

**MINUTES OF THE JUNE 19, 2014 MEETING OF THE
HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9**

A meeting was duly called of the **HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9**, which was held on June 19, 2014, at the administrative offices of the District, 9630 Telge Drive, Houston, Texas 77095.

The meeting was called to order at 7:40 p.m. by **JEREMY M. MARTINSON**, President. Those Commissioners present were **JEREMY M. MARTINSON, SUZANNE DAVIS, ROBERT JANUSAITIS** and **BETTY BOREN AVERY**. Also present were **DAVID MANLEY** and **RODNEY JANCZAK**, President and Fire Chief, respectively, of the **CY-FAIR VOLUNTEER FIRE DEPARTMENT** (the "Department), chief officers and members of the Department, **AMY RAMON**, the District's General Manager, **BILL RUSSELL**, of **MYRTLE CRUZ, INC.**, the District's bookkeeper, **HOWARD KATZ**, of **COVELER & KATZ, P.C.**, the District's Counsel, District consultants and members of the public. Also present were Ricardo Martinez from Joiner Partnership, the District's architects on various District construction projects, and Garland Mann of Acclaim Energy Advisors, District consultant on District energy aggregation contracts.

The Board first received public comment. Colleen Vera suggested that the District meeting notices be more specific in the items to be addressed.

The Board addressed the Minutes of the May 22, 2014 regular meeting. After review, Motion was made by Mr. **JANUSAITIS**, seconded by Ms. **DAVIS** to approve the Minutes. After discussion, the Motion to approve the Minutes was approved by a vote of 2 to 0 (Commissioners Martinson and Avery abstaining because the meeting occurred prior to their taking the oath of office after being elected at the District May 10 election).

The Board then addressed the Minutes of the June 2, 2014 special meeting. After review, Motion was made by Ms. **AVERY**, seconded by Ms. **DAVIS** to approve the Minutes. During discussion, the following change was made: Commissioner Suzanne Davis was nominated and elected to be Assistant Secretary. After discussion, the Motion to approve the Minutes as corrected was approved by a vote of 4 to 0.

The election of a District Assistant Treasurer was deemed unnecessary.

The Board then received a Financial Report from **BILL RUSSELL, of MYRTLE CRUZ, INC.**, the District's bookkeeper. Mr. **RUSSELL** noted the operating account balance following the prior meeting of \$8,244,470.38, the receipt of tax revenue in the amount of \$58,957.79, tax penalty and interest in the amount of \$2,394.07, sales tax receipts of \$1,786,825.28, interest of \$4,453.45, and ambulance reimbursement for the Department emergency medical services of \$472,017.58, and Cy-Fair Chamber rental income of \$ -0-. Mr. **RUSSELL** said that dispatching fees of \$ -0- were also received. He also noted the balance sheet showed total District assets at \$64,206,382.38 (\$37,257,825.30 cash/cash equivalents) short-term liabilities of \$ -0-, long term liabilities of \$4,221,136.00, and equity of \$59,985,246.38. During discussion, Ms. **AVERY** asked about bank service charges and about getting them waived. Mr. **RUSSELL** said he has asked that many times and the banks have refused. He said the banks do not charge for other activities, such as wire transfers and bank transfers or collateral pledges. Thereupon, after review, Motion was made by Ms. **AVERY**, seconded by Mr. **JANUSAITIS** to approve the Financial Report as presented. After discussion, the Motion was approved by a vote of 4 to 0.

The compliance certification was delivered for the District investments showing compliance with the District's investment strategy/policy, and that all banks had in place security pledge agreements for the District's excess deposits.

The Board then addressed District investments. The Board reviewed the investment reports.

The Board then addressed administrative bills and commissioner fees as set forth in the Financial Report. After review, Motion was made by Ms. **DAVIS**, seconded by Ms. **AVERY** to approve the payment of District administrative bills and commissioner fees as presented in the Financial Report. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then addressed the payment of Department Operations and Capital funding as set forth in the Financial Report. Ms. Ramon noted that Operations funding was due at this meeting in the amount of \$1,257,117.00.

