Green, thus constituting a quorum. Also attending were: Tonya Pierre ("General Manager"); Dr. Herman Clay, PhD ("Engineer"); Steve Haskins of Protocol Bookkeeping, Inc. ("Bookkeeper"); John Taylor of Municipal Operations and Consulting, Inc. ("Operator" or "MOC"); James Weishuhn of Weishuhn Engineering, Inc. ("Weishuhn"); Mary DuBois of Acclaim Energy Advisors ("Acclaim"); Ed Castillo and Wes Martin of Consolidated Communications ("Consolidated"); Pete Martins of Brookshire Volunteer Firefighter Association ("BVFFA"); Monica Garza, attorney, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); and all persons on the attached Attendance Roster.

The President, after finding that the 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 6:06 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. There being no public comments, the President directed the Board to proceed with the agenda.

2. Review Request to Waive Impact Fees and Developer Deposit for the City of Brookshire (the "City") Animal Control Building.

Lee Jones with the City's Animal Control Department introduced himself and requested that the Board waive the District's impact fees for such department's new animal control building. In response to a question from Director Alardin, Mrs. Pierre stated that the amount of such fees has not yet been calculated by the District's Engineer. A brief discussion ensued. Director Penrice-Kelley stated that the Board will re-evaluate Mr. Jones' request for the waiver of impact fees once such amount has been determined.

3. Approve Consolidated Contract.

Mrs. Pierre next stated that she had asked a representative from Consolidated to speak to the Board regarding the updates it is making to the fiber optic cable that provides internet services to the Brookshire Community and to explain how it is more efficient than what is currently being provided to the District. Mrs. Pierre reported that the District has recently experienced an increase in the number of fraudulent and unsolicited emails.

Mr. Castillo explained that the District is receiving a large amount of spam emails because, at some point, the District fell victim to a phishing attempt and malware was subsequently installed on the District's computers. Mr. Castillo stated that it is his recommendation that the District upgrade to a new online platform that includes Microsoft Office 365 software. Mr. Castillo went on to explain the capabilities of such platform. Mr. Castillo further recommended that the District upgrade the size of its broadband. In response to a question, Ms. Garza stated that she has reviewed the proposed agreement with Consolidated and has no issues with the form of such agreement.

Mr. Martin explained that as Microsoft updates its Office 365 software, such updates will be automatically installed on the District's computer system. Mr. Martin then recommended that the District also replace its telephone system. Mr. Martin stated that Consolidated is offering the District a three (3) year contract for pricing and services. Mrs. Pierre requested the Board's approval to enter into such contract with Consolidated. Director Alardin stated that he would like to speak further with Consolidated's representatives to acquire additional information about the services offered. Director Penrice-Kelley then stated that such topic would remain on the March 16, 2020 Board meeting agenda to be discussed further by the Board.

4. Presentation by Acclaim Energy Advisors.

Ms. DuBois introduced herself to the Board and presented updated electric rate information for a proposed contract that would begin subsequent to the expiration of the District's current electricity contract. Ms. DuBois reminded the Board that Acclaim compares the market prices of electricity from various providers and makes recommendations to the District regarding such providers. Ms. DuBois further explained that the District currently receives its electric service from Cavallo Energy Texas, LLC at a rate of \$0.043 per kilowatt hour. Ms. DuBois stated that such contract expires on May 30, 2022. Ms. DuBois stated that the future rate proposed by Acclaim is \$0.03995 per kilowatt hour, which is a discount of eight percent (8%) from the District's current rate, and is based on an aggregation pool/cooperative with other municipal utility districts. Ms. DuBois stated that the proposed rate would be effective from June 2022 through June 2029. In response to a question by Mr. Haskins, Ms. DuBois confirmed that the District will not have to pay an aggregation fee. Mr. Haskins stated his opinion that \$0.03995 per kilowatt hour is a low rate. Mrs. Pierre expressed concern regarding the length of the proposed contract term. Ms. DuBois explained that the District's proposed contract term is lengthy due to the varying start dates of several of the cooperative partners who would be included in the new plan. Director Alardin stated that he was also concerned with the length of the proposed contract and felt that it was premature to enter into a contract with another electricity provider at this time. Mr. Haskins stated that the proposed rate is unlikely to

decrease much further. Director Alardin then stated that electricity rates have historically been trending downward. In response to a question from Ms. DuBois regarding the District's plans for expansion, Mrs. Pierre confirmed that the District has no intention to expand at this time. Director Alardin then stated that he is also concerned about Acclaim's rush to enter into a contract with the District. A further discussion ensued and it was the consensus of the Board to take no action on the proposed contract. Ms. DuBois stated that she will notify the District of any future opportunities to join an aggregation pool for electricity services.

