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PUC DOCKET NO. 56589

PETITION BY RESIDENTS OF GRAND	§	BEFORE THE
LAKES MUNICIPAL UTILITY DISTRICT	§	
NO. 2 APPEALING THE WATER RATES	§	PUBLIC UTILITY COMMISSION
ESTABLISHED BY THE DISTRICT'S	§	
BOARD OF DIRECTORS	§	OF TEXAS

APPELLANT'S REQUEST FOR INFORMATION NO. 15, FILED UNDER 16 TAC § 22.144

(1) The Commission has jurisdiction in the instant case. The Commission has *appellate* jurisdiction in the case of Municipal Utility Districts (MUDs). Examination of the instant case by the Commission is not limited to Texas Water Code § 13.043. In carrying out its mission regarding the water/wastewater rates and the MUD's financial integrity, the Commission must adjudicate all aspects of the case; including—but not limited to—the contested rate order, the MUD's governance, handling of official governmental documents, compliance with all relevant statutes, and finances (expenditures, revenues, etc).

(2) Incorporated by reference as if fully set forth herein are our briefs [56589-68] and [56589-95] regarding the Grand Lakes MUDs' *fraudulent* spending on extra (Sheriff + Constable) security services.

(3) The Grand Lakes MUDs' enormous spending on extra security services is questionable. The three Grand Lakes MUDs cover 1,390 acres (393 acres within MUD No. 1; 477 acres within MUD No. 2; and 520 acres within MUD No. 4). 1,390 acres = 2.17 sq mi; 1.4737 mi x 1.4737 mi; or 7,781 ft x 7,781 ft. This area is only 0.25% of the area covered by Fort Bend County (861.8 sq mi | census data).

(4) The additional Sheriff and Constable security service is not needed at all in the presence of the (i) standard Sheriff and Constable security service that ratepayers pay for as part of their annual Fort Bend County tax; and (ii) Katy ISD Police service (Operations Bureau – Patrol Division) that ratepayers pay for as part of their annual ISD tax. Even if additional Sheriff and Constable security service is to be entertained, the cost of such service for the whole Grand Lakes community with 2,739 residences could be 10% or less of what the MUD claims to pay.

(5) The enormous monetary amount claimed for 'security' is not a sought-after revenue to recover the MUD's "cost of service." Ratepayers do not know if the enormous amount of money ends with the Sheriff and Constable. Ratepayers will request proof of payment to the Fort Bend County Treasury.

(6) There are no signs, or proof, of the MUD experiencing budget deficit or strained cash flow; being in dire need of revenues to cover a cost of service or its operating costs; or being on the verge of bankruptcy.

The MUD has no debt and over \$9.1m in savings. [i] The MUD has no debt as we showed multiple times with a screenshot from the Texas Bond Review Board. [ii] The MUD has abundance of money (\$7.8m in 2022 and \$9.1m in 2023) in cash, certificates of deposit, and short-term investments in Texas CLASS, which also generated an interest income (\$39k in 2022 and \$393k in 2023). See page 21/42 of the MUD's Audit Reports for 2022 and 2023 [56589-12].

(7) The following text from the Agendas and Minutes for the MUD's Board Meetings of 1/17/2022, 2/21/2022, and 8/15/2022 documents how the bogus 'Additional Law Enforcement Services' scheme was orchestrated: [i] Two Constable deputies were added in February 2022 and yet two more in August 2022. [ii] The 1/17/2022 Meeting discussed matters that were not listed on the Agenda; a breach of Texas Government Code (TGC) § 551.042, rendering the contract a voidable action per TGC § 551.141. [iii] The MUD's Attorney pushed the Board to execute the contract in the 2/21/2022 Board Meeting.

