



Montgomery County Emergency Services District No. 10

**DATE:** June 10, 2021

THE BOARD OF COMMISSIONERS OF MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 10 (the "District") met in a regular session, open to the public, at the Magnolia Volunteer Fire Department, Station 181, 18215 Buddy Riley Blvd, Magnolia Texas 77354 on Thursday, June 10, 2021 at 3:30 p.m. inside the boundaries of the District.

**AGENDA ITEM:**

**1. Call Meeting to order**

At 3:34 p.m., Commissioner Smith called to order the Regular Meeting of the Montgomery County Emergency Services District No.10 (the "District") and the roll was called of the duly appointed officer's to-wit:

**2. Roll Call, Pledge of Allegiance, Pledge of Texas and Invocation.**

<b>COMMISSIONER</b>	<b>BOARD POSITION</b>	
Larry Smith	President	Present
Charles McDonald	Vice President	Present
Kelly Violette	Secretary/Treasurer	Present
Heath Schultz	Assistant Secretary/Treasurer	Present
Jeffrey Cunningham	Board Member	Present

All 5 Commissioners were present thus constituting a quorum.

Also present were Magnolia Volunteer Fire Department ("MVFD" or "the Department") Fire Chief Jeffrey Hevey, Assistant Chief of Operations Gary Pangarakis, Assistant Chief of Finance and Administration Eloise Roberson, Assistant Chief of Planning Rusty Griffith, Assistant Chief of Safety and Health Chuck Grant, Assistant Chief of Logistics August Naumann, Battalion Chief Adam Vulgamott, and Office Manager Rhonda Reinholz, Montgomery County Constable Deputy Michael Silvio, Carol Morrison of Municipal Accounts, Ryan Fortner of Sales Revenue Inc., District General Counsel John Peeler of Coveler & Peeler, PC, Amy Campbell of Texas County & District Retirement System, Lisa Ivie-Miller of Captrust, Marshall Holmes of Cokinos Young, Ross Winkler of Winkler Public Relations, Precinct 2 Commissioner Charlie Riley and two (2) staff members, Bruce Berger and Lorinda Boyd, Battalion Chief Mark Akers, Acting Battalion Chief David Farley, Battalion Chief Ben Cornelius, Captain Evan Ballew, Firefighters Gary Woodard, James Bryson, Michael Borne, Randy Harris, Landon Howes, David King, and Dwayne Schleider, various Department Members and family members, members of the public Michael Cockrell, Lesha Roberts, and Randy Harris, and Community Impact Reporter Eva Vigh.

Commissioner Smith led the Board in the Pledge of Allegiance to the U.S. Flag.

Commissioner McDonald led the Pledge to the Texas Flag.

The Invocation was given by Commissioner Cunningham.

### **3. To receive public comment.**

There was no public comment from members of the public in attendance.

**The Board was in agreement to address Item # 14 before addressing Item #4.**

### **14. To receive a report from Department regarding the good and welfare of the Fire Department and act on requests for equipment and expenses for the Department.**

Life Saving Commendations Awards presentation by Fire Chief Jeffery Hevey. Commendations were presented to seven (7) Department Members; Battalion Chief Klaus Grote, Captain Nicholas Kira, Firefighters Kenneth Alms, Michael Borne, James Bryson, Curtis Sandlin, Dwayne Schleider. In recognition of their life saving skills displayed at Incident 21-30297, Fast Water Rescue, on May 1, 2021. Location of Rescue was Glenmont Blvd. and Brushy Creek. These members saved a family of seven (7).

Precinct 2 Charlie Riley addressed the commendation recipients and expressed his thanks and appreciation to the fire department. Larry Smith also expressed his thanks and appreciation on behalf of the ESD Board.

