



Montgomery County ESD No. 10

Magnolia Fire Department

18215 Buddy Riley ♦ Magnolia, Texas 77354

Office (281) 356-3288 ♦ Facsimile (281) 356-1572

www.magnoliafire.org ♦ www.magnoliaesd.org ♦ mvfd@magnoliafire.org



DATE: December 20, 2023

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 Fire Department, Station 181, 18215 Buddy Riley Blvd, Magnolia, Texas 77354 on Wednesday, December 20, 2023, at 3:30 p.m. inside the boundaries of the District.

AGENDA ITEM:

1. Call meeting to order.

At 3:30 p.m., Commissioner Smith Called to order the Regular Meeting of the Montgomery County Emergency Services District #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.

Larry Smith	President	Present
Charles McDonald	Vice President	Present
Jeffrey Cunningham	Assistant Secretary/Treasurer	Present
Laurie Clifton	Board Member	Present

4 Commissioners were present, thus constituting a quorum.

Also present were Fire Chief Jeffrey Hevey; Business Manager Eloise Roberson; Assistant Chief of Operations Gary Pangarakis; Assistant Chief of Administration Chuck Grant; Division Chief of Logistics & Planning August Naumann; Division Chief of Training Jason Herrman; Battalion Chief of Training Chris Thornton; Community and Risk Reduction Captain Bryan Perry; Battalion Chief Jeffrey Jackson; Office Manager Rhonda Reinholz; Assistant Office Manager Joanna Padilla; District Legal counsel Krystine Ramon of Coveler & Peeler, PC; Dennis Winkler and Ross Winker of Winkler Public Relations; District human resources consultant Angela Zacharias from Organizology LLC; The Shah Group; Ryan Fortner of Revenue Management Services; Joe Mark Robinson of Robinson Group Realtors; Montgomery County Constable Deputy Eric Gray; and other Department Officers and Staff.

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

Commissioner Smith led the Pledge to the Texas Flag.

Commissioner Cunningham gave the Invocation.

3. To receive Public Comment. Texas law and District policy establish that members of the public may offer comments on any subject of concern to the public. District policy establishes time limits to address the Board: 3 minutes for items on the agenda; 2 minutes for items not on the agenda; or 1 minute if the person has spoken on the same topic at any of the two preceding meetings. Anyone who interrupts the meeting intending to prevent or disrupt the Board from conducting the meeting by interjecting comments after the Public Comment item has concluded are subject to removal from the meeting and premises under Texas law after receiving reasonable warning from the presiding officer.

Battalion Chief Jeff Jackson commented on the District's current payroll issues and for the Admin team to focus on moving forward with seeking a resolution. Commissioner Smith advised Chief Jackson that there are staff members who are actively working on said issues in order to move forward to correct current payroll issues.

4. Presentation of Certificates for Promotions, Recognitions, and Appointments of District firefighters, fire officers, and administrative staff.

No further action was taken.

The Board moved to address Item # 15

15. To address sales tax matters, including reviewing monthly sales tax information.

Ryan Fortner presented the monthly sales tax report, which also marks ten years of working alongside the ESD.

- The total allocations received since 2014 total \$54,213,186.12. For the month of December 2023, a total of \$807,549.49 was received in sales tax allocation, bringing the sales tax allocations received in 2023 up to \$10,112,745.93. The final revenue stream for 2023 to be received will be in February 2024.
- For fiscal year 2023, the budgeted amount of \$10,000,000.00 was surpassed by \$112,745.93. Of that \$112,745.93, \$32,000.00 was recovered on the ESD's behalf this year.

Commissioner Cunningham requested to have the accumulated average totals added to the report moving forward, which Mr. Fortner will have fulfilled.

The Board moved to address Item # 5

5. To review and act on improvements, repairs, maintenance and construction of facilities, including but not limited to permits, utilities, architectural or engineering services, selection of contractors, approval of costs/budgets for projects, and payment of construction-related bills.

