

**MINUTES OF THE JANUARY 22, 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 January 22, 2014, at the administrative offices of the District, 9630 Telge Drive, Houston, Texas 77095.

The meeting was called to order at 8:00 p.m. by **MICHAEL LARRIVEE**, President. Those Commissioners present were **MICHAEL LARRIVEE**, **SUZANNE DAVIS**, **KEVIN KYLE**, and **ROBERT JANUSAITIS**. Also present were **JENNIFER WALLS** and **RODNEY JANCZAK**, President and Interim 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, **JOE DAVIS**, the District's emergency services consultant, **HOWARD KATZ**, of **COVELER & KATZ, P.C.**, the District's Counsel, and members of the public. Also present was **RICARDO MARTINEZ** from Joiner Partnership, the District's architects on various construction projects.

The Board first received public comment. None was offered.

Without objection, the Board took up Agenda Item 3 and addressed the Minutes of the December 19, 2013 regular meeting. After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to approve the Minutes as presented. After discussion, the Motion to approve the Minutes was approved by a vote of 4 to 0.

The Board then received a Financial Report from **BILL RUSSELL**, of **MYRTLE CRUZ, INC.**, the District's bookkeeper.

12/31: Mr. **RUSSELL** noted the operating account balance following the prior meeting of \$100,013.77, the receipt of tax revenue in the amount of \$1,895,156.83, tax penalty and interest in the amount of \$394.71, interest of \$2,246.59, and ambulance reimbursement for the Department emergency medical services of \$525,515.18. Mr. **RUSSELL** said that dispatching fees of \$1,240.00, Cy-Fair Chamber rental income of rent of \$750.00, sales tax revenue of \$1,234,828.91 and other income of \$8,939.33 were also received. He also

noted the balance sheet showed total District assets at \$51,349,342.70 (\$24,400,785.62 cash/cash equivalents; \$2,999,830.95 T-bills) short-term liabilities of \$ -0-, long term liabilities of \$4,221,136.00, and equity of \$47,128,206.70.

1/22: Mr. **RUSSELL** noted the operating account balance following the year-end of \$1,940,973.34, the receipt of tax revenue in the amount of \$6,979,812.57, tax penalty and interest in the amount of \$3,147.54, interest of \$ -0-, and ambulance reimbursement for the Department emergency medical services of \$ -0-, Cy-Fair Chamber rental income of rent of \$750.00 and sign reimbursement of \$3,110.00. Mr. **RUSSELL** said that dispatching fees of \$ -0- were also received.

Thereupon, after review, Motion was made by Mr. **JANUSAITIS**, seconded by Ms. **DAVIS** to approve the two-part 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 returned security pledge agreements for the District's excess deposits.

The Board addressed the timing of delivery of the Financial Report. Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** that all invoices must be in to Mr. Russell by Friday 5PM of the week prior to the meeting to allow Mr. Russell to finish his report by Tuesday of the week of the District meeting. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then returned to Agenda Item 1 and addressed the commissioner election for May 10, 2014 for three seats. Counsel discussed the matter and explained the requirements imposed on the District regarding elections under federal and state laws and the past elections called by the District. After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to order an election for May 10, 2014 for the election of candidates for three seats on the District Board. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then discussed designating an agent for the election. After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to name Amy Ramon as the District’s agent for the election. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then discussed designating an Early Voting Clerk for the election. After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to name Joanne Linnenkugel as the Early Voting Clerk for the election. Counsel noted that she served in prior elections and did a very good job. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then discussed approving the election precincts for the election. Counsel discussed the prior precinct designations, which consisted of 10 election day locations. Counsel said that upon review and discussion with Ms. Davis and others that a consolidation of precincts from 10 sites to 5 sites seemed appropriate based on the historic turn-out of voters at prior District elections. The Board reviewed the District map and voting locations. Counsel presented the analysis.