Agenda for the MUD's Board Meeting of 1/17/2022

22. Review and discussion of the monthly activity reports prepared by the Fort Bend County Sheriffs Office and Fort Bend Precinct 1 Constable's Office, and:

A. Approval of Amendment to Interlocal Agreement for Additional Law Enforcement Services with Fort Bend County for Constable Precinct 1 for Constable contract deputy patrol services from October 1, 2021, through September 30, 2022;

Minutes for the MUD's Board Meeting of 1/17/2022

SECURITY REPORTS

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The Board next considered the approval of an Amendment to Interlocal Agreement for Additional Law Enforcement Services (the "Amendment") with Fort Bend County for Constable Precinct 1 for deputy patrol services from October 1, 2021 through September 30, 2022. Following discussion, Director Vann moved that the Amendment be approved and that the President be authorized to execute same on behalf of the Board and the District, subject to review and approval of the form of the Amendment by SPH. Director Fruge seconded the motion, which unanimously carried.

A discussion ensued regarding the District entering into a security contract with the Harris County Constable's Office ("HCCO") for additional deputy patrol services. Following discussion, Director Vann moved that Director McClusky be authorized to request a copy of a proposed contract from the HCCO for the addition of two (2) patrol deputies. Director Fruge seconded the motion, which unanimously carried.

Agenda for the MUD's Board Meeting of 2/21/2022

19. Review and discussion of the monthly activity reports prepared by the Fort Bend County Sheriffs Office and Fort Bend Precinct 1 Constable's Office, and:

A. Status of Amendment to Interlocal Agreement for Additional Law Enforcement Services with Fort Bend County for Constable Precinct 1 for Constable contract deputy patrol services from October 1, 2021, through September 30, 2022; and

B. Review Constable Contract Deputy Budget Proposal provided by Fort Bend County;

Minutes for the MUD's Board Meeting of 2/21/2022

SECURITY REPORT(S)

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Mr. Skinner reminded the Board that, at the previous meeting, the Board authorized Director McClusky to request a copy of a proposed contract with Fort Bend County for the addition of

two (2) patrol deputies. In that regard, the Board considered the approval of a Interlocal Agreement for Additional Law Enforcement Services with Fort Bend County for deputy patrol services from February 1, 2022, through September 30, 2022. Following discussion, Director Baker moved that the Interlocal Agreement for Additional Law Enforcement Services be approved and that the President be authorized to execute same on behalf of the Board and the District. Director Henry seconded the motion, which unanimously carried.

Agenda for the MUD's Board Meeting of 8/15/2022

19. Review and discussion of the monthly activity reports prepared by the Fort Bend County Sheriffs Office and Fort Bend Precinct 1 Constable's Office, and:

A. Approval of Interlocal Agreement for Additional Law Enforcement Services with Fort Bend County for Constable Precinct 1 for Constable contract deputy patrol services from October 1, 2022, through September 30, 2023;

Minutes for the MUD's Board Meeting of 8/15/2022

SECURITY REPORT(S)

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The Board then discussed the renewal of the contract with Precinct 1 for four patrol deputies effective October 1, 2022. Lieutenant Bowlin reviewed with the Board the proposed patrol budget for 2022-2023, a copy of which is attached hereto as **Exhibit J**. After discussion, Director Vann moved that the proposed budget for 2022-2023 for deputy patrol be approved, and the contract with Harris County for four deputies be prepared for the new patrol year. Director Henry seconded said motion, which unanimously carried.

Director McClusky discussed assigning a District constable deputy to patrol the Griffin Elementary School during the school term to increase visibility.

Lieutenant Bowlin exited the meeting.

(8) Filed pursuant to 16 Texas Administrative Code § 22.144, **Request for Information No. 15** aims at obtaining all information related to the enormous spending on additional security services. The RFI poses ten questions.

Q1) Produce all Law Enforcement Services contracts each of the three Grand Lakes MUDs signed with Fort Bend County for the years 2018 to 2024.

Q2) Fill in the tables below for said contracts, keeping Sheriff and Constable security services separate.

Grand Lakes MUD No. 2	2024	2023	2022	2021	2020	2019	2018
Contract amount							
Contract duration							
No. of officers							
Devoted time each							

Grand Lakes MUD No. 1	2024	2023	2022	2021	2020	2019	2018
Contract amount							
Contract duration							
No. of officers							
Devoted time each							

Grand Lakes MUD No. 4	2024	2023	2022	2021	2020	2019	2018
Contract amount							
Contract duration							
No. of officers							
Devoted time each							

Q3) Produce all invoices received from the Fort Bend County Sheriff and Constable for each of the three Grand Lakes MUDs for the years 2018 to 2024.