Fire Chief Jeffrey Hevey presented his MCESD No. 10 Commission Report June 10, 2021 with special mention of the following items:

- Continue to observe and evaluate all areas of MVFD and MCESD No. 10 including the command staff and suppression personnel. He summarized ongoing work to improve communications within the Department and the pursuit of culture changes within the Department.
- He explained that he was surprised by the lack of vehicle and equipment maintenance that has occurred over the last several years, noting that he is working with staff to remedy the situation.
- He reported on the replacement of Vehicle Fleet Tires – \$116,000 to replace about 30% of fleet
- He reported on the need to replace SCBA Cylinders – 134 must be purchased to replace those that are reaching their end of life. Will be replacing the entire SCBA units within the next 2 years.
- Communications continue to be a point of emphasis for improvement within the organization. Chief Hevey reported that he has told the command staff that he wants them to talk to personnel a little bit more, as we are in the transition process the staff needs to understand the transition we're going through. He noted that company officers are the most important people when it comes to passing on information to the department.
- He noted the receipt of former Chief Vincent's restitution payment of \$3,000.00 to the scholarship fund.
- The investigative team engaged by the District will meet with certain members of the staff and Department over the next few weeks.

Transition Meeting; Initial meeting was held Saturday, June 5, 2021. A business plan will be written by the Transition Team.

#### **Equipment:**

- A new rescue boat, motor and trailer have been ordered. This was on hold until report of another boat with dry rot that is 10 years old caused the new boat to be ordered.
- Heavy Rescue 188 has arrived and our technical rescue personnel have been working to place the vehicle in service before the end of June.
- Ladders 181 and 186 will be put in service after their hydraulic fluid has been changed and new tires are installed.
- MR182 has been removed from service due to non-use and is at Station 181 for administrative use.

New Personnel:

- Placed an advertisement for new volunteer members. Currently have identified 18 people that will go through the new hiring process.
- Will be advertising for non-fire suppression personnel to staff Rehab 181.
- Will be placing an advertisement in July for part-time suppression personnel. The Part-Time Firefighter job description has been completed and reviewed by the Fire Board and distributed to the Department.
- Would like to start advertising for new ESD employees before the end of August. We need an updated MCESD No. 10 Employee Handbook before we can progress. Copy sent to the attorney for review. Would like to start advertising for people who would like to move over to the ESD so they can start filling out the new MCESD No. 10 application, they will also have to go through a background check.

**4. To approve the Minutes of prior meeting(s).**

Upon a motion duly made by Commissioner Violette and seconded by Commissioner Cunningham, the Board unanimously approved the Minutes of the District's Regular Meeting held May 13, 2021 as presented.

**5. To address financial matters including depositories, Investment Policy and investments, to receive Financial Reports from the District Bookkeeper and pay District bills.**

Ms. Morrison presented the June 10, 2021 Bookkeeper's Report including a listing of the disbursements presented, for the Board's approval and signature.

Ms. Roberson presented the following checks to the District:

- Texas Mutual Safety Group Dividend in the amount of \$746.10
- MCHD June 2021 Rent for ambulance (Medic 42) housed at Station 183 in the amount of \$950.00
- LDF Construction Roof Settlement Payment #4 in the amount of \$5,000.00

Upon a motion duly made by Commissioner Cunningham and seconded by Commissioner Schultz, the Board unanimously approved the Bookkeeper's Financial Report as presented, to include payment of district bills as presented where to there were no additional checks.

**6. To receive and review the monthly ad valorem tax report.**

Ms. Morrison presented the May 2021 Ad Valorem Tax Report.

Upon a motion duly made by Commissioner Violette and seconded by Commissioner Schultz, the Board unanimously approved the May 2021 Ad Valorem Tax Report as presented.

**7. To receive the monthly sales tax report from the sales tax consultant.**

Ryan Fortner of Sales Revenue Inc. presented the June Sales Tax Report.

Upon a motion duly made by Commissioner Schultz and seconded by Commissioner Violette, the Board unanimously approved the June Sales Tax Report by Sales Revenue Inc. as presented.

