

# DRAFT

## MINUTES CINCO MUNICIPAL UTILITY DISTRICT NO. 12

August 8, 2022

The Board of Directors (the “Board”) of Cinco Municipal Utility District No. 12 (the “District”) met in regular session on August 8, 2022, at the Cinco Ranch Residential Property Association, 3022 Windemere Park Lane, Katy, Texas, a meeting place outside the boundaries of the District, and the roll was called of the members of the Board being present by in person:

Stephanie Faulk	President
Dana Cleland	Vice President
William Cary	Secretary
Neill Hurley	Assistant Secretary
Tim Kubiak	Assistant Vice President

and all of the above were present, except Director Hurley, thus constituting a quorum.

Also attending the meeting in person were Tyson Duncan of AECOM; Rene Anandel of Wheeler & Associates, Inc.; Jennifer Abad of Municipal Accounts and Consulting, L.P. (“Municipal Accounts”); Missy Steadman of Inframark Water & Infrastructure Services (“Inframark”); and Sandra Staine and Kim Cannon-Griffin of Allen Boone Humphries Robinson LLP (“ABHR”).

Craig Rathmann of Rathmann & Associates, L.P. (“Rathmann”) participated via telephone.

### PUBLIC COMMENTS

There were no public comments.

### APPROVE MINUTES

The Board considered approving the regular minutes from July 11, 2022, and the special meeting minutes from June 6, 2022. After review and discussion, Director Cary moved to approve the regular and special meeting minutes. Director Kubiak seconded the motion, which passed unanimously.

### WEBSITE MATTERS

The Board discussed the District’s website. Ms. Steadman noted the website has been updated with the most recent North Fort Bend Regional Water Authority Drought Contingency Plan information.

## UPDATE ON CENTRAL GREEN

Ms. Cannon distributed the Central Green events report prepared by Yvonne Arceneaux, a copy of which is attached.

## TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Anzel reviewed the tax assessor/collector's report, with the Board, a copy of which is attached. She stated that 99.5% of the District's 2021 tax levy has been collected.

The Board discussed the delinquent tax accounts, including delinquent personal property accounts, a copy of which is attached to the tax assessor's report.

After discussion and based on the tax assessor/collector's recommendation, Director Cary moved to approve the tax assessor/collector's report and payment of the tax bills. Director Kubiak seconded the motion, which passed by unanimous vote.

## ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2022 TAX YEAR

The Board considered the District's 2022 tax rate. Ms. Staine discussed the "truth-in-taxation" property tax calculations and tax levy process for water districts in Chapter 49, Texas Water Code. She stated that there are three main categories for water districts, based on a district's development status and/or tax rate. Ms. Staine reviewed the definitions for each of the three categories and said the Board must annually determine the District's category for that tax year and follow the associated notice and levy provisions in the Texas Water Code. She stated that the legislation allows a "developed" district to use alternate notice and calculation procedures following a declared disaster.

Discussion ensued regarding the District's development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developed District for the 2022 tax year.

Following review and discussion, Director Cary moved to adopt a Resolution Regarding Development Status for 2022 Tax Year establishing the District as a Developed District for the 2022 tax year, pursuant to Section 49.23602, Texas Water Code, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Kubiak seconded the motion, which passed unanimously.

## SET PUBLIC HEARING DATE AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Cannon distributed a copy of the tax rate analysis provided by Rathmann. Mr. Rathmann reviewed tax rate analysis reflecting the recommendation for the District to levy a 2022 contract tax rate of \$0.12 per \$100 of assessed valuation and a 2022

maintenance tax rate of \$0.12, based on the District's initial 2022 certified value of \$450,600,014, and \$17,007,757, representing the uncertified value under protest. A copy of the tax rate analysis is attached. The Board then discussed the District's operation and maintenance tax rate. Ms. Staine discussed the two-step process for setting the District's tax rate.

Following review and discussion, Director Cary moved to (1) set the public hearing date for September 12, 2022; and (2) authorize the tax assessor/collector to publish notice in the Houston Chronical and Katy Rancher of the District's meeting on September 12, to set the proposed 2022 total tax rate of \$0.24 per \$100 of assessed valuation, with \$0.12 allocated for contract tax, and \$0.12 allocated for operations and maintenance. Director Kubiak seconded the motion, which passed unanimously.

## BOOKKEEPER'S REPORT

Ms. Abad reviewed the bookkeeper's report, a list of checks presented for payment, and the investment report, copies of which are attached.

Ms. Abad distributed and reviewed the draft budget for fiscal year end December 31, 2023. The Board discussed the security camera line item and noted a correction for the total yearly lease amount of \$15,000.00, \$2,500.00 per security camera, for six security cameras. The Board noted that for the current year budget the total for the security camera line item included pole installation for a total of \$2,100.00, \$350.00 per pole, for six poles in addition to the \$15,000.00 for security camera maintenance.

Ms. Abad stated a District check payable to Willow Fork Drainage District in January 2022, in the amount of \$125,000.00, was intercepted and fraudulently cashed. She stated Willow Fork Drainage District will receive the funds once the bank processes the claim. Ms. Abad noted a police report has been filed. Discussion ensued regarding the District's efforts to prevent such fraudulent activity, including their participation in the Positive Pay program.