Assistant Chief of Administration Chuck Grant provided updates to current construction-related projects.

- At Station 183, the contractor will evaluate the punch list and complete a final walkthrough. Furniture for the station is being acquired and the alerting system is being put in place.
- The MCHD trailer is set to be removed from the premises sometime in early January. Per Chief Grant, the certificate of occupancy has been received. Once the total expenses are calculated and the invoice sent over to MCHD, MCHD will have a board meeting to approve the payment. An estimated amount of \$389,000.00 is expected to be paid and be a part of the 2023 expenses.
- The Logistics Center just had concrete poured for the driveway, and the majority of the walls have been put up. On account of unsatisfactory craftsmanship, only four containers for the Training Facility have been delivered, and the remaining containers are being reworked before final delivery.
- Open house is being tentatively scheduled sometime in the third or fourth week in January.

A motion to pay the LAW Construction bill of \$1,098,693.40 was made by Commissioner McDonald and seconded by Commissioner Clifton. The motion was approved.

The Board moved to address Item # 10

10. To review and act on matters related to lawsuits, claims against the District, or Public Information Act requests.

No action was taken.

11. To review and act on real estate matters, including but not limited to purchase, sale, lease, utilities, encumbrances, easements and other matters related to real property transactions, including engagement of realtor(s)/broker(s) and acquisition financing.

Chief Grant, alongside Chief Herrman and Joe Mark, have gone out and evaluated the re-platting on Dobbin Huffsmith. An estimated 2.5 acres, 470ft along the sides of the property, as well as 200ft along both Dobbin Huffsmith and the back, are to be maintained. Retention is to be possibly placed between the station and the neighbor. The remaining 6 acres are planned to be sold. The Coe Loop property has also been surveyed by Chiefs Grant and Herrman, and an estimated five acres are being cleared for future use.

12. To address financial matters including depositories, audits, Investment Policy and investments, financial reports, tax reports and to pay District bills.

Business Manager Eloise Roberson informed the Board that the end of January 2024 is the deadline to reconcile 2023. She has advised the staff that any items purchased in 2023 will need to be delivered and orders completed before the end of January 2024 in order to be included in the 2023 budget. This includes any money coming in, such as the payments from MCHD and any delayed tax credits. The General Ledger was presented and, in that, explained three checks that have been re-issued on account of the vendors having issues receiving payment. The following questions from Commissioner Clifton were clarified:

- There was money removed from a reserve account with a vote in 2022 and would like to know if it was investment money. Eloise clarified that money in the reserve account is money that has been put aside, having been collected from ad valorem. No vote is required to move money from said account, nor was there an amendment made to the budget. The transfer was made to cover the expenses incurred due to the delay in receiving tax credits from the IRS. Once said tax credits are received, they will be transferred back into the account it was borrowed from. No vote is required to transfer money from the ad valorem and the Operations account, but a vote is required for transferring from the Loan/Construction account.
- A \$1.7 million transfer done in the first quarter of 2022. The transfer reported came from a Municipal Accounts' QuickBooks account, which the ESD acquired during their transition. Upon reconciling the QuickBooks account, it was discovered that \$1.7 million was entered as a line item without supporting documentation to verify the source or transfer of the funds as per the budget submitted.
- There is an estimated 3 months' worth is in reserve, about \$1.2 million.

A motion to pay District Bills was made by Commissioner McDonald and was seconded by Commissioner Cunningham.

The Board moved to address Item # 23

23. To review and act on employment/personnel issues, including policies, handbooks, procedures, hiring, retention, compensation, benefits, scheduling, complaints and discipline of District employees, including administrative staff, fire suppression staff, executive staff and Fire Chief.

Shannon from VFIS provided the Board insurance policy updates for 2024. Payment for the policy renewal is due on January 1, 2024. Commissioner Cunningham requested to have renewals presented to the Board at least two months before the deadline. Motion to approve policy renewal was approved by general consent.