5. **Approve Minutes of Prior Meetings.**

The Board then considered approval of the minutes from the regular meetings of January 21, 2020 and February 3, 2020, and the special meeting of January 27, 2020. Upon a **motion** by Director Glover, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved the minutes from the regular meetings of January 21, 2020 and February 3, 2020, and the special meeting of January 27, 2020.

6. **Bookkeeper's Report.**

Mr. Haskins then presented the Bookkeeper's Report, a copy of which is available upon request. Mr. Haskins reported that an interest payment was made on February 2, 2020 from the District's debt service account for the District's outstanding bond series. Regarding the Series 2019-B Water and Sewer Revenue Bonds, Mr. Haskins reported that the District's Financial Advisor has reviewed and is in agreement with the increase in payment due on February 1, 2021 and August 1, 2020.

Mr. Haskins reported that to date, the District is over budget due primarily to maintenance and repair expenses. In response to a question from Mrs. Pierre regarding the Texas Commission on Environmental Quality's (the "TCEQ") sanitary sewer overflow initiative ("SSO") program, Mr. Haskins confirmed that the Bookkeeper's Report includes a separate line item for maintenance and repair expenses related to such program. Mr. Taylor stated that MOC will begin tracking and coding invoices that pertain to such SSO program expenses.

Upon a **motion** by Director Glover, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report.

7. **Adopt Order Determining Ad Valorem Tax Exemptions.**

Ms. Garza presented an Order Determining Ad Valorem Tax Exemptions and reminded the Board that the District has historically granted a residential homestead exemption to any individual who is disabled or is 65 years of age or older in the amount of \$10,000 as provided in §11.13(d), Texas Property Tax Code. The Board then considered approval of tax exemptions for the 2020 tax year. Upon a **motion** by Director Alardin, seconded by Director Glover, after full discussion and with all Directors present voting aye, the Board adopted the Order Determining Ad Valorem Tax Exemptions, a copy of which is available upon request.

8. **Adopt Resolution Implementing Penalty for Delinquent 2019 Taxes.**

Ms. Garza next presented to the Board a Resolution Implementing Penalty on 2019 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes. Upon a **motion** by Director Glover, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved the Resolution Implementing Penalty on 2019 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is available upon request.

9. **Adopt Resolution Authorizing Petition Challenging Appraisal Records.**

Ms. Garza then presented to the Board a Resolution Authorizing Petition Challenging Appraisal Records, for Claudia Harrison of Waller County, Texas, to represent the District in filing any necessary protests with the Waller County Appraisal District. Upon a **motion** by Director Glover, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved the Resolution Authorizing Petition Challenging Appraisal Records, as presented, a copy of which is available upon request.

10. **Texas Water Development Board ("TWDB") Projects.**

Mr. Weishuhn next updated the Board on the water line replacement project that will replace asbestos clay water lines along Texas Farm-to-Market ("FM") 1489 and in a residential area north of U.S. Highway 90 and east of FM 362 (Project Information Form No. 12613) (the "Water Line Project"). Mr. Weishuhn reported that he expects to complete the design of such project by March 15, 2020. Mr. Weishuhn stated that upon completion of the design, he will provide hard copies of such design for the Board to review.

Mr. Weishuhn then stated that no progress has been made since the prior Board meeting regarding the required easements for the Water Line Project. Mr. Weishuhn reminded the Board that he and Mrs. Pierre have contacted six (6) of the seven (7) property owners from whom the District will need to acquire easements. Mr. Weishuhn stated that they have been unable to make contact with the remaining property owner. Mr. Weishuhn then reminded the Board that easements are needed for the Water Line Project because the drainage ditches between FM 1489, which is a right-of-way operated by the Texas Department of Transportation, and the construction area are narrow and do not allow enough space to install the water line. Mr. Weishuhn stated that if any of the affected property owners decline to grant the District the proposed easement, then the water line will be installed within the FM 1489 right-of-way. Mr. Weishuhn further stated that if all required easements have not been acquired by March 15, 2020, then Weishuhn will proceed with plans to install the water line within such right-of-way.

11. **Engineer's Report.**

Dr. Clay then presented the Engineer's Report, a copy of which is available upon request.

Dr. Clay reminded the Board that the ground storage tank ("GST") project is funded

by the Community Development Block Grant ("CDBG") received through the City from the Texas Department of Agriculture. Dr. Clay reported that such project is complete and final payment was issued to the contractor.

