

**BROOKSHIRE MUNICIPAL WATER DISTRICT**  
**MINUTES OF BOARD OF DIRECTORS REGULAR MEETING**

**February 7, 2022**

The Board of Directors (the "Board" or "Directors") of Brookshire Municipal Water District (the "District") met in regular session on the 7<sup>th</sup> day of February, 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
Shirley Williams	Secretary
Havanaugh Glover	Assistant Secretary
Michael Whitaker, Jr.	Investment Officer

All members of the Board were present, except Director Glover, thus constituting a quorum. Also attending were Tonya Pierre ("General Manager"); Mike Williams of Municipal Operations and Consulting, Inc. ("Operator" or "MOC"); Dr. Herman Clay, PhD ("Engineer"); James Weishuhn of Weishuhn Engineering, Inc. ("Weishuhn"); Steve Haskins of Protocol Bookkeeping, Inc. ("Bookkeeper"), via teleconference; John Howell, Jr. of The GMS Group, L.L.C. ("Financial Advisor"), via teleconference; Jennifer K. Wienecke of Knox Cox & Co. ("Auditor"); Monica A. Garza, attorney, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); Elizabeth Camacho of Texas Pride Utilities, LLC ("Texas Pride"); Anh Lee, a District customer; and all persons on the attached attendance roster.

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 6:02 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. Ms. Lee introduced herself to the Board and stated that she moved into the District in June 2020; however, she subsequently removed her mobile home from such property, and such lot is now empty. Ms. Lee then requested a refund of the \$100.00 deposit that she paid to the District to initiate service at such location. Mrs. Pierre stated that Ms. Lee owes the District a fee of \$15.00 for disconnection of her water service, in addition to an outstanding water bill of approximately \$600.00.

Ms. Lee then discussed a second (2<sup>nd</sup>) property at which she was receiving water service from the District. Ms. Lee requested a refund of the \$100.00 deposit that she paid to the District to initiate service to such property. Mrs. Pierre explained that the District refunded \$46.00 of such customer's deposit because the customer's account had an outstanding balance from the previous billing period.

It was the consensus of the Board to table further discussion on the above-referenced matters until the February 22<sup>nd</sup> Board meeting.

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

Mr. Weishuhn entered the meeting at this time.

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

The Board then considered approval of the minutes from the regular and special meetings of January 10, 2022. Upon a **motion** by Director Connor, seconded by Director Williams, after full discussion and with all Directors present voting aye, the Board approved the minutes from the regular and special meetings of January 10, 2022, as presented.

**3. Review and Approve Audit Report for Fiscal Year Ended ("FYE") August 31, 2021.**

Ms. Wienecke introduced herself to the Board and presented a draft of the FYE 2021 Audit Report and the Auditor's management letter. Ms. Wienecke reviewed the District's income and expenses and noted her concern that the District's general operating fund has insufficient unrestricted funds at this time. Ms. Wienecke recommended that the Board develop a detailed action plan to resolve the deficit in the District's general operating fund. Ms. Wienecke next noted the rate increases for water and wastewater that were adopted by the Board in July 2021 generated an additional \$130,000.00 in revenue; however, the District expended more than such additional revenue for operations and maintenance of the District's facilities.

Ms. Wienecke next reminded the Board that the District previously issued bonds in 2019 that were purchased by the Texas Water Development Board (the "TWDB"). Ms. Wienecke stated that pursuant to the bond purchase agreement with the TWDB and certain covenants in the bond orders for such bonds, the District must be able to demonstrate that the District's revenue exceeds its expenses by 1.25 times. Ms. Wienecke then reported that upon speaking with the TWDB, within 30 days of approving the FYE 2021 Audit, the District must provide the TWDB with an action plan regarding achieving compliance with the bond covenants. Mr. Haskins stated that he will coordinate with Mr. Howell to provide such plan to the TWDB.

Mr. Haskins then stated that the Board will need to consider increasing the District's water and wastewater rates in June 2022 and periodically thereafter.

Ms. Wienecke next reported that the funds currently contained in the District's debt service fund are adequate to pay the District's bond obligations.

