

## **CORNERSTONES MUNICIPAL UTILITY DISTRICT**

### **Meeting Minutes of the Board of Directors**

**October 15, 2018**

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas on Monday, October 15, 2018 in accordance with the duly posted meeting notice. A quorum of directors was present as follows:

#### **Board members present**

1. Morgan Stagg, President
2. Mike Chittwood, Vice-President
3. Stephen A. Talecki, Asst. Vice President
4. Virginia Lester, Secretary
5. Tony Garza, Asst. Secretary

#### **Board members absent**

None

#### **District residents present**

- John Irwin, Property Manager for Creekstone and Cornerstone Place
- Raj Ponniah, Northlake Village resident
- Tony Adams, President of Cornerstone Place HOA

#### **Others present**

- Patty Rodriguez of Bob Leared Interests
- David Smalling of Robert W. Baird & Co. Incorporated
- Whitney Aelmore of Si Environmental, LLC
- Matthew Carpenter of IDS Engineering Group
- Terry Holland of Myrtle Cruz, Inc.
- Mark W. Brooks of Young & Brooks
- Sandra Rimmer, Recording Secretary

The meeting was called to order at 5:30 p.m. and declared open for such business as might come before the Board.

#### **1. Approval of minutes**

Upon motion duly made, seconded, and unanimously carried, the minutes of the September 17, 2018 meeting were approved.

#### **2. Questions/comments from the public**

John Irwin related that damage to the curb at 22503 Round Valley Drive in Creekstone may have been caused by water line repairs. Ms. Aelmore responded that Si Environmental will investigate.

John Irwin also related that Cornerstone Place HOA repaired the wrought iron fence around the neighborhood pool at the cost of \$17,500, and requested that the District consider a contribution of \$5,000. The Board agreed to the contribution out of SPA funds.

Resident Raj Ponniah had questions on water rates, general board and operator management, and residential water pressure. The board responded: The Fort Bend water authority sets the GRP rates every year; changes in the operator and general management of the District have been minimal; the residential water pressure remains at a standard 60 psi.

Tony Adams thanked the board for the contribution to Cornerstone Place HOA for the fence repairs.

After discussion, upon motion duly made, seconded, and carried with 4 in favor and 1 abstention, the Board authorized the donation of \$5000 of SPA funds to Cornerstone Place HOA for the fence repair around the pool.

**3. Conduct public hearing on proposed tax rate**

President Morgan Stagg announced that the public hearing to discuss the proposed tax rate was open to the public. There being no further comments, the public hearing was closed.

**4. Adopt Order Establishing Ad Valorem Tax Rate for 2018 and amend District Information Form if necessary**

After discussion, upon motion duly made, seconded, and unanimously carried, the board adopted the proposed tax rate of \$0.30 per \$100 valuation (\$0.15 for debt service and \$0.15 for maintenance and operations). A copy of the Order Establishing Ad Valorem Tax Rate for 2018 is attached to these minutes.

**5. Consider consultants' reports as needed**

**a) Tax Assessor-collector**

Patty Rodriquez of Bob Leared Interests, the District's assessor/collector, reported on the status of the District's tax collections. Ms. Rodriquez reported that the District is 98.960% collected for 2017, and 99.888% collected for 2016. She responded to questions from the board.

- The District received payment from Boyert Shooting Center for September but returned the payment requesting a corrected payment for September and October.
- Ms. Rodriquez presented the Delinquent Tax Report from the delinquent tax collection attorneys.

After discussion, upon motion duly made, seconded, and unanimously carried, the board approved the tax assessor's monthly report and the paying of bills, and authorized issuing water service termination notices to the delinquent accounts that are eligible for that remedy.

**b) Financial Advisor**

It was reported that the TCEQ has approved the bond application for the District's proposed Series 2018 bond issue. The board recognized David Smalling of Robert W. Baird & Co. Incorporated, the District's financial advisors, who distributed and reviewed a preliminary official statement and proposed schedule for the sale and delivery for the District's 2018 bond issue.

After discussion, upon motion duly made, seconded, and unanimously carried, the board approved the preliminary official statement for the Series 2018 bond issue, and adopted the attached Order authorizing publication of the Notice of Sale for the bonds with a sale date of November 19, 2018.

**c) Operator**

Whitney Aelmore of Si Environmental LLC, the District's operator, reported to the board regarding District operations and facilities.

**i. Monthly report**

Ms. Aelmore reviewed her written report with the board and responded to questions. Discussed items include the following:

Ms. Aelmore presented the Manhole Survey to the board. Si Environmental will work with IDS Engineering, which is currently working on the Sanitary Sewer Rehabilitation project, to locate the "no locates", the sewer manholes that have not been identified and located in the current system. Si Environmental will conduct further required investigations after the work currently underway by IDS has been completed.

