

CORNERSTONES MUNICIPAL UTILITY DISTRICT

Meeting Minutes of the Board of Directors

January 21, 2019

The Board of directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon Road, Katy, Texas on Monday, January 21, 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. 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
- Terry Holland of Myrtle Cruz, Inc.
- Mark W. Brooks of Young & Brooks
- Sandra Rimmer, Recording Secretary
- Jennifer L. Hanna, CPA of BKD CPAs & Advisors
- Kevin Atkinson of Texas Pride Waste Removal

The meeting was called to order at 5:38 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 December 21, 2018 meeting were approved.

2. Questions/comments from the public

None

3. Approve audit

Jennifer L. Hanna, CPA of BKD CPAs and Advisors, presented the Accountants' Report and Financial Statements ("Audit") for the District's fiscal year ending September 30, 2018 and responded to questions.

After discussion and upon motion duly made, seconded, and unanimously carried, the Board approved the Audit, subject to any comments provided to Ms. Hanna by the Board members or District consultants within the next two weeks.

4. Review investment policies

The Board conducted an annual review of the District's investment policies. The Auditor and the Bookkeeper both indicated that they are satisfied with the policies and recommend no changes.

After discussion, upon motion duly made, seconded, and unanimously carried, the Board decided against making any changes to the District's investment policies and adopted the attached Resolution Reviewing Investment Policies and Investment Strategies.

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

Kevin Atkinson of Texas Pride Disposal answered questions from the Board concerning early pickup times, and trash/recycling service over the 2018 holiday season. Mr. Atkinson relayed the challenges of high waste volume and disposal site issues. Mr. Atkinson will address any pickups earlier than the scheduled 7:00 am time, and will send general updates prior to each monthly meeting for the next 2-3 months.

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 58.013% collected for 2018, 99.577% collected for 2017, and 99.887% collected for 2016. Ms. Rodriguez also reviewed a chart of the SPA monthly receipts. She 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, 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:

- The rotometer on the CO2 system at the water plant was replaced.
- A water main repair was made at 1702 Brookchester Drive in Chesterfield subdivision.

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 also presented the Penn Credit Corporation Payment Analysis Report for 2016 through 2018 and responded to questions from the Board.

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.

- Three water samples for proposed Water Well No. 2 (Principal Plant Services, LLC) are in the lab for water analysis. A full water analysis will be provided next month but lab results indicate that no concerns over water quality are expected. IDS requested approval of Pay Estimate No. 2 in the amount of \$297,810.00, The project is 19% complete.
- IDS recommended the bid award for proposed water transmission line go to G&A Boring Directional with a base bid of \$595,235.00
- IDS is preparing a solicitation package for interior coating of the two hydrotanks at Water Plant No. 1.
- IDS requested approval of Pay Estimate No. 3 in the amount of \$23,710.50 to Vortex Turnkey for the Sanitary Sewer Rehabilitation) project which is 72% complete.
- IDS received a revised submittal from Hat Creek Burger which included plumbing and irrigation plans. Additional comments were returned to the design engineer and IDS is awaiting a resubmittal
- IDS compiled a utility commitment letter for a planned Popeye's on Mason Road. The Board communicated that a sidewalk is required. IDS will adjust the plans accordingly.
- The Removal of Driveway Turnouts (Camino Services) project has been completed although some barrier barrels remain. IDS requested approval of Pay Estimate No. 1 in the amount of \$15,260.40.

Upon motion duly made, seconded, and unanimously carried, the Board approved the engineer's report, and approved the three pay estimates: Pay Estimate No. 1 in the amount of \$15,260.40 to Camino Services, Pay Estimate No. 2 in the amount of \$297,810.00 to Principal Plant Services, LLC, and Pay Estimate No. 3 in the amount of \$23,710.50 to Vortex Turnkey.

d) Bookkeeper

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. Mr. Holland also noted that the Bond proceeds are included in this report and the NFBWA third quarter rebate. A copy of the report is attached.

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

As noted by the Bookkeeper, the District received a third quarter 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:

None noted.

9. Cinco Regional Operating Committee Report:

Morgan Stagg presented the bookkeeper's report, the operator's report, and the engineer's report from the December 13th meeting. Ms. Stagg communicated that the operating committee has scheduled quarterly surveys of scour areas, that Harvey charges continue to be revised and resubmitted, and that the scum pump control panel has been relocated.

10. Pending Business

Mark W. Brooks of Young & Brooks, the District's attorney, received an email from "Off Cinco", the company that manages the District website, inquiring if the District wants to archive old posts or remove them completely. The Board agreed to post meeting minutes and meeting agendas for the most recent three years. Older notes and posts will be archived.

There was one request from the Board for a hotel advance for the Association of Water Board Directors Conference next week in Austin.

There being no further business to come before the Board, a motion was duly made, seconded, and unanimously carried to adjourn the meeting at 6:53 p.m.

Secretary

Attachments:

Resolution Reviewing Investment Policies and Investment Strategies

Bookkeeper's Report