**The Board was in agreement to address Item #15 before addressing Item #8.**

**15. To review and take action on issues related to the District assuming direct provision of emergency services, including actions to employ firefighting staff, and scheduling public meetings on this issue.**

Amy Campbell, Employer Services Manager of Texas County & District Retirement System (TCDRS) presented the Montgomery Emergency Services District No. 10 current plan funding and benefit information, as well as presenting an overview of the TCDRS program. Several items were addressed in brief discussion, including:

The plan will benefit the younger employees that will be here the longest. MVFD employees that transition to the ESD will have to stay with the ESD for 5 years to be fully vested unless they have prior service time with another TCDRS or other qualifying plan like TMRS or ERS.

TCDRS has a proportionate retirement program so time of service will transfer from or to respective state retirement plan(s). Volunteer Fire Departments do not qualify for prior time of service because they are not a governmental entity. MVFD time of service will not transfer to TCDRS.

TCDRS is able to credit certain military time of service.

Volunteers are not eligible to participate in the TCDRS plan.

If an employee separates before 5 year vesting they keep their money and interest but if you withdraw funds or roll it over you forfeit the right to the employer match. If you separate and keep your money in the plan and you work for another employer government plan or TCDRS plan you will receive prior service time with the new TCDRS plan. If the employee separates and withdraws their money and forfeits, the employer funds are redistributed into the employee pool.

Lisa Ivie-Miller of Captrust presented information on MVFD's current 401(a) and 457(b) Retirement Plan including:

Chuck Campbell of Jackson Walker joined via phone conference during Ms. Miller's presentation.

Corporate Structure and Ownership; Institutional Advisory Services; Captrust's Centralized Model; Basic Elements of Retirement Plan Design; Plan Level Funding and participation 2019 to Present; 401(a) Plan Projections; 457 Plan Projections.

Upon discussion the following items were addressed:

Ms. Roberson noted that this is the existing plan that MVFD employees are currently participating in. Today the employees have a cumulative balance of over \$7 million. Plan participation is optional however when we transition the TCDRS plan will no longer be an option. The goal today was that the ESD received the facts on both plans. Some employees have said they would like the ESD to establish a 457 plan and transfer their current MVFD plan to the ESD 401 plan however the employer matching would only apply to TCDRS because an entity can only have one (1) qualified plan with matching payments.

There is no age specific retirement age requirement to retire. Most systems require 20 years of service except TCDRS which is 5 years of service.

Chuck Campbell of Jackson Walker joined via phone conference during Ms. Miller's presentation. Chuck Campbell (Jackson Walker, LLP) discussed the existing Magnolia Volunteer Fire Department's (MVFD) 457b and 401a Plan (the Plan) accounts, noting that in the event of a department transition from MVFD to the ESD, the Plan could be terminated by the MVFD prior to consolidation; and upon termination no further contributions would be made. He additionally stated that all amounts in the Plan after its termination for existing participants will become fully vested and eligible for distribution and/or rollover into an IRA or another qualified plan to avoid immediate taxation.

Mr. Campbell noted other ESD considerations, whereas the existing 457(b) portion only of the Plan could be made available to all employees of the ESD (even those employees who participate in TCDRS), by either a) Transfer of the MVFD 457b assets to the ESD, or b) Establishment of a new ESD 457b Plan. Mr. Campbell then noted that currently, the employees of the ESD participate in the Texas County and District Retirement System ("TCDRS") and

that all full-time employees of the ESD are required to participate in TCDRS as a condition of their employment and that the ESD cannot maintain two (2) qualified plans. He then stated that Volunteers are ineligible to participate in TCDRS. In conclusion, Campbell stated that ESD employees can participate in both TCDRS and an established ESD 457(b) Plan and that Volunteers, who are ineligible to participate in TCDRS, can participate in an established 457b Plan.