The Board discussed the Water Conservation Program, the water credits issued to the District and inquired about issuing those water credits to the residents. Ms. Steadman will investigate the option of returning the water credits directly to the residents on their individual bills.

After review and discussion and based on the bookkeeper's recommendation, Director Cary moved to approve the bookkeeper's report. Director Kubiak seconded the motion, which passed by unanimous vote.

## DISCUSS PER DIEMS AND AUTHORIZE APPROPRIATE ACTION

The Board discussed Director per diems and reviewed a Policy Regarding Director Per Diem Payments. After discussion Director Cary moved to approve the Policy Regarding Director Per Diem Payments, as written, and direct that the Policy be filed appropriately in the District's official records. Director Kubiak seconded the motion, which carried by unanimous vote.

## ENGINEERS REPORT

Mr. Duncan reviewed the engineer's report, a copy of which is attached.

## PHASE II MS4 PERMITTING MATTERS

There was no discussion on this matter.

## CONSENT TO ENCROACHMENT, UTILITY COMMITMENT LETTERS, OR RESERVATIONS OF CAPACITY

Mr. Duncan stated AECOM has approved the revised plans for the renovations for Ambriza Restaurant located at 23501 Cinco Ranch Boulevard.

## PEDESTRIAN SIGNS AND TRAFFIC LIGHT COORDINATION NEAR CINCO RANCH HIGH SCHOOL

Mr. Duncan stated that TXDoT has agreed to include the recommended pedestrian plans at the intersection near Cinco Ranch High School. He noted the project has been delayed to January 2023.

After discussion, and based on the operator's recommendation, Director Cary moved to approve the engineer's report. Director Kubiak seconded the motion, which carried by unanimous vote.

## OPERATOR'S REPORT

Ms. Steadman reviewed the operator's report, a copy of which is attached. She stated water accountability for the previous month was 94%.

After discussion, and based on the operator's recommendation, Director Cary moved to approve the operator's report. Director Kubiak seconded the motion, which carried unanimously.

## REVIEW DROUGHT CONTINGENCY PLAN AND ADOPT ORDER ADOPTING AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN, AND ORDER ADOPTING WATER CONSERVATION PLAN

Ms. Steadman discussed the District's current Drought Contingency Plan with the Board and stated there are no recommended changes at this time.

## TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS AND AUTHORIZE TERMINATION OF SERVICE

Ms. Steadman presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Cary moved to authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Kubiak and passed by unanimous vote.

## UPDATE ON LANDSCAPE MAINTENANCE ASSOCIATION ("LMA") LANDSCAPE IMPROVEMENTS

There was no discussion on this matter.

## CINCO MUD NO. 1 STATUS OF THE DESALINATION PLANT

There was no update on this matter.

## DISCUSS SECURITY REPORTS

The Board discussed the traffic reports, copies of which are attached.

After discussion, Director Kubiak moved to approve the security reports, and authorize payments to District officers per the contract guidelines. Director Cary seconded the motion, which carried by unanimous vote.

## UPDATE ON FLOCK SECURITY CAMERA INSTALLATION AND DISCUSS LA CENTERRA AND CENTRAL GREEN SECURITY

Director Kubiak stated that Flock Security has submitted a permit request to the County for the installation of the security cameras. He stated that once Fort Bend County approves the permit, Flock Security will install the security camera equipment.

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Director Kubiak discussed potential security issues at La Centerra Shopping Center and surrounding areas. He stated he has met with Willow Fork Drainage District ("WFDD"), Central Green coordinator and La Centerra management regarding a risk assessment. Director Kubiak stated Willow Fork Drainage District is in support of hiring him to serve in a role of security advisor. Director Kubiak noted, if he were to take the position with Willow Fork, he would resign as Director on the Board. Director Kubiak noted the security advisor position would be a liasson between WFDD, the District, La Centerra Shopping Center and Central Green. He discussed the responsibilities of the position, including providing security reports, preparing an inclusive security plan, and analyzing crime trends, just to name a few. After discussion, the Board concurred to support Director Kubiak for the security position and discuss participating in the funding of the position.

## COMMUNITY IMPROVEMENTS

The Board discussed the proposed turn lane project by the County.

## NOISE WALLS

Director Cleland distributed and reviewed a power point presentation on the Community meeting for Autumn Grove to discus the sound wall project lead by TXDoT, a copy of which is attached. The Board discussed the current status of the project approvals and noted the Homeowner's Association has not currently agreed to convey land needed to TXDoT for the project, and concurred that at this time the District has no interest or action to take regarding the sound walls.

## CORPS OF ENGINEER'S UPSTREAM LITIGATION

There was no discussion on this matter.

## MEETING SCHEDULE

The Board concurred to have the next regular meeting on September 12, 2022, at 6:00 p.m., at the Cinco Ranch Homeowners Association building located on Windemere Road.

## CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

The Board did not convene in executive session.

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There being no further business to come before the Board, the meeting was adjourned.

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Secretary, Board of Directors

(SEAL)

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