Harris County Emergency Services District No. 9
(May 10, 2014 Commissioner Election)

Historic Voter turn-out District elections

ESD 9 Precinct	May ‘08 240 voters 85 RV	May ‘09 278 voters 100 EV	May ‘10 384 voters 142 EV	May ‘12 241 voters 104 EV	May ‘13 1,002 voters 190 EV
1 St. 7 Cypresswood Tot. Tot 16,025	10	20	32	11	114
2 Saint John’s Lutheran Spring-Cypress Tot Tot: 16,953	19	29	27	15	99
3 St. 2 Tower Oaks Tot Tot: 12,773	19	20	21	15	58
4 Winc’ster Swim Ctr Rio Grande Tot Tot: 20,616	29	40	29	32	59
5 St. 1 Rodney Ray Tot Tot: 13,201	8	11	7	6	53

6 St. 6 N. Eldridge Tot Tot: 17,439	5	7	14	5	50
7 St. 9 Hwy6/WLY Tot Tot: 22,097	37	27	46	34	140
8 St. 5 Clay/Aspenglen Tot Tot: 24,402	11	12	10	9	77
9 St. 12 Keith Harrow Tot Tot: 20,720	7	9	25	5	31
10 St. 11 College/West Tot Tot: 31,924	10	3	31	4	131
Total ED Voter	155	178	242	137	812

All agreed that 10 voting locations were not necessary. Counsel presented a proposed voter realignment prepared after consultation with Ms. Davis and others.

PRECINCT RE-ALIGNMENT
Harris County Emergency Services District No. 9
(May 10, 2014 Commissioner Election)

ESD 9 Precinct	
1 St. 7 Cypresswood	Combines Old Pcts 1 and 2 St. 7 and Saint John's Lutheran 32,978 voters
2 St. 2 Or Winc'ster Swim Ctr	Combines Old Pcts 3 and 4 St. 2 and Winc'ster Swim Ctr 33,389 voters
3 St. 1	Remains a precinct 13,201 voters
4 St. 9	Combines Old Pcts 6, 7, and 8 St. 5, St. 6, and St. 9 63,938 voters
5 St. 11	Combines Old Pcts 9, and 10 St. 11 and St. 12 52,644 voters

After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to approve the election precincts consolidation which consists of 5 election day locations. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then discussed designating an Early Voting site for the election. After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to designate the District administrative office (9630 Telge, Houston, Texas 77095) as the Early Voting site for the election. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then discussed designating early voting hours for the election. After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to establish the early voting hours as follows:

Early voting shall be conducted from April 28, 2014 through May 6, 2014.
The location of the early voting place and hours are designated as follows:

Harris County ESD No. 9 Administrative Building
9630 Telge Road, Houston, Texas 77095
Days/Hours: Monday-Friday, 9:00 a.m. – 5:00 p.m.
Saturday, May 3, 2014: 10:00 a.m. – 3:00 p.m.

After discussion, the Motion was approved by a vote of 4 to 0.

The Board then addressed approving to contract with Hart Intercivics for election technical support and ballot preparation. Thereupon, after review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to approve contracting with Hart Intercivics for election technical support and ballot preparation for the May 10, 2014 District election. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then addressed adoption of the District 2014 Investment Policy. The Board reviewed the Policy with Mr. Russell. Counsel outlined the proposed 2014 Investment Policy: always maintain liquidity equal to two months average operating costs; always maintain liquidity equal to two months average operating costs that will mature 60 days hence; maintain a maximum maturity of 6 months/180 days on all investments, subject to extending same for up to 12

months on a case-by-case basis; maintain a maximum maturity of 6 months/180 days on all investments for specific capital projects, with discretion to approve twelve months for general/contemplated capital projects. Thereupon, after review, Motion was made by Mr. **KYLE**, seconded by Mr. **JANUSAITIS** to approve the proposed 2014 Investment Policy as presented. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then addressed designation of the District Investment Officer. After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to approve the designation of Commissioner Kevin Kyle as District Investment Officer. After discussion, the Motion was approved by a vote of 4 to 0.