Q4) Produce the proof of payment to the Fort Bend County Treasury for each invoice per question 9.

Q5) For the three Grand Lakes MUDs, the figures in the table below were copied from the Audit Reports under “Contracted Services – Security”. The fields highlighted in yellow are because the 2019 Audit Report for Grand Lakes MUD No. 4 was not delivered by the MUD’s Attorney. The estimate appearing in the table should however be reasonable given the exact figures from the years before and after 2019.

The Grand Lakes MUDs’ Attorney, Bookkeeper, or Auditor is asked to fill in the table by stating the annual monetary amount each of the Grand Lakes MUDs paid for Sheriff security services and Constable security services. The amounts each of the three Grand Lakes MUDs paid are needed to see the full picture; uncover remarkable deviations and/or discriminatory payments; document why MUD No. 2 is hit with huge expenses; and examine if enormous year-over-year increases materialized—a troubling situation with multiple incidents observed and documented throughout the Grand Lakes MUDs’ finances.

Security – Grand Lakes	MUD 2	MUD 1	MUD 4	Total
2023	\$602,302	\$270,008	\$242,341	\$1,114,651
Sheriff				
Constable				
2022	\$355,196	\$251,259	\$240,525	\$846,980
Sheriff				
Constable				
2021	\$132,460	\$225,100	\$218,651	\$576,211
Sheriff				
Constable				
2020	\$285,152	\$226,555	\$218,753	\$730,460
Sheriff				
Constable				
2019	\$210,087	\$209,073	\$207,500	\$626,660
Sheriff				
Constable				
2018	\$203,920	\$207,619	\$197,374	\$608,913
Sheriff				
Constable				
2017	\$220,503	\$203,248	\$195,652	\$619,403
Sheriff				
Constable				

Q6) If the Grand Lakes MUDs spent more on security services from other sources, such sources must be detailed and the amounts must be disclosed in a table similar to the above.

Q7) If any, monetary amounts transferred to the Grand Lakes Community (Homeowner) Association must be disclosed in a table similar to the above.

Q8) The \$132,460 figure for MUD No. 2 in 2021 is lower than other years. Explain why.

Q9) Explain the sharp 69.6% increase in the MUD No. 2 spending on (Sheriff + Constable) security services, from \$355,196 in 2022 to \$602,302 in 2023.

Q10) Explain why the other two Grand Lakes MUDs (MUD No. 1 and MUD No. 4) did not experience similar 69.6% increase in the 2022 to 2023 spending on (Sheriff + Constable) security services.

(9) Instructions and guidance:

- This RFI can be answered by the Grand Lakes MUDs' Attorney, Bookkeeper, or Auditor.
- The MUD's Attorney, the law firm Schwartz, Page & Harding LLP, must not attempt to influence or guide others.
- Responses to this RFI must not be coordinated. Doing so will be punishable.
- Individuals responding to this RFI must detail all contacts they had in order to provide their answers.
- A statement responding to this RFI must be under oath, and state the person's name, title, affiliation, address, phone number, and email address.
- Individuals responding to this RFI must not seek the guidance of an attorney to cover up wrongdoing. They must *unhesitatingly* furnish all material and details in their possession.
- No redaction must be applied whatsoever to the furnished documents. If at all needed, the Commission decides what to redact.

(10) With obvious abuse of the discovery process (incomplete responses, concealed details, delays, refusals, objections, redaction, etc), a Motion to Compel will ask the Commission to intervene.

Katy, Texas on the 4th day of July 2024.

Respectfully submitted,

on behalf of Grand Lakes MUD No. 2 ratepayers

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CERTIFICATE OF SERVICE

I certify that the filing of this RFI is being notified to all parties of record via e-mail on July 4, 2024.



George J. Wakileh, Ph.D.