

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
February 16, 2015

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on February 16, 2015 in accordance with the duly posted meeting notice. A quorum of Directors was present as follows:

Director Members Present:

1. Morgan Stagg, President
2. Michael D. Chittwood, Vice President
3. Stephen A. Talecki, Asst. Vice President
4. Jennifer J. Goodwin, Secretary

Board Members Absent:

Bradley D. Holmes, Asst. Secretary

District Residents:

None

Others Present:

Also present were Patty Rodriguez of Bob Leared Interests; Whitney Aelmore of Si Environmental, LLC; Marvin Zahradnik and Dennis Hughes of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; and Virginia Lester, Recording Secretary.

The meeting was called to order at 6:30 p.m. and declared open for such business as might come before it.

1. Approval of Minutes:

Upon motion duly made, seconded, and unanimously carried, the minutes of the January 19, 2015 and January 12, 2015 meetings were approved.

2. Questions/Comments from the Public:

A resident informed a Board member that a trash can was damaged during trash collection. The resident requested a one-time credit of \$15.00 to compensate for the damage. Upon motion duly made, seconded, and unanimously carried, a one-time credit was authorized upon the condition of receipt of a memo from the resident.

3. Authorize any necessary actions in connection with trash collection contract:

Royal Recycle and Disposal (Royal) met with the Board and committed to correct the on-going trash collection issues. The Board informed Royal that the residents are unhappy with the current services, and that if the issues are not corrected the Board will request bids from other servicers. The Board will be monitoring future trash collection services.

4. Establish tax exemptions and adopt tax collection policy:

The Board will review this issue during the March, 2015 meeting.

5. Consider Consultants Reports (as needed):

a) Tax Assessor-Collector

Patty Rodriguez of Bob Leared Interests, the District's Assessor/Collector, reported on the status of the District's tax collections. Ms. Rodriguez reported that the District is 99.120% collected for 2013 taxes and 94.557% for 2014 and responded to questions from the Board.

After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the Tax Assessor's monthly report and the paying of bills.

b) Financial Advisor:

N/A

c) Operator Report:

[i. Monthly Report, ii. Authorize Repairs, iii. Conduct hearing on termination of water and sewer service.]

Whitney Aelmore of Si Environmental, LLC, the District's Operators, reported to the Board regarding District operations and facilities. Ms. Aelmore reviewed her written report with the Board and responded to questions.

Ms. Aelmore provided a list of the 25 meter locations that were replaced during January 2015.

Ms. Aelmore recommended the replacement of mechanical seals on the remaining booster pumps. The Board requested a proposal on the seal replacements, the expected completion date, and the cost for the replacements. Ms. Aelmore will provide the proposal for Board review.

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's Report:

Marvin Zahradnik of Landev Engineers, Inc., the District's Engineers, presented the Engineer's Report. Mr. Zahradnik reported on the status of pending District projects and responded to questions:

Mr. Zahradnik informed the Board that the replacement of the second ground water tank is in progress.

The request to review the possibility of providing interconnects and meters is also in progress.

Landev Engineering, Inc. has received bids for Phase One of the TVing and cleaning of the MUD's sanitary lines. Upon motion duly made, seconded and unanimously carried, the Board approved Mr. Zahradnik's recommendation to accept the low bidder, Si Environmental, and to begin processing the contracts and to begin work as soon as possible.

Mr. Zahradnik informed the Board that the permit for a new well for Cornerstones MUD will be authorized by Ft. Bend's Subsidence District. He will prepare a request for the new well to be presented to the Board for review and/or approval at the March meeting.

Upon motion duly made, seconded, and unanimously carried, the Board approved the Engineer's Report.

e) 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 and a copy is attached.

Upon motion duly made, seconded, and unanimously carried, the Board approved investing \$400,000.00 in 6 month CD's.

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

6. Authorize any necessary actions in connection with District website:

N/A

7. Authorize any necessary actions in connection with greenbelt tracts:

N/A

8. Cinco Regional Operating Committee report:

The C.R.O. Report for January 2015 was reviewed.

9. Pending Business:

N/A

There being no further business to come before the Board, the meeting was adjourned at 7:40 p.m.

Secretary

Attachment: Bookkeeper's Report