After review, Motion was made by Ms. **DAVIS**, seconded by Ms. **AVERY** to approve the payment of Department Operations the amount of \$1,257,117.00. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then addressed the payment of Department Capital funding as set forth in the Financial Report. Ms. Ramon noted that Capital funding was due at this meeting in the amount of \$66,740.98 (previously scheduled budgeted capital funding). After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to approve the payment of Department Capital in the amount of \$66,740.98. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then addressed granting 2014 property tax exemptions. Counsel said that as requested he prepared a report based on information from HCAD from the 2013 certified tax rolls and the current \$.06/\$100 tax rate. He presented a written report:

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9 (2014)
Homestead Exemptions Summary (Based on 2013 cert. Tax Roll)

A.
2013: Total Taxable Value: \$ 27,640,000,000.00*
at 2013 Tax Rate of \$.06000/\$100 = \$ 16,584,000.00
 (*recalculated as if no exemptions granted)

B.
Homestead
Total Units/Valuation: 84,000 \$ 13,063,000,000.00

at 2013 Tax Rate of \$.06000/\$100 = \$ 7,837,800.00
Average: \$ 155,512.00
Avg. Tax: \$ 93.31

C.
Homestead Exemption Scenarios:
At 5% Exemption:

Revised Valuation Total: \$ 12,409,850,000.00
Valuation Reduction @ 5% Exemption \$ 653,150,000.00
at 2013 Tax Rate of \$.06000/\$100 = \$ 7,445,910.00
Average: \$ 147,736.00
Avg. Tax: \$ 88.64
Indiv. Account Tax Reduction: \$ 4.67
Tax Revenue Reduction: \$ 391,890.00

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9 (2014)
Over 65/ Disabled Exemptions Summary

A.

2013: Total Taxable Value:	\$ 27,640,000,000.00*
at 2013 Tax Rate of \$.06000/\$100 =	\$ 16,584,000.00

(*recalculated as if no exemptions granted)

B.

Over-65 Exemption (Current: \$50,000.00)

Total Exempt Valuation	<u>10,854</u>	\$ 1,680,000,000.00
Total Tax Revenue:		\$ 1,008,000.00
\$50,000.00 Exemption:		
Avg Over-65 value:		\$ 154,782.00
Less Exemption:	-	<u>50,000.00</u>
Avg Tax Value after Exemption:		\$ 104,782.00
Total Tax Revenue After Exemption:		\$ 682,382.00
Total Tax Revenue Reduction:		\$ 325,618.00

2014 Exemption Scenarios

Revenue Reductions:

1. \$100,000.00: \$ 54,782.00/100x\$.06000:	\$ 651,238.00
2. \$156,240.00: \$ -0-/100x\$.06000:	\$ 1,008,000.00**

(** Exemption amount exceeds average value)

C.

Disability Exemption (Current: \$ -0-)

Total Exempt Valuation	<u>1,695</u>	\$ 215,220,000.00
Total Tax Revenue:		\$ 129,132.00
\$50,000.00 Exemption:		
Avg Over-65 value:		\$ 126,973.00
Less Exemption:	-	<u>50,000.00</u>
Avg Tax Value after Exemption:		\$ 76,973.00
Total Tax Revenue After Exemption:		\$ 78,282.00
Total Tax Revenue Reduction:		\$ 50,850.00

2014 Exemption Scenarios

Revenue Reductions:

1. \$100,000.00: \$ 26,973.00/100x\$.06000:	\$ 101,700.00
2. \$156,240.00: \$ -0-/100x\$.06000:	\$ 129,132.00**

(** Exemption amount exceeds average value)

The Board discussed the upcoming District budget and the 2012 voter-approved District 1% sales tax election and the projected \$12,000,000.00 in

sales tax revenue anticipated for 2014 from calculations prepared by Sales Tax Assurance. There was discussion about the homestead and over-65 and disabled exemptions.

After review, Motion was made by Ms. **DAVIS**, seconded by Ms. **EVERY** to grant a 5% homestead exemption for 2014. After discussion, the Motion was approved by a vote of 4 to 0.

After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to grant an exemption of \$160,000.00 for disabled for 2014. After discussion, the Motion was approved by a vote of 4 to 0.

After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to grant an exemption of \$160,000.00 for over-65 for 2014. After discussion, the Motion was approved by a vote of 4 to 0.

The Board addressed revisions to the Department 2014 budget. Department board president David Manley said there were none.

The Board then addressed the 2014 tax rate setting process and appraisal reports. Counsel said the preliminary report was prepared and the expected date for the certified tax roll was mid-August. After review, Motion was made by Ms. **EVERY**, seconded by Mr. **JANUSAITIS** to approve for Counsel to prepare and publish the District's Effective Tax Rate calculations. After discussion, the Motion was approved by a vote of 4 to 0.