**ii. Conduct hearing on termination of water and sewer service**

The board conducted a hearing on the possible termination of utility services for delinquent accounts. Ms. Aelmore presented a list of utility accounts that are delinquent by more than 60 days. She reported that the listed customers were given written notice 10 days prior to this meeting, and that they had been provided an opportunity to appear before the board to explain, contest, or correct the utility service bill, and to show why the utility service should not be terminated for nonpayment. None of the customers on the list were present and none have presented any statement on the matter.

After discussion, upon motion being duly made, seconded, and unanimously carried, the board approved the operator's report, and authorized the processing of the delinquent accounts in the usual and customary manner.

**d) Engineer**

Matthew Carpenter of IDS Engineering Group (IDS), the District's engineer, presented the engineer's report. Mr. Carpenter advised the board on the status of pending district projects and responded to questions.

Discussed items include the following:

- The pre-construction for meeting for proposed water well no. 2 was held on September 24, 2018 and the contractor has made construction submittals. The notice to proceed was issued October 15, 2018. The contract duration is 270 days.
- Mr. Carpenter provided a color chart for the building exterior and trim. The board reviewed the chart and selected the colors.
- IDS will provide tentative start date and generalized schedule of noise to expect in the weeks after the drilling and construction is mobilized.

- IDS Engineering will not advertise for bids for the proposed water transmission line until all easements are recorded. The construction plans have been approved by all agencies.
- Mr. Carpenter presented the Sanitary Sewer Rehabilitation pay estimate for phase 1 of the project.
- IDS Engineering examined all bids for the driveway turnout removal on Eagle Meadow Drive and recommended award of the contract to the low bidder, Camino Services, LLC, in the amount of \$32,641.00.
- Service First construction plans stated a 5-foot-wide sidewalk on each side of the property on Mason Road. Measurements confirm that the sidewalk is 4 feet on one side. IDS will follow up with Service First.

Upon motion duly made, seconded, and unanimously carried, the Board approved the engineer's report, the pay estimate to Vortex Turnkey, and to award the contract for the driveway turn out on Eagle Meadow Drive to Camino Services, LLC. The board also confirmed that once all easements have been finalized, the proposed transmission line project can go forward.

**e) Bookkeeper**

Terry Holland of Myrtle Cruz, Inc., the District's bookkeeper, presented the District's monthly report. The report included a list of bills for the approval of payment, the final budget for fiscal year ending September 30, 2018, and the proposed budget for the fiscal year ending September 30, 2019. A copy of the report is attached.

Additional discussed items include the following:

- The \$5,000 contribution to Cornerstone Place HOA for the pool fence repair will come out of SPA funds.
- The use and distribution of bond proceeds will be included in the bookkeeper's report going forward.
- The check from the Fort Bend Water Authority will be on next report.
- Board members requested inclusion of the full report for SPA revenue monthly comparison. Ms. Rodriguez of Bob Leared Interests will provide charts of month to month comparisons before each meeting.

After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the Bookkeeper's Report, authorized payment of bills, and ordered checks to be issued on the appropriate District accounts in payment thereof.

**6. Authorize any necessary actions in connection with acquisition of easements for well no. 2:**

The process is nearing completion.

**7. Closed executive session in accordance with the Open Meetings Act, Texas Government Code Section 551.071, 551.072, and/or 551.074 if necessary:**

N/A

**8. Discussion and action on any items discussed in Executive Session:**

N/A

**9. Discuss and authorize any necessary actions in connection with NFBWA Conservation Toolbox Initiatives**

Community proposals for program participation are due by December 31, 2018.

**10. Authorize any necessary actions in connection with greenbelt tracts:**

The board considered the proposal for tree trimming from Cody's Tree Service in the amount of \$19,815.00. The board proposed authorization of up to \$24,000 for the project.

After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved Cody's Tree Service for the tree trimming on the greenbelt for up to \$24,000.

**11. Cinco Regional Operating Committee Report:**

Morgan Stagg presented the bookkeeper's report, the operator's report, and the engineer's report from the September 13<sup>th</sup> meeting. Also distributed and reviewed at the meeting was the FEMA grant approval letter in the amount of \$264,724,000 for the repair of the siphon manhole.

**12. Pending Business**

It was noted that the Katy Area Economic Development Council has invited the public to an event on November 1<sup>st</sup>.

There being no further business to come before the Board, a motion was duly made, seconded, and unanimously carried to adjourn the meeting at 6:56 p.m.

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Secretary

Attachments:

Bookkeeper's Report

Order Establishing Ad Valorem Tax Rate for 2018