**4. 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. 62829) (the "Water Line Project"). Mr. Weishuhn reported that work is ongoing on FM 1489 and Depot Street.

Mr. Weishuhn then reported that Weishuhn reviewed the invoices submitted by Texas Pride for the work performed from October – December 2021. Mr. Weishuhn stated that he has asked Texas Pride to submit invoices for such project on a monthly basis.

Mr. Weishuhn next reported that Texas Pride damaged three (3) of the District's water lines during the past month. Mr. Weishuhn further reported that one (1) such line was repaired by Texas Pride and the other two (2) were repaired by MOC.

Mr. Weishuhn then discussed the status of obtaining permits from the Union Pacific Railroad Company ("Union Pacific") for the replacement of water lines that are located under certain portions of Union Pacific's railroad tracks.

Mr. Weishuhn next reported that approximately 122 days remain in the District's contract for the Water Line Project and added that Texas Pride's invoices reflect the withholding of a five-percent (5%) retainage.

Extensive discussion then ensued regarding the debris left in residents' yards by Texas Pride's crews during work on the Water Line Project. Director Whitaker then reported that he received a complaint from a customer that Texas Pride's crew failed to replace the dirt it excavated when replacing a water line on Depot Street. Ms. Camacho stated she has addressed such concerns with the crews and will discuss them further with Texas Pride management.

## **5. Engineer's Report.**

Dr. Clay presented the Engineer's Report.

Dr. Clay next updated the Board regarding the status of the Brookwood Community Project and reminded the Board that such project consists of two (2) separate construction contracts: 1) a contract for construction of the force main and the pipe bursting work, and 2) a contract for the lift station improvements. Dr. Clay reported that each contractor executed their respective contracts for such project. Dr. Clay further reported that construction materials were ordered by such contractors and should be delivered in approximately six (6) weeks.

Dr. Clay then presented a Capacity Report prepared for a tire repair and retail store located at 523 FM 359 South. Dr. Clay reported that no impact fee is due from the developer since there will be no change in land use from that of the previous development at such location.

Regarding the proposed 2.8841-acre townhome development to be located on Stella Road, known as the Brookvista Townhomes, and the proposed 10.342-acre townhome development to be located at Stella Road and FM 362, known as the Brookview Townhomes, Ms. Garza stated that RBAP is coordinating with the developers to prepare agreements regarding ownership and maintenance of the water and sewer lines within such developments.

Next, further discussion ensued regarding the land use of the tire repair and retail store located at 523 FM 359 South. Upon a **motion** by Director Whitaker, seconded Director Connor, after full discussion and with three (3) Directors present voting aye, and Director Williams abstaining, the Board approved the Capacity Report for 523 FM 359 South.

Mr. Howell entered the meeting at this time via telephone.

Dr. Clay exited the meeting at this time.

**6. Review and Approve FYE 2021 Audit, continued.**

Mr. Howell then reported that he is coordinating with Mrs. Pierre and Mr. Haskins to review the District's finances. Mr. Howell further reported that the District has \$300,000.00 available in its general operating fund, but \$200,000.00 of such funds are deposits or otherwise restricted funds. Mr. Howell went on to report that the District's FYE 2021 expenses totaled approximately \$2 million. Mr. Howell recommended that the District create a plan to establish a reserve fund of \$1.2 million and added that the District needs to increase such reserve by an additional \$1.4 – \$1.6 million within the next three (3) years.

Mr. Howell then reviewed with the Board an analysis of potential revenues to be obtained through taxes and water and sewer rates. Mr. Howell recommended increasing the District's water and wastewater rates annually over the next several years. Mr. Howell further recommended that the Board consider holding a bond election or an operations and maintenance tax election in 2023.

Ms. Camacho exited the meeting at this time.