Dr. Clay updated the Board regarding Campbell Concrete's ("Campbell") service request for a proposed concrete ready-mix plant within the District. Dr. Clay reported 12,000 gallons of water per day will be used to mix the concrete in such plant. Dr. Clay reminded the Board that it previously approved Campbell's service request, subject to Dr. Clay's receipt of revised plans for the concrete plant. Dr. Clay stated that he has not yet received such plans from Campbell.

Regarding the Brookwood Community Project, Dr. Clay reminded the Board that one (1) of the two (2) easement agreements necessary for the construction of the sanitary sewer force main along 11th Street (the "11th Street Force Main") was previously executed by the property owner and recorded in the Waller County Real Property Records. Ms. Garza reported that the agreement for the second easement has been signed by the property owner and returned to RBAP. Ms. Garza presented such easement to the Board for execution and stated that, following execution by the Board, such easement will be recorded in the Waller County Real Property Records. Dr. Clay reported that he will prepare plans for the sanitary sewer force main and obtain bids for such project.

Dr. Clay next presented the Capacity Report for Grundfos Pumps Corporation's ("Grundfos") service request for a proposed two (2)-story office building and an adjacent building that will be used to store mechanical equipment to be constructed within the District. Dr. Clay estimated that \$59,000 in capital recovery fees will be charged to Grundfos by the District. Dr. Clay clarified that such amount does not include fees for the installation of meters. Dr. Clay then requested that the Board approve the Capacity Report and stated that following such approval, he will submit such report to the City. In response to a question by Director Alardin, Dr. Clay confirmed that Grundfos' development will include a retention pond. A representative with Grundfos clarified that the development will include a detention pond rather than a retention pond, and stated that Grundfos is currently working to obtain a City permit for such pond. Upon a **motion** by Director Glover, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved the Capacity Report for Grundfos' service request.

Dr. Clay then reminded the Board that the District previously received a request from the TCEQ for various historical information about the District's facilities. Dr. Clay further reported that MOC prepared a letter to the TCEQ requesting that they grant the District a waiver to such request for the District's older facilities, but that such request was denied by the TCEQ. Dr. Clay stated that he will begin preparing such documents for submission to the TCEQ. Regarding the District's newer facilities, specifically the ground storage tank on Cooper Road, Dr. Clay stated that he has provided the TCEQ with the requested information which has been approved.

12. General Manager's Report.

Mrs. Pierre presented the General Manager's Report, a copy of which is available upon request.

Mr. Martin, Assistant Chief of the BVFFA then introduced himself and requested a map showing the locations of all fire hydrants within the District. Mr. Taylor stated that he would provide Mr. Martin with such map, if so authorized by the Board. In response to a question from Mr. Martin regarding whether all of the District's fire hydrants have the same thread type, Mr. Taylor stated that such hydrants were installed with the same thread type that is standard on all City of Houston hydrants. Mrs. Pierre stated that she is aware that the BVFFA has experienced problems finding adaptors to connect their hoses to certain hydrants and believes that the District's older fire hydrants may have a different thread type than those hydrants that were installed more recently. Mr. Martin stated that hydrants can be re-threaded without having to be replaced entirely. Mr. Taylor stated that MOC can determine the thread type of each of the District's fire hydrants, if so authorized by the Board. Mrs. Pierre stated that such work by MOC is not currently included in the District's budget. Mr. Weishuhn reported that Weishuhn is currently in the process of routing new fire hydrant lines in the northwest quadrant of the City and intends to reuse the hydrants that are still in good working order. Mr. Weishuhn suggested that the District authorize MOC to conduct an audit of the District's fire hydrants and replace any as needed with funding from the District's TWDB grant.

Mr. Martin stated that adaptors can be used to connect the BCFFA's hoses to the District's fire hydrants, but that it would be beneficial to the BVFFA for all of the District's fire hydrants to utilize the same thread type going forward. Director Penrice-Kelley stated that the District's current budget does not allow for upgrading the District's fire hydrants or the performance of a fire hydrant audit by MOC. Mr. Martin suggested that the Board authorize him to request that Waller County Emergency Services District No. 200 ("ESD No. 200") fund an audit of the Districts' fire hydrants. Mr. Taylor explained that MOC performs monthly flushing of the District's fire hydrants and stated that MOC can send the report from such flushing to Mr. Martin. In response to a question by Director Alardin, Mr. Taylor stated that he currently does not know the number of District fire hydrants with different thread types, but that he can determine such information, if so authorized by the Board. Director Penrice-Kelley stated that MOC is not authorized to conduct such inspection of the District's fire hydrants as such matter is not included in the District's current budget. Mr. Martin reiterated that ESD No. 200 could inspect such fire hydrants. Mr. Taylor stated that if the Board authorized ESD No. 200 to inspect the fire hydrants, he would recommend that ESD No. 200 not perform any flushing of such hydrants in the process. Mr. Taylor further stated that he would provide Mr. Martin with a list of the locations of all of the District's fire hydrants. Mr. Martin then requested that Mr. Taylor also provide him with information identifying all of the District's fire hydrants that are out of service.