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 Mr. **JANUSAITIS** 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 \$1,445,732.00. After review, Motion was made by Mr. **KYLE**, seconded by Ms. **DAVIS** to approve the payment of Department Operations the amount of \$1,445,732.00. 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 \$186,427.41 (previously scheduled budgeted capital funding). After review, Motion was made by Mr. **KYLE**, seconded by Ms. **DAVIS** to approve the payment of Department Capital in the amount of \$186,427.41. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then addressed the engagement of Coveler & Katz, P.C. to serve as District legal counsel. The Board members expressed appreciation to Counsel for the good job being done. Counsel said there were adjustments in the rate of \$350.00/hr (from \$300/hr) for Mr. Katz and \$300/hr or \$250/hr (from

\$250/hr or \$200/hr) for firm associates. The charges for paralegal and admin services remained the same at \$100.00/hr and \$75.00/hr. After review, Motion was made by Mr. **KYLE**, seconded by Mr. **JANUSAITIS**, to approve the engagement of Coveler & Katz, P.C. to serve as District legal counsel in accordance with the terms presented. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then addressed the engagement of Myrtle Cruz, Inc. to serve a District bookkeeper. The Board members expressed appreciation to Mr. Russell for the good job being done. He said the rates remained the same this year. After review, Motion was made by Mr. **KYLE**, seconded by Ms. **DAVIS**, to approve the engagement of Myrtle Cruz, Inc. to serve as District bookkeeper. After discussion, the Motion was approved by a vote of 4 to 0.

The Board addressed revisions to the Department 2014 budget. Ms. Walls said there were unexpended items from 2013 that she requested approval to expend in 2014. There was discussion and Counsel said that each year's budget stands on its own. Ms. Walls said she was not intending to amend the Department budget. Counsel suggested that the Department use the quarterly reallocation funds to cover the items. After review, Motion was made by Mr. **KYLE**, seconded by Ms. **DAVIS** to approve for the Department to cover unexpended items from 2013 with quarterly reallocation funds. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then addressed sales tax matters. Counsel presented three respondents to the solicitation of proposals for sales tax consulting services. After review, Motion was made by Mr. **KYLE**, seconded by Mr. **JANUSAITIS** to approve for Ms. Ramon to review the proposals and report back at the February meeting with analysis, recommendations and suggestions. After discussion, the Motion was approved by a vote of 4 to 0.

The Board received a report from Amy Ramon, the District General Manager. Ms. Ramon reported on the Motorola contract. She said the Department audit was getting ready for commencement.

The Board then received a report on from committees. Ms. **DAVIS** reported on the College. Ms. **DAVIS** asked for material regarding the election to post on the website. Ms. **DAVIS** asked for equipment for the transition team election activities. Mr. **KYLE** said that there is web based election computation systems that can be used rather than purchasing actual election equipment.

Ms. Walls reported that the Department by-laws were amended in conformity with the transition team and contract requirements. Ms. **DAVIS** said the transition team was working very well.

The Board then addressed Station No. 7 regarding access/easement matters for adjoining property owner, Walgreens. Ms. Walls and the Department officers all said the Department was opposed to the proposal from the developer due to safety concerns. She said the Department wants to be a good neighbor but the Department had a serious concern about the safety of the public and Department personnel using the proposed access easement.

The Board held and tabled the Bridgeland development and the prospect of building facilities there for the fire and EMS service

The Board then addressed Agenda Items 17 and 20 and received a report from Ricardo Martinez of Joiner Partnership, the District's architects on various construction projects regarding Phase 2 of the long range planning. He said the project had about a 3-month time frame. He said the contractor Durotech obtained bids and the GMP for the Phase 2 project was \$2,423,693.00. There was discussion about financing or to pay cash. Counsel said that with the nature of the property that using cash or a cash based loan made the most sense. Mr. **KYLE** said that the District has a very large reserve balance, especially with the new sales tax revenue. After review, Motion was made by Mr. **KYLE**, seconded by Mr. **JANUSAITIS** to approve GMP for the Phase 2 project of \$2,423,693.00 and to fund the project out of District cash reserves. After discussion, the Motion was approved by a vote of 4 to 0.