The Board moved to address Item # 16

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

Ross Winkler presented on recent and upcoming planned events.

- The December 10th, Pictures with Santa was a huge hit with the community, with several hundred in attendance.
- Continuing the awareness campaign on lithium batteries, Chief Herrman and Captain Perry had interviews with Fox 26.
- With the re-opening of Station 183 in January, local news media will be contacted to attend.

The Board moved to address Item # 13

13. To receive a report from Shah Group Consulting and take any necessary action.

Melinda Piper from the Shah Group presented the Districts' financials dating from January through November 2023.

- Ad Valorem tax is split from the current and previous year. Of that amount, \$684,120.00 cannot be spent until 2024.
- Income from Rent/Lease payments is currently \$24,620.82, not including income added to line item **15000**

– Other Income.

- Items of note for expenses include Wages of \$14,270,550.19. Current assets stand at \$595,707.76. Interest received on investment income totaled 484,339.74. Interest received on loans totaled 284,077.35.
- The purchased Ladder truck, which was not originally budgeted for, was paid for in cash, and no loan was taken out.
- \$1.2 million was transferred from the Operations reserve account to cover expenses as the tax credits from the IRS are pending.
- Payment for the Training Center is due by the first quarter of 2024, \$1.5 million. The District will look into refinancing the current construction loan, or look into taking out a new loan for the Training Center.

By General Consent, the Board agreed that going forward, all significant purchases made in the future must have a corresponding line item added to the budget. This line item should clearly indicate the account or budget line item from which the payment will be made.

14. To receive a report and act as appropriate to revise District budgets.

The amended budget for 2024 will be presented either by the second meeting in January or the first meeting in February. Eloise informed the Board that the District's financial audit is due on June 30th. Communication with the auditor confirms that the District's account is at the top of their list. No further action was taken.

The Board moved to address Item # 17

17. To review and act to approve the purchase, funding, financing and payment for capital assets, including construction, vehicles, fire-fighting apparatus and equipment and for non-capital items and expenses.

Chief Grant is requesting Board approval to purchase three new Engines to replace the current aging apparatus. The apparatus committee in charge has done its due diligence and is recommending Metro Fire as its preferred vendor. The estimated total cost for the three engines, with additional equipment, totals \$3,281,496.00, with a delivery timeline being the next 330 days (Feb-Mar 2025). Discussion as to how the engines will be paid ensued. A motion to accept the proposal and to attend a preconstruction conference to confirm the final cost was made by Commissioner McDonald, and was seconded by Commissioner Clifton.

18. To review and act on information technology ("IT") matters, including engagement of consultants for the maintenance and improvement of IT infrastructure and resources, District website, digital records and electronic mail.

No further action was taken.

19. To receive a report from District Fire Chief and staff regarding Fire Department activities and operations.

Fire Chief Hevey reported the following:

- A recent early morning fire involving a double-wide trailer at a construction site.
- During the past month, three separate fires were due to lithium batteries. The Department has been focused on spreading safety awareness regarding lithium battery use and storage.
- Any protective clothing that has been contaminated from lithium battery fires needs to be sent out for special cleaning. Currently, there is a three to four-day turnaround time from a cleaner in Denver, which uses the special liquid Co2 cleaning.
- Chief Hevey Attended the Volunteer & Combination Officers Symposium at Clearwater Beach and will share the educational presentations with staff. He also attended the Texas Fire Chiefs workshop in San Antonio.
- The Ladder truck is back in service and was used on call for a one-story house fire.

20. To review and act on payroll procedures and policies, including implementation of services for

same.

Per Chief Grant, an implementation call was had with Paycor, and he reported they are about 80% complete. Rules and policies for pay calculations have been established. Those using T-Sheets for logging in hours will do so for the first pay cycle of 2024, the Pay Period of December 17, 2023, through December 30, 2023. Beginning the second pay cycle is when payroll will be completely done through Paycor. Other components, such as HR functions and open enrollment, will not be available until the following year.

