

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
April 27, 2016

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on April 27, 2016 in accordance with the duly posted meeting notice. A quorum of Directors was present as follows:

Board Members Present:

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

Board Members Absent:

N/A

District Residents Present:

John Irwin, Tony Garza and Caleb Burson

Others Present:

Also present were: Patty Rodriguez of Bob Leared Interests; Dennis Hughes of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; and Virginia Lester, Recording Secretary.

Others Absent:

Due to flooding in the Houston and Katy areas in April, the following individual attended the Board meeting held on April 18, 2016 and presented her report then: Whitney Aelmore of Si Environmental, LLC.

The meeting was called to order at 4:00 p.m. and declared open for such business as might come before the Board.

1. Approval of Minutes:

The minutes of the April 18, 2016 meeting were discussed and two changes were recommended. The items will be corrected and reviewed at the May meeting.

2. Questions/Comments from the public:

John Irwin, Irwin Community Management, representing Creekstone Home Owner's Association, discussed a problem with the northern sewer line within the subdivision. John stated that it may be a sewer line shared with MUD # 81. The Board stated that it is a shared line and that they are aware of the issue. The problem is being resolved. Mr. Irwin thanked Michael Chittwood for his assistance in resolving the issue so promptly.

3. Consider and possibly approve Junction Landscaping's rate increase:

Mark Brooks of Young & Brooks, the District's Attorneys, stated that Junction Landscaping had accepted the recommended changes by the Board. Mr. Brooks stated that the revised contract provides for a 5% rate increase and adds a fuel surcharge only when the cost of unleaded fuel is greater than \$3.50 per gallon. After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the rate increase and the surcharge when the cost of fuel is greater than \$3.50 per gallon.

The Board returned the April payment for Junction Landscaping to the District's Bookkeeper. The Board asked that fuel surcharge be removed before the invoice is paid due to the District's agreement with Junction Landscaping at the March Meeting.

4. 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 96.88% collected for 2015 and responded to questions from the Board.

Ms. Rodriquez submitted the Perdue, Brandon, Fielder, Collins & Mott L.L.P. April, 2016 Delinquent Tax Report. The Board can review the report and elect to send water termination letters this week on the eligible past due accounts. The letters will give notice to the recipient of the May 16th meeting and ask the owners to pay or respond by that date. Those who have not paid or without payment commitments after the meeting will then be door tagged by the Operator with water termination to follow. The amounts shown on the report are 2014 base tax unless indicated. After discussion and upon motion duly made, seconded and unanimously carried, the Board authorized Bob Leared Interests to send termination letters to the candidates listed on the Delinquent Tax 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.

b) Financial Advisor:

N/A

c) Operator Report:

This item was addressed during the April 18, 2016 meeting.

d) Engineer's Report:

Dennis Hughes of Landev Engineers, Inc., the District's Engineers, presented the Engineer's Report. Mr. Hughes advised the Board on the status of pending District projects and responded to questions:

Mr. Hughes informed the Board that he met with Harris County on April 4, 2016 and reviewed the sidewalk project. The work is scheduled to begin soon but the weather is a current problem and will possibly cause delays.

The Board requested the Engineer begin planning Phase II of the sidewalk project on Highland Knolls. The sidewalk will cross 19 driveways and when constructed will complete the project. After discussion, upon motion duly made and seconded, and unanimously carried, the Board approved the initial planning of Phase II of the sidewalk project.

Mr. Hughes stated that the construction plans for the sanitary rehabilitation at Creekstone Sections 1, 2, and 3 were approved by Harris County. He requested the Board's authorization to offer Phase 1 of the project for bid. After discussion, upon motion duly made, seconded, and unanimously carried, the Board authorized Landev Engineering, Inc. to advertise for bids on the project.

Mr. Hughes reported that Landev Engineers, Inc. has notified landowners on the West side of Mason Rd. that Base Line Corporation will be performing surveying work in front of their businesses. The topographical survey work is required for the new water well line easements.

The Board discussed the project for installing motors and space heaters at the well site. Mr. Hughes said the work was completed four (4) years previously on June 20, 2012. He will contact the contractor who completed the work to discuss the issue with the space heaters connections and will report back to the Board.

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.

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.

5. Authorize any necessary actions in connection with proposed Cinco Reclaimed Water Agreement:

A meeting was held on April 21st to provide an opportunity for all committee representatives to approve the final Cinco Reclaimed Water Agreement. Committee representatives are in the process of signing the Agreement and circulating it for additional signatures.

6. Pending Business:

N/A

There being no further business to come before the Board, the meeting was adjourned at 4:45 p.m.

Secretary

Attachment: Bookkeeper's Report