**The Board was in agreement to address Item #9 before addressing Item #8.**

**9. To receive a financial report from the MVFD.**

The Board was in agreement to address Items #8 and #9 together.

Ms. Roberson noted that she had the pleasure of meeting with the subcommittee this past Saturday and had a very good productive discussion about a number of things.

Ms. Roberson gave a verbal update on the Department Fuel Cards. They were not received before they expired even after taking steps to prevent a delay in shipment. They were finally received upon expedited delivery request and is reimbursing members with out-of-pocket fuel expenses.

She presented the Department May 2021 Rolling Budget noting the following overages on payroll, fuel, station

Ms. Roberson and Chief Hevey provided an explanation to the Board on the overages in payroll, fuel, station maintenance, and apparatus maintenance for the month of May.

Ms. Roberson presented the Department May 2021 GL noting VFIS reimbursed MVFD \$3,465.00 for the Lake Windcrest HOA expenses. The Department has also received checks that were both deposited into the Department's Donations Account.

The Board reviewed the payment of Operation's Funding presented by Ms. Morrison in the June 10, 2021 Bookkeeper's Report noting check number 2627 in the amount of \$832,180.78 for Payroll Transfer for 7/21 and check number 2628 in the amount of \$133,796.73 for Maintenance & Operations Transfer 7/21.

Upon a motion duly made by Commissioner Cunningham and seconded by Commissioner McDonald, the Board unanimously approved the payment of Operation's Funding as presented in the June 10, 2021 Bookkeeper's Report and the Department's financial reports as presented.

**8. To review and act on the payment of operations funding pursuant to budget and service agreement with the Magnolia Volunteer Fire Department ("MVFD" or "Department").**

The Board addressed Items #8 and #9 together.

**The Board was in agreement to enter into Closed Session at 5:35 pm.**

**21. To meet in Closed Session, pursuant to Government Code §551.071 to consult with legal counsel regarding pending or contemplated litigation, settlement offers or on matters which require confidentiality under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas and Tax Code §323.3022 to discuss sales tax matters.**

The Board entered into Closed Session at 5:35 pm and reconvened for regular business at 7:37 pm.

**22. To meet in Closed Session pursuant to Government Code §551.072 to deliberate regarding real estate matters.**

The Board entered into Closed Session at 5:35 pm and reconvened for regular business at 7:37 pm.

Commissioner Schultz stepped out of Closed Session on real estate matters because of his involvement of the other side of the potential deal as noted in previous minutes. He participated in all Closed Session Items except real estate.

**23. To meet in Closed Session pursuant to Government Code §551.074 to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or a charge against an officer or employee, including the District's administrative staff, executive staff and Fire Chief. Any employee the subject of review will be given the opportunity to request open meeting discussion of the matters if they are present at the meeting.**

The Board entered into Closed Session at 5:35 pm and reconvened for regular business at 7:37 pm.

**24. To meet in Closed Session pursuant to Government Code §551.089 to deliberate regarding security assessments or deployments relating to information resources technology, network security information, or the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.**

The Board did not convene in Closed Session on this item.

**10. To review and take action on Records Management issues, including appointment of records officers, adoption of records policies and schedules, and notices to Archives Commission.**

Upon a motion duly made by Commissioner McDonald and seconded by Commissioner Schultz, the Board voted unanimously to appoint the Board Secretary/Treasurer Kelly Violette as the District's Records Management Officer and Rhonda Reinholz as the District's Records Liaison Officer and authorized John Peeler to send the executed documents to the Texas State Library and Archives Commission.

**The Board was in agreement to address Item #16 before addressing Item #11.**

**16. To review and take action on public outreach and communications, including reports from consultants and District Committees on same.**

Ross Winkler with Winkler Public Relations presented the June 10, 2021 Montgomery County Emergency Services District No. 10 Communications Plan.

Upon a motion duly made by Commissioner Violette and seconded by Commissioner McDonald, the Board unanimously approved the communication contract with Winkler Public Relations and the expenditures of funds for the creation of a communications plan.