Jimmy Sanders, also a representative of the BVFFA, stated that the District collects voluntary donations from customers paying their water bills on behalf of the "Brookshire Volunteer Fire Department" and requested that such funds be re-directed to the BVFFA. Director Penrice-Kelley stated that it was her understanding that the disbursement of such funds had been made to the City on behalf of the Brookshire Volunteer Fire Department (the "VFD"). Director Kelley stated that the neither the City or the VFD has ever before requested that such donated funds be reallocated to the BVFFA and that the District has never received any formal notice that the BVFFA was the entity provided services within

the District as opposed to the VFD. Mr. Martin stated that the residents of the City are under the impression that such donated funds are being provided to the BBVFA. Director Penrice-Kelley suggested that the BVFFA contact the City regarding such funds. Mr. Martin stated that he will contact RBAP to obtain information regarding the disbursement of such funds.

Mrs. Pierre next presented an email she received from MOC regarding three (3) fire hydrants within the District that need to be repaired. Mr. Taylor reported that he contacted three (3) companies to obtain bids for such repairs pursuant to direction from the Board to do so, but only Texas Pride Utilities ("Texas Pride") responded with a quote. Discussion ensued regarding the cost for Texas Pride to perform the repairs to the fire hydrants in question versus the cost of MOC performing such repairs. In response to a question by Director Penrice-Kelley, Mr. Taylor confirmed that MOC is able to make such repairs, but that the Board previously requested that MOC obtain three (3) quotes for such repairs. Mr. Taylor suggested that, in the future, Mrs. Pierre be authorized to obtain bids for similar District work as she may receive lower quotes than MOC received. In response to a question by Director Alardin regarding the new fire hydrant installed at the District's water plant, Mr. Taylor stated that all new fire hydrants have the City's standard threading. In response to a question by Director Glover regarding a fourth (4th) hydrant that may need to be repaired, Mr. Taylor stated that he believes such hydrant was already repaired. Upon a **motion** by Director Glover, seconded by Director Kelley, after full discussion and with all Directors present voting aye, the Board: 1) authorized MOC to complete the repairs of the three (3) fire hydrants at the price quoted in Mr. Taylor's email to Mrs. Pierre; and 2) authorized MOC to repair the fourth (4th) fire hydrant, subject to a determination by MOC that such hydrant requires repair.

Mrs. Pierre then reported that Director Alardin had requested that the Board discuss the grass sod that the District lays following certain repairs that leave voids in the ground. Director Alardin suggested that the District consider using seeds rather than sod, as it is less expensive. Director Alardin explained that he believes when MOC receives a truck load of sod, they use all of it whether or not the full amount is needed for a particular project. Director Penrice-Kelley requested that MOC discontinue its practice of laying grass sod following repairs and present possible alternatives for the Board to consider at the next Board meeting.

Director Glover then stated that following repairs made by the District to its lines, any excavated landscaping should be returned to its original condition. Director Glover stated that affected homeowners may be unhappy if the District begins spreading grass seeds instead of sodding such excavated ground. Mrs. Pierre clarified that before MOC became the District's Operator, the District did not restore property to its original condition following repairs made within the District. Director Alardin noted that Texas Pride lays down gravel and clay after fixing the District's manholes. Mr. Taylor clarified that MOC typically makes landscaping repairs within an easement or in the right-of-way and requested that the Board advise him if they ever have concern with MOC's practices.

Director Alardin next stated that the District should obtain bids for various electrical repairs needed throughout the District. Discussion then ensued regarding numerous electrical repairs needed throughout the District.

Upon a **motion** by Director Alardin, seconded by Director Glover, after full discussion and with all Directors present voting aye, the Board authorized Director Alardin and Mrs. Pierre to obtain quotes for electrical repairs needed throughout the District.

