

CORNERSTONES MUNICIPAL UTILITY DISTRICT

Meeting Minutes of the Board of Directors

September 16, 2019

The board of directors (Board) of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon Road, Katy, Texas on Monday, September 16, 2019 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. Tony Garza, Asst. Secretary

Board members absent

Virginia Lester, Secretary

District residents present

None

Others present

- Patty Rodriguez of Bob Leared Interests
- Whitney Aelmore of Si Environmental, LLC
- Brice A. Stanford of IDS Engineering Group
- Terry Holland of Myrtle Cruz, Inc.
- Mark W. Brooks of Young & Brooks
- Jennifer L. Hanna of BKD
- Sandra Rimmer, Recording Secretary

The meeting was called to order at 5:28 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 August 19, 2019 meeting were approved.

2. Questions/comments from the public

None

3. Conduct public hearing on proposed tax rate

As per unanimous vote at the August Cornerstones MUD meeting, the agreed upon proposed tax rate of \$0.30 per \$100 valuation was posted in the Katy Rancher. The Board conducted the public hearing on the proposed tax rate. Ms. Rodriguez answered questions from the Board concerning the 3.5% threshold and the balance of tax rate between debt service to maintenance

and operations. The Board concluded no change to the posted tax rate was required. The public hearing was closed.

4. Adopt Order Establishing Ad Valorem Tax Rate for 2019 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, composed of a maintenance tax rate of \$0.16 per \$100 of assessed valuation, and a debt service tax rate of \$0.14 per \$100 of assessed valuation. A copy of the Order Establishing Ad Valorem Tax Rate for 2019 is attached to these minutes.

5. Hire Auditor

Jennifer L. Hanna, CPA of BKD, the District's auditor, presented the proposal to audit the District's books and records for FYE 2019. The proposed fee is \$15,500 plus expenses, which is a standard 3.0% increase from the previous year.

After discussion, upon motion duly made, seconded, and carried with one abstention, the Board approved the hiring of the auditor.

6. Consider consultants' reports as needed

a) Tax Assessor/Collector

Patty Rodriguez reported on the status of the District's tax collections. Ms. Rodriguez reported that the District is 98.196% collected for 2018, 99.696 % collected for 2017, and 99.892% collected for 2016.

Ms. Rodriguez reviewed her written report with the Board and responded to questions. Ms. Rodriguez reported nothing unusual about the Delinquent Tax Report. The Delinquent Attorney will make recommendations for water termination in the coming months.

The Cornerstones SPA Revenue chart for 2015 through 2018 was attached to the report.

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) Operator

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

Monthly report

Ms. Aelmore reviewed the written report with the Board and responded to questions.

Additional items discussed include the following:

- Mr. Brad Holmes, District resident, requested an adjustment of his August bill in addition to his July bill which was approved at the August meeting for the spike in usage due to a pool leak while he was out of town. The Board agreed to discount Mr. Holmes' September bill by \$200.00 to compensate for the high August 2019 bill due to the leak.
- After conversations with apartment management, Ms. Aelmore recommended that Cornerstones MUD assume maintenance for the fire hydrants at the Cornerstone Ranch

apartments at 2002 South Mason Road. The Board agreed. The Board also agreed to assume maintenance for the two fire hydrants on commercial property on Royal Montreal Plaza at 2004, Mason Road South.

After discussion, upon motion being duly made, seconded, and unanimously carried, the Board approved assuming maintenance responsibilities for the hydrants at Cornerstone Ranch apartments and the two hydrants on commercial property at Royal Montreal Plaza.

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 the processing of the delinquent accounts in the usual and customary manner.

c) Engineer

Brice A. Stanford of IDS Engineering Group (IDS), the District's engineer, presented the engineer's report, advised the Board on the status of pending district projects, and responded to questions. Projects presented include the following:

- **Proposed Water Well No. 2** (Principal Plant Services, LLC): The Contractor provided an updated schedule and appears to be meeting their new schedule. Mr. Stanford responded to questions and noted follow up actions regarding fencing and trees near the water well. IDS recommended payment of Pay Application No. 8 in the amount of \$56,385.00.

It was also noted that the board members preferred driftwood for the shingle color. Matthew Carpenter of IDS was notified.

- **Proposed Water Transmission Line** (G&A Boring Directional) The Contractor has completed approximately 75% of the project and is working from Highland Knolls and Mason towards Water Plant No. 1. Tolunay Wong Engineers requested a contract increase of \$2657.50 to compensate for additional bore pits. Mr. Stanford also noted that a public water line was damaged by G&A Boring Directional during construction. The cost of repairs will be back charged to the Contractor. The engineer's report also noted that significant damages had been made to an apartment complex. The owner of the complex is currently obtaining cost proposals to remedy the issues. Details for the Board are forthcoming.

Upon motion duly made, seconded, and unanimously carried, the Board approved the engineer's report, Pay Application No. 8 in the amount of \$56,385.00 to Principal Plant Services, LLC, and the increase in the contract amount to Tolunay Wong Engineers in the amount of \$2657.50.

d) Bookkeeper's report

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 report also included the proposed budget for the next fiscal year. Mr. Holland answered questions regarding the report and proposed budget.

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.

7. Adopt budget

Terry Holland of Myrtle Cruz, Inc. presented and reviewed the proposed budget for the District's fiscal year ending September 30, 2020. After discussion, the following changes were agreed upon:

- Under Special Projects, \$85,000.00 will be allocated to Capital Project—San-Swr
- Under Special Projects, \$15,000.00 will be allocated to Engineering—San-Sewer
- For the 2021 budget, District Easements/Acquisitions and Easements—Special Law Firm will be dropped from Special Projects.

After discussion, upon motion duly made, recorded and unanimously carried, the Board approved the proposed budget with the noted revisions.

8. Discuss possible SPA fund projects

The following possible SPA projects were proposed in the July meeting of the Board:

- Fund the painting of house numbers on the curb for all
- ESD smoke detector checks for residents and ESD testing of private fire hydrants

There are no updates.

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

No updates.

10. Authorize any necessary actions in connection with greenbelt tracts

Tree removal for a tree struck by lightning was discussed with the greenbelt maintenance team. The team representative gave a preliminary estimate of \$500.00 to remove the single tree. Further discussion by the Board proposed adding other trees that need removing due to disease or damage. The Board approved a budget not to exceed \$3000 for greenbelt tree maintenance.

After discussion, upon motion duly made, recorded and unanimously carried, the Board approved \$3000.00 be designated for tree removal and repair as required.

11. Cinco Regional Operating Committee Report:

Morgan Stagg presented the bookkeeper's report, the operator's report, and the engineer's report from the last Cinco Regional Operating Committee meeting and responded to questions.

12. Pending Business

Mark W. Brooks of Young & Brooks, the District's attorney, discussed Senate Bill 944 enacted by the Legislature of the State of Texas and which took effect September 1, 2019. This bill pertains to the emails of officers or employees of a government body. These officers and employees are now required to retain an estimated four years of emails or provide a copy of such emails to the government. The Board discussed various options for complying with the bill. No action was taken at this meeting.

There being no further business to come before the Board, a motion was duly made, seconded, and unanimously carried to adjourn the meeting at 7:19 p.m.

Secretary

Attachments:

Bookkeeper's Report

Order Establishing Ad Valorem Tax Rate for 2019