

CORNERSTONES MUNICIPAL UTILITY DISTRICT

Meeting Minutes of the Board of Directors

December 17, 2018

The Board of directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon Road, Katy, Texas on Monday, December 17, 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

None

Others present

- Patty Rodriguez of Bob Leared Interests
- Whitney Aelmore of Si Environmental, LLC
- Angie Howes of IDS Engineering Group
- Kim Shelnutt of Myrtle Cruz, Inc.
- Mark W. Brooks of Young & Brooks
- Sandra Rimmer, Recording Secretary

The meeting was called to order at 5:32 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 November 19, 2018 meeting were approved.

2. Questions/comments from the public

None

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

Creekstone HOA has been receiving complaints for the past year about the trash collection. Other communities have also received complaints from residents. It was suggested that a company representative come to January's meeting to discuss issues before taking any action.

4. Approve and execute Amendment to District Information Form reflecting issuance of Series 2018 bonds

Mark Brooks of Young & Brooks presented the amendment to District Information Form which is included in the deed records.

Upon motion duly made, seconded, and unanimously carried, the Board approved the District Information Form.

5. Renew insurance

Mark Brooks of Young & Brooks presented a proposal for the District's 2019 insurance renewals from the District's insurance agent for the Board's consideration. The 2019 proposal is \$3745.00 more than the 2018 premium due to the increased cost of water well replacement.

The Board discussed optional coverage items and agreed to accept the business travel coverage at a premium of \$300.00 annually.

After discussion, a motion was duly made, seconded and unanimously carried to accept the insurance renewal proposal with the addition of business travel coverage.

6. 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 9.378 collected for 2018, 99.460% collected for 2017, and 99.887% collected for 2016. She responded to questions from the Board.

- The Board expressed their appreciation that addresses were added to the Delinquent Taxpayers Report.
- Ms. Rodriguez confirmed that Strategic Partnership Agreements are reviewed twice a year and at greater frequency as needed.

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.

i. Monthly report

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

- Quarterly collections will be turned in on December 18, 2018.
- The valve between the District and Memorial MUD was successfully closed.

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.

Ms. Aelmore offered to bring a collections report next month.

The Board discussed Clay's Mortuary account. It was suggested that the collections amount from an old account be moved to the current delinquent account.

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.

c) Engineer

Angie Howe of IDS Engineering Group (IDS), the District's engineer, presented the Engineer's Report. Ms. Howe advised the Board on the status of pending district projects and responded to questions.

Discussed items include the following:

- The well driller began 24-hour drilling operations for Proposed Water Well No. 2 on December 10, 2018. The test hole was completed on December 14, 2018. There should not be any drilling on December 24-26, 2018 and possibly not again until January 2, 2019.
- The bid schedule for Proposed Water Transmission Line is as follows
 - Advertise on 12/28/2018 and 1/1/2019 in the Houston Business Journal
 - Prebid on January 8, 2019
 - Bid Open on January 15, 2019
 - Bid Award on January 21, 2019
- DSI Engineering is preparing a solicitation package for interior coating of the two hydrotanks at Water Plant No. 1.
- The Sanitary Sewer Rehabilitation (Vortex Turnkey) project is under construction. There are no pay applications this month.
- Numerous contractors with Hat Creek Burger have contacted DSI Engineering about tying into the District system. DSI Engineering has communicated to them and the operator that this project is not approved and there will be no taps until it is. The last correspondence with the design engineer was review comments on June 20, 2018.
- The Removal of Driveway Turnouts (Camino Services) project is nearing completion.

Upon motion duly made, seconded, and unanimously carried, the Board approved the engineer's report, and the three pay estimates attached.

d) Bookkeeper

Kim Shelnutt 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. A copy of the report is attached.

It was agreed that the final easement check has been signed, but the bookkeeper will hold the easement check pending additional information.

The bond revenue will be reflected on the January 2019 report.

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

The District will likely receive a rebate for the 2018 program year. Ms. Aelmore has submitted the application for the 2019 program year to the North Fort Bend Water Authority.

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

The previously approved tree trimming is scheduled for the end of December or January.

9. Cinco Regional Operating Committee Report:

Morgan Stagg presented the bookkeeper's report, the operator's report, and the engineer's report from the November 8th meeting. The channel project continues. FEMA has paid some claims but is still requesting information on others. Cinco MUD 1 is planning on building out a reuse facility possibly mid-year 2019.

10. Pending Business

Emergency Service District (ESD) 48 had just completed an Insurance Services Office evaluation of the fire district and received a rating of 2. At the Katy Area Economic Development Council meeting, the Public Information Officer from ESD 48 stated that to get a rating of 1 would require additional testing and documentation from all MUD districts within ESD 48. The Board may be asked to do some additional testing of the water supply system to assist ESD 48 in accomplishing a higher rating.

There being no further business to come before the Board, a motion was duly made, seconded, and unanimously carried to adjourn the meeting at 6:39 p.m.

Secretary

Attachments:

Bookkeeper's Report