The Board tabled Agenda Items 11 (discussion on the proposed 2014 District tax rate) and 12 (2015 budget, pending the HCAD certified tax rolls).

The Board then addressed sales tax matters. The Board reviewed the reports.

The Board then addressed reversal of the prior removal of the telecommunications exemption. There was debate on the removal. There was discussion that the District's consultant said previously that most telecommunications companies already charge the full 8.25% sales tax because they do not differentiate exact jurisdictional boundary lines, especially if there is a Houston address. The Board determined that it needed more information to make a decision. Counsel was asked to keep the item for the July agenda.

The Board received a report from Amy Ramon, the District General Manager. She reported that the Department audit was being finished for review.

The Board then received reports from committees. Ms. **DAVIS** reported that the District brochures that were on display at the Chamber office and District and Department admin offices required updating following the recent Commissioner election. Ms. **AVERY** requested that the brochures be pulled and reviewed for updating. Ms. **DAVIS** said she would pull and collect them.

The Board then addressed the Motorola radio system implementation. Mr. **JANUSAITIS** and the Department reported that the Station 4 permit was issued and after the County agreed to issue they permit for Station 1 the tower and shelter were going up.

Ms. Ramon said there was a dispute with Motorola regarding an \$80,000.00 change order for receiver, reception and site work at Station 1. She said it appeared that Motorola will agree that it was not a District or Department error that caused the miscalculations but the Motorola contractor and the change order should be canceled.

The Board then addressed the District Code of Conduct and its travel and training reimbursement policy. Ms. **DAVIS** said that a District workshop was needed on the item.

The Board then addressed energy management for the District and Department facilities. A presentation was made by Garland Mann of Acclaim Energy Advisors. Mr. Mann said an analysis of the current energy contracts and management system after the contract with Cavala under the Texas Land Office was put in place in 2011 has saved the District about \$300,000.00 over the three year term. He said the current contract expires July 31. The Board and Mr. Mann discussed the benefits of one year and multi-year contracts. Ms. **AVERY** said she reviewed the programs and said she saw the savings. She said that a multi-year program was preferable but that there might not be protection if rates went lower or up high than 20%. Ms. **AVERY** said she saw benefits in the set rate of .05870/kWH, but she cautioned against the 4-year contract verses a 3-year contract. Mr. Mann said increases or decreases in cost were always a risk and

there is a penalty clause for early termination, but if there are serious price fluctuations during the term it might be worth re-negotiation even with the penalty clause. After review, Motion was made by Ms. **AVERY**, seconded by Ms. **DAVIS** to approve pursuing a contract with Acclaim under the Cavala/Texas Land Office Electricity Consortium program for a 3-year contract with a fixed rate (+/- 20%) of .05870/kWH. After discussion, the Motion was approved by a vote of 4 to 0. Mr. Mann said he would prepare and send over a contract for review and for Ms. Ramon to be authorized to execute.

The Board addressed long-range planning Phase 1. Ricardo Martinez, from Joiner Partnership, the District's architects on various construction projects said that phase was completed. Ms. **AVERY** said the item can be deleted but she wanted more details on the savings to the District. She said savings were to be returned to the District. Mr. Martinez said there was \$40,000.00 in savings that were reflected in a change order showing the credit to the District.

The Board addressed long-range planning Phase 2. Mr. Martinez discussed the Phase 2 projects and delivered a report. He reported that a pay app was due in the amount of \$304,892.02. The Board discussed warranty matters with Mr. Martinez. Mr. Martinez said there is a contractor warranty and a manufacturer warranty that is delivered to the District upon completion of the project. Ms. **AVERY** asked about the painting and roof warranty. Mr. Martinez said the paint was warranted as described and there is a two-year water tightness warranty on the roof. After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to approve the pay app. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then received a report from Joiner Architects regarding Station 9 construction options. Mr. **JANUSAITIS** said he and Department VP and Station 9 rep Tom Jacovich have approached the WCID and spoke with its attorney, who said the WCID meets sporadically and might meet next in August or September. Mr. **MARTINSON** asked the Department what the Station 9 members wanted. Mr. Jacovich said that the Station 9 members would definitely like a new building. Ms. **AVERY** asked what if there is no drive-through. Assistant

Chief-Facilities Scott Mullins said that backing in was okay. Ms. **EVERY** and Mr. **MARTINSON** said they understood that but a drive-through seems better for the firefighters.