The Department requested approval to purchase a cascade machine. Steve Witt, Department Quartermaster, said the cost was in the budget for \$32,000.00. He said that the cost does not include electrical which will be a later

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

The District then considered Department 30-day requests. The Department requested approval to purchase new Stryker power lift stretchers. Assistant Chief-EMS, Kenny Grayson, said 11 older stretchers were out of use and needed to be replaced. After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **JANUSAITIS** to approve the purchase and waive the 30-days. After discussion, the Motion was approved by a vote of 4 to 0.

The Department requested approval to sell a surplus Engine (1986 General) to Tri-County VFD. Counsel said this sale to a VFD was an exception to the new statute concerning the methodology of sale of surplus/salvage equipment. 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.

Ms. Walls delivered the status change report.

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

Ms. Walls delivered the over-time report and the accident/injury log.

Ms. Walls said that the Department employee count was 250 (119 full-time, 131 part-time), and the active volunteer membership was 379, with 3 new member.

The Board then reviewed the Department's Purchase Requisition Report.

The Board reviewed page 1, emergency requests. There were no items.

The Board then reviewed budgeted capital expenditures and non-budgeted capital expenditures on page 2 of the report. After review, Motion was

made by Mr. **KYLE**, seconded by Ms. **DAVIS** to approve page 2. After discussion, the Motion was approved by a vote of 4 to 0.

The Board next reviewed the Within Budget purchase requests as set forth on pages 3-4 of the report. After review, Motion was made by Mr. **KYLE**, seconded by Ms. **DAVIS** to approve the Within Budget purchase requests as set forth on the top part of the report on page 3. After discussion, the Motion was approved by a vote of 4 to 0.

Ms. Walls noted the LOSAP report.

The Department delivered its amended Purchasing Policy. Ms. Ramon said the policy was consistent with the KPIs and transition goals. After review, Motion was made by Mr. **KYLE**, seconded by Ms. **DAVIS** to approve the policy. After discussion, the Motion was approved by a vote of 4 to 0.

The Department delivered a report on the transition. Ms. Walls said that the McGrath Group was due to meet with the Department this week. She reported that discussions on the new Department board eligibility and related matters were being reviewed.

The Department requested approval to engage ABIP to perform the Department audit. The anticipated price was \$49,000.00 and the separate LOSAP component was \$9,500.00. After review, Motion was made by Ms. **DAVIS**, seconded by Mr. **KYLE** to approve the request. After discussion, the Motion was approved by a vote of 4 to 0.

The Board then addressed action on District CFO and related resources. The Board discussed the District review process underway. There was discussion about engaging Steve Ferguson to continue leading the process. Motion was made by Ms. **DAVIS**, seconded Mr. **JANUSAITIS** to approve the engagement for the cost of \$20,000.00. Mr. Kyle asked what was the process, what are Joe Davis and Bill St. Clair doing. Mr. **LARRIVEE** said their roles were further down the line. Mr. **JANUSAITIS** said he preferred having all the consultants identities now and engaged to help develop a comprehensive plan. He said the Department is the one moving right along and the District is stuck in neutral. Mr. **LARRIVEE** said the workshop process was set up to address these

matters. Mr. **KYLE** and Ms. **DAVIS** said there are no benchmarks and a facilitator is not the right process. Mr. **LARRIVEE** said all they need to do is ask Steve Ferguson to map out the process for moving forward. If he does not produce results then the Board can move in a different direction. Mr. **KYLE** said that there was absolutely no financial forecasting being done and he has asked about that for over a year. Ms. **DAVIS** said she does not feel her concerns are being heard under this process. Mr. **KYLE** said he is opposed to funding a continued facilitator-based process. He said the Board needs to adopt a broad plan including financing projections. He said Steve Ferguson is a good facilitator but that is not what is needed. After discussion, the Motion was approved by a vote of 3 to 1.

The Board discussed the other consultants. Motion was made by Ms. **DAVIS**, seconded Mr. **JANUSAITIS** to approve for Joe Davis and Bill St. Clair to attend the upcoming workshop with a financial total commitment set at \$1,500.00. There was extensive discussion. After discussion, the Motion was approved by a vote of 3 to 1.

There being no further business brought before the Board nor any further public comment, upon Motion made the meeting adjourned at 11:35 p.m.

Secretary of the Board