Mrs. Pierre then discussed a complaint by the owner of First Service Credit Union (the "Credit Union") on 5th Street, located next to the District's Water Plant. Mrs. Pierre reported that such credit union stated that the trees growing on the District's side of the fence have branches that extend over to the Credit Union's property and requested that the District cut such branches. Director Penrice-Kelley instructed Mrs. Pierre to notify the Credit Union that it is responsible for cutting any unwanted branches on its side of the fence.

Mrs. Pierre next discussed the District's policies and procedures regarding obtaining bids for repairs to District facilities and reminded the Board that the District's currently policy is to solicit three (3) bids for any repairs.

Regarding the District's Rate Order, Ms. Garza stated that she has made all revisions discussed at the February 13, 2020 workshop Board meeting and that she will provide the Board with the proposed revisions for their review in advance of the March 16, 2020 Board meeting.

13. Approval of Training, Conferences, or Committee Meetings.

Discussion ensued regarding the Texas Association of Assessing Officers' and the Industry Council for Tangible Assets' joint 2020 Annual Conference to be held in Grapevine, Texas from August 30, 2020 through September 2, 2020, and the Public Funds Investment Act Workshops presented by the Center for Public Management to be held in Amarillo, Texas from March 23, 2020 through March 24, 2020. Upon a **motion** by Director Penrice-Kelley, seconded by Director Glover, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance at such conference and workshop.

14. Discuss General Manager's Request for Payment of Vacation and Compensatory Time.

Mrs. Pierre explained that she has been unable to reduce the amount of hours that she has accumulated in vacation and sick time. Ms. Garza reviewed with the Board the sections of the District's Personnel Manual that relate to employees' use of vacation time and sick time. Mrs. Pierre clarified that she accrued such time prior to the Board adopting the District's existing policies. Extensive discussion ensued regarding Mrs. Pierre's current balance of sick and vacation time, when such was acquired and how to address such high balance in accordance with the District's current policies. Director Glover suggested that the Board pay Mrs. Pierre for her total accrued vacation time and sick time and then revise the District's Personnel Manual to clarify the District's limit on the amount of all types of earned leave. Ms. Garza reminded the Board that the District's current policy allows employees to carryover 40 hours of accrued vacation time from year to year, but does not have a limit on the amount of sick time that can be carried over. Director Alardin

stated that he would abstain from a vote on such matter at this time. The Board agreed to review the matter further at the next Board meeting.

15. **Directors' Reports.**

Director Glover discussed a conference he attended last month in Galveston, Texas with Director Alardin.

16. **Discuss Aflac Deductions from Payments of Fees of Office for Directors.**

In response to a question from Director Penrice-Kelley regarding why deductions for her Aflac policy provided through the District are no longer being taken from the fees of office checks that she receives from the District, Mr. Haskins stated that such deductions are not allowed because the Directors are not considered to be employees of the District and that he had not been aware that such deductions had ever been made from her fees of office checks.

17. **Attorney's Report.**

Ms. Garza reported that RBAP will schedule a meeting with Dr. Clay to discuss the District's conversion to a municipal utility district.

Ms. Garza presented to the Board a Resolution Regarding Public Information Maintained on Privately Owned Devices (the "Public Information Resolution"). Ms. Garza explained that pursuant to Senate Bill 944 of the 86th Texas Legislature, all Directors are required to preserve public information held on a privately owned device and as such, she is recommending the District adopt the Public Information Resolution to ensure compliance with the new requirements. It was the consensus of the Board to table discussion of the Public Information Resolution until the Board's March 16, 2020 meeting.

18. **Operator's Report.**

The Operator's Report was then presented by Mr. Taylor, a copy of which is available upon request.

Mr. Taylor reported that Texas Pride completed the pipe bursting project.

Discussion then ensued regarding the repairs to a collapsed sewer line authorized by the Board at the special meeting held on January 28, 2020. Mr. Taylor stated that he does not know the total cost for all such authorized repairs, but acknowledged that the Board determined that the cost of such repairs was not to exceed \$124,000. Director Penrice-Kelley requested that upon receipt of the total cost for such repairs, Mrs. Pierre deduct from the District's payment to Texas Pride, the District's costs and expenses for the repairs to City Hall due to the sewer backup and Texas Pride's failure to repair the tap.

19. **Election Agenda.**

Ms. Garza reminded the Board that a directors election is scheduled to be held on Saturday, May 2, 2020, and that such election would be for Directors Penrice-Kelley, Wilkins, and Alardin's positions, since such positions' terms of office were due to expire.

20. **Adjournment.**

There being no further business to come before the Board, the meeting was adjourned at 8:27 pm.

PASSED AND APPROVED on this 6 day of April, 2020.



Secretary, Board of Directors