The Board then addressed transition matters and implementation. There was discussion about the transition to the new Department board and hiring of a fire chief. Mr. **JANUSAITIS** addressed the transition process. He said he and Counsel and Ms. Davis have reviewed the status of the Department satisfying the transition requirements set out in the Addendum to the service agreement and can report compliance. After review, Motion was made by Ms. **DAVIS**, seconded by Ms. **EVERY** to approve the finding that the Department has satisfied the transition requirements set out in the Addendum to the service agreement. After discussion, the Motion was approved by a vote of 4 to 0. Counsel said this action triggers certain revisions to the service agreement, including the lengthening of the term.

Ms. **DAVIS** said that a workshop may be good to address development and review of KPIs for the Department and District. She said one KPI was the accounting process and she suggested that she sit in on that item based on her work on the transition team.

The Board addressed revisions to the Department 2014 budget. Ms. Ramon said there were none.

The Board then addressed approval of a policy for the District and Department regarding the sale of surplus and salvage property. Counsel delivered the draft policy. After review, Motion was made by Ms. **EVERY**, seconded by Mr. **JANUSAITIS** to approve the draft policy for the District and Department regarding the sale of surplus and salvage property. After discussion, the Motion was approved by a vote of 4 to 0.

The District then considered Department 30-day requests. Ms. Ramon said there were none.

The Board then addressed approval of the following items:

(a) Emergency requests (\$9,590.00):

After review, Motion was made by Ms. **EVERY**, seconded by Ms. **DAVIS** to approve the request. After discussion, the Motion was approved by a vote of 4 to 0.

(b) Budgeted CapEx (\$140,458.00):

After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to approve the request. After discussion, the Motion was approved by a vote of 4 to 0.

(c) Operations within budget (\$275,726.00); NetMotion Annual License renewal (including 1 year - \$7,620.19; and 3 year - \$18,288.45 maintenance contracts):

After review, Motion was made by Mr. **JANUSAITIS**, seconded by Ms. **DAVIS** to approve the request. During discussion, Mr. **JANUSAITIS** said that the NetMotion license may be for a system and hardware that will be out of date in one or two years at max. He said the county is looking at a new system that would make the NetMotion program and equipment obsolete. Department IT coordinator, Danny Corgiat, said he had not received any information about that. Mr. **JANUSAITIS** said this was new information from a meeting he attended in the last few weeks. After discussion, the Motion was approved by a vote of 4 to 0, specifying the NetMotion license for up to 2 years only.

(d) approval regarding lease continuation or purchase of SAN:

After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to approve the request. After discussion, the Motion was approved by a vote of 4 to 0.

(e) request for proposals for EMS supplies and pharmaceuticals:

After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to approve the request. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then received the monthly report from the Cy-Fair Volunteer Fire Department.

The Board received written reports from the Department.

The Department presented the EMS billing report.

Mr. Manley delivered the status change report.

Mr. Manley said that the monthly TexFir reports were filed with the State Fire Marshall's office.

Mr. Manley delivered the over-time report and the accident/injury log.

Mr. Manley noted the LOSAP report.

Mr. Manley said that the Department employee count was 258 (123 full-time, 135 part-time), and the active volunteer membership was 362, with 9 new members.

The Board addressed Chamber matters. Counsel and Ms. Ramon said the Chamber sent a letter that says the Chamber enjoys the relationship and enjoys working with the Department and District and wants to do even more activities with both agencies. The letter also said that the Chamber would like to extend its lease term. Counsel said the Chamber has to give notice of its intent to extend the lease and the District has 30-days to give its consent or not. Ms. **DAVIS** said she believed the Chamber relationship was a good one and should be continued.

The Board tabled discussion about a request for leased office equipment for the Chamber space.

The Board addressed Commissioner compensation and reimbursement. Ms. **AVERY** said that these expenses required careful review and she planned to review the policies for transparency.

Mr. **JANUSAITIS** said related to that was the budget. He said he was still working on creating a budget plan format for better projections and planning annually and over a longer term.

There being no further business brought before the Board nor any further public comment, upon Motion made the meeting adjourned at 10:08 p.m.

Secretary of the Board