**11. To review and take action regarding required cybersecurity training and reports on same.**

Ms. Reinholz confirmed that the required annual cybersecurity training has been completed and documented accordingly where to she will be submitting the required annual report via the self-reporting form on the Texas DIR website.

**12. To review and act to approve the purchase, funding, financing and payment for capital assets, including vehicles, fire-fighting apparatus and equipment.**

Fire Chief Jeffrey Hevey noted that there was one (1) rescue boat on order when he arrived. The former Board had also approved up to \$30,000.00 for a second rescue boat however it was determined to be put on hold.

It has recently been determined that due to dry rot of one of the older rescue boats, a second rescue boat is needed. Chief Hevey presented a new quote in the amount of \$28,323.29.

Upon a motion duly made by Commissioner Violette and seconded by Commissioner Schultz, the Board unanimously approved the new quote for the purchase of a second rescue boat.

**13. To receive a report and act as appropriate to revise District and/or Department current year operating and/or capital budgets pursuant to Department quarterly re-allocations and/or other matters.**

Staff reported 2021 Capital Payments include the following disbursements presented in the June 10, 2021 Bookkeeper Report:

- 2633 to Fastenal Company in the amount of \$16,528.43 for Rescue Truck Equipment;
- 2637 to Magnolia Volunteer Fire Department in the amount of \$29,552.00 for reimbursement of two (2) Rescue Truck change orders paid to Siddons Martin.

No additional action was necessary.

**17. To review and take action on information technology ("IT") matters, including engagement of consultants for the maintenance and improvement of IT infrastructure and resources.**

We have received a quote from Wassell Industries for email archiving of the magnoliaesd.org email accounts. Fire Chief Jeffrey Hevey gave a verbal update on this topic. We have received a proposal from the District's IT company to improve the IT Platform and unreliable email system for the Department. Discussion ensued on this topic where to this item was tabled.

**18. To review, discuss and act on the disposition of surplus and/or salvage property.**

Chief Hevey reported that he is identifying trucks to designate for disposition at a later date.

**19. To review and act on District/Department PPC/ISO ratings including engagement of consultant(s), review of recommendations and purchase of equipment.**

Chief Griffith presented the Public Protection Classification Summary Report prepared by Insurance Services Offices, Inc. with a preliminary finding of a PPC of 02/10 with an effective date of June 30, 2021. Chief Griffith gave a thorough explanation of the findings in the report.

**20. To receive a report and act on improvements, repairs, maintenance and construction of District facilities, including utilities, construction payments, engagement of architectural or engineering services and selection of contractors.**

No action was necessary.

**25. To review and take action on matters related to lawsuits or claims, including potential settlement of same.**

No action was necessary on this topic.

**26. To review and take action on matters related to the District investigation of District and Department operations, personnel and fiscal matters.**

No action was necessary on this topic.

**27. To review and act on employment/personnel issues, including hiring, retention, compensation, benefits, scheduling, complaints and discipline of District employees, including administrative staff, executive staff and Fire Chief.**

No action was necessary on this topic.

**28. To review and act on real estate matters, including but not limited to purchase, sale, lease, utilities, encumbrances and/or easements.**

No action was necessary on this topic.

**29. To review and take action on matters related to COVID-19.**

No action was necessary on this topic.

**30. To review and take action on scheduling District meetings.**

The Board will meet twice a month, on the 2<sup>nd</sup> and 4<sup>th</sup> Thursday of each month at 3:30 pm. The next regularly scheduled meeting will be on June 24, 2021 at 3:30 pm. Discussion ensued about the recent Community Impact Precinct 2 mobility study article where to no action was necessary.

**31. ADJOURNMENT**

There being no further business to come before the Board, the Board unanimously agreed to adjourn the meeting at 8:27 pm.

  
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Larry Smith, President

  
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Kelly Violette, Secretary