Chief Herrman presented to the Board an updated pay scale for Administrative Chiefs and Full-Time Suppression. This pay scale consolidates 28 pay rates to about 9, based on advancement requirements. The next year's budget will include a payroll increase of approximately 7%, bringing payroll up to \$17.7 million. The pay scale for the administrative staff, which consists of approximately 10 non-ranking positions, has not yet been finalized and will be presented at a later date. Taking personalities out of the process, BC Jeff Jackson agrees that these changes are being made in the right direction.

By General Consent, the Board agreed to adopt the amended pay scale dated December 31, 2023, as presented, excluding the 56-hour week.

Chief Hevey requested to hire Full-time Rescue Firefighters to fill vacant positions. Two part-time firefighters who have applied will be promoted to these positions. Chief Hevey mentioned that two volunteers recently graduated from training and requested to advertise to hire around ten more volunteers. Supplementing open shifts with Volunteers instead of Full-Time Firefighters will drastically bring down payroll costs.

A motion made to hire two Rescue Firefighters to fill the vacant positions was made by Commissioner McDonald, and seconded by Commissioner Clifton. The motion was approved.

A motion to grant Chief Hevey to advertise to hire Volunteer Firefighters was made by Commissioner McDonald, and was seconded by Commissioner Cunningham. The motion was approved.

District human resources consultant Angela Zacharias from Organizology LLC arrived at 5:35 PM

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

Division Chief of Logistics & Planning August Naumann requested clarification on the declaration of surplus for the watercraft mentioned at the previous meeting. By general consent, the Board declared the watercraft as salvage.

22. To review, discuss and act of Ready Rebound Contract.

Krystine Ramon informed the Board of having worked on the Ready Rebound Contract and had the auto-renew rescinded from 3 years to 1, updated the change of venue to Montgomery, and changed the choice of law to Texas. A request to sign the auto-renewed contract of one year was made by Krystine Ramon, to have it in writing vs. having a 3 year contract signed. Commissioner Clifton is displeased with having to keep the contract with Ready Rebound, which she also states was signed illegally by Fire Chief Hevey. After further discussion, the Board decided to revisit the contract in September 2024 to explore options for renewal.

The Board moved to address Item # 24

24. To review, discuss and act on on-the-job training of veteran firefighters.

Division Chief of Training Jason Herrman has sent the requirement information over to legal counsel, who has no opposition to the program.

By general consent, the Board allowed for Chief Herrman to complete the necessary paperwork required to form a partnership with the program.

25. To review and amended services with Organizology.

No action was taken.

26. To engage a law firm to conduct an investigation regarding employment and personnel issues.

No action was taken.

27. To review and act on administrative policies and procedures.

No action was taken.

The Board agreed to enter into Closed Session at 6:32 p.m. on the following agenda items:

- 6. 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.
- 7. To meet in Closed Session pursuant to Government Code §551.072 to deliberate regarding real estate matters.
- 8. 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 administrative staff, executive staff and Fire Chief. Any employee the subject of review will be given the opportunity to request Open Session discussion of the matters if they are present at the meeting.
- 9. 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 re-convened Open Session at 7:09 p.m.

10. To review and act on scheduling District meetings and items to be added to meeting agendas.

January 10, 2023, at 3:30 pm

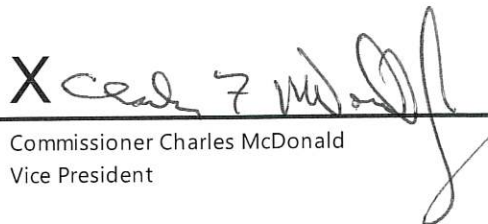
January 24, 2023, at 3:30 pm

11. Adjournment.

With no further business to come before the Board, the Board unanimously agreed to adjourn the meeting at 7:10 pm.



Commissioner Larry Smith
President



Commissioner Charles McDonald
Vice President