Mr. Haskins then suggested that the Board consider ways in which to reduce the District's annual expenses. In response to a question from Director Williams regarding the extent to which MOC hires subcontractors for work on behalf of the District, Ms. Garza explained that such practice is permitted under the District's service agreement with MOC and added that such practice is common in the industry. Mr. Weishuhn stated that when a water line breaks, if it is a large or complex break, MOC will hire a subcontractor to perform the necessary repairs. Mr. Weishuhn further stated that, in his opinion, the District could reduce its costs when repairing water line breaks by immediately reducing the water pressure through the damaged line. Mr. Weishuhn noted that such reduction of pressure will require issuance of a boil water notice.

Messrs. Weishuhn and Howell exited the meeting at this time.

**7. Bookkeeper's Report.**

Mr. Haskins then presented the Bookkeeper's Report, a copy of which is available upon request. Mr. Haskins reviewed the District's budget for FYE August 31, 2022 and the year to-date expenses incurred by the District.

Mr. Haskins next reminded the Board that the District has historically paid the fees associated with customers' payment for service via credit card payments. Mrs. Pierre stated that she will research the electronic payment/credit card fees paid by the District and will make a recommendation to the Board regarding increasing such fees.

Mr. Haskins then suggested that the Board schedule a workshop to review the District's investment accounts, budget and the year to-date expenses incurred by the District.

Mr. Haskins next stated that the impact fees collected by the District need to be transferred from the District's general operating fund into a separate capital recovery fund. Mr. Haskins further stated that all future impact fees will be deposited directly into such capital recovery fund. Mr. Haskins explained that such funds were not previously transferred out of the general operating fund because to do so would have resulted in insufficient funds in such account to cover the District's operating expenses.

Discussion then ensued regarding the status of the District's reserve funds. Director Green requested that Mrs. Pierre provide the Board with a monthly report regarding the collection of impact fees. Director Green further requested that Mrs. Pierre and/or the Bookkeeper submit all invoices and bank statements to the Board each month prior to the Board meeting. Director Connor stated that Mrs. Pierre needs to coordinate with Mr. Haskins more frequently so that she is aware of the District's monthly revenue and expenses. Ms. Wienecke stated that she will coordinate with Mr. Haskins and Mrs. Pierre to develop a system of internal controls relating to the District's finances.

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

#### **8. Operator's Report.**

Mr. Williams then presented the Operator's Report, a copy of which is available upon request. Mr. Williams reported that a total of 19,550,000 gallons of water was pumped from the District's wells from November 15, 2021 through December 16, 2021.

Mr. Williams next reported that the District's wastewater treatment plant (the "WWTP") operated at 45% capacity during the month of December. Mr. Williams further reported that 13,505,000 gallons of influent was treated at the WWTP during the previous month. Mr. Williams went on to report that last month, the District's average daily flow was 435,645 gallons per day ("gpd") and the peak daily flow was 1,521,600 gpd.

Mr. Williams then reminded the Board that the District's Emergency Preparedness Plan must be submitted to the Texas Commission on Environmental Quality by March 1, 2022. Mr. Williams reported that MOC needs a copy of the rental agreement with H&E Comfort Services ("H&E") for the generator located at the District's Cooper Water Treatment Plant and the Water Treatment Plant that serve Love's Travel Stop. Mrs. Pierre stated that upon receipt of such agreement from H&E, she will provide the same to MOC.

Mrs. Pierre then reported that she is obtaining proposals for the repair of several of the District's fire hydrants. Mrs. Pierre explained that if a fire hydrant requires emergency repair, she will approve a proposal for such repair; however, she will provide the Board with proposals for all non-emergency repairs.

9. **Update on Status of Joint Meeting with City of Brookshire (the "City") and Brookshire-Katy Drainage District to Review Development Procedures.**

Mrs. Pierre reported that she attended meetings with the City regarding each entity's development procedures and added that she provided information regarding such meetings to the Board.

10. **Review Matters Involving Administration/Personnel.**

Mrs. Pierre next recommended requesting that the owner of Texas Pride attend an upcoming Board meeting so that he may address the Board's concerns regarding the Water Line Project.

11. **Adjournment.**

There being no further business to come before the Board, the Board meeting was adjourned at 8:14 p.m.

PASSED, APPROVED and ADOPTED this the 7 day of MARCH, 2022.

  
Secretary, Board of Directors

(DISTRICT SEAL)

