

CORNERSTONES MUNICIPAL UTILITY DISTRICT

Meeting Minutes of the Board of Directors

February 18, 2019

The Board of directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon Road, Katy, Texas on Monday, February 18, 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. Virginia Lester, Secretary
4. Tony Garza, Asst. Secretary

Board members absent

Stephen A. Talecki, Asst. Vice President

District residents present

John Irwin, Property Manager for Creekstone and Cornerstone Place

Others present

- Patty Rodriguez of Bob Leared Interests
- Whitney Aelmore of Si Environmental, LLC
- Matthew Carpenter of IDS Engineering Group
- Terry Holland of Myrtle Cruz, Inc.
- Mark W. Brooks of Young & Brooks
- Sandra Rimmer, Recording Secretary

The meeting was called to order at 5:35 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 January 21, 2019 meeting were approved.

2. Questions/comments from the public

John Irwin relayed concerns about the mud and silt from the drilling of Well No 2. Matthew Carpenter of IDS Engineering Group will make further inquiries. Mr. Irwin also relayed concern about the sanitary line infiltration at the back line at 1507 Silver Morning Lane. Ms. Aelmore of Si Environmental will follow up.

3. Establish tax exemptions and adopt tax collection penalty

Ms. Rodriguez of Bob Leared Interests, the District's assessor/collector, distributed the Cornerstones MUD Exemption Analysis. Mark Brooks of Young & Brooks, the District's attorney, advised the Board of the current tax exemptions and tax collection penalties. The current

general homestead exemption is 20%, the over 65/disabled exemption is \$50,000, and the tax collection penalty is 20%.

After discussion and upon motion duly made, seconded, and unanimously carried, the Board voted to retain the current tax exemptions and penalties.

4. Consider consultants' reports as needed

a) Tax Assessor-collector

Patty Rodriguez reported on the status of the District's tax collections. Ms. Rodriguez reported that the District is 93.967% collected for 2018, 99.586% collected for 2017, and 99.890% collected for 2016.

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:

Tony Garza communicated that he had met with Clint Wilhelm, Si Environmental Inspections Manager, and discussed the relocation of the fire hydrant at the turnout at Eagle Meadow and Holly Lake in Creekstone subdivision. The operator confirmed the relocation and gave a cost estimate of approximately \$17,050.

After discussion, upon motion being duly made, seconded, and carried with Tony Garza abstaining, the Board approved the relocation of the fire hydrant for the estimated cost of \$17,050.

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**

Matthew Carpenter of IDS Engineering Group (IDS), the District's engineer, presented the engineer's report. Mr. Carpenter advised the Board on the status of pending district projects and responded to questions.

- IDS requested approval of Pay Estimate No. 3 in the amount of \$517,500.00 to Principal Plant Services, LLC for Proposed Water Well No. 2. The project is 43% complete.
- The contractor pressure cemented the well casing on January 31, 2019 and TCEQ was notified. Screen manufactured at Alloy Machine Works was delivered the week of February 11, 2019. The contractor will start under-reaming for screen and liner, then gravel pack. They should be ready to demobilize the drilling rig by the end of February and then mobilize the test pump for final development and testing.
- Proposed Water Transmission Line Contracts are ready for execution.
- IDS solicited for bids for Water Plant No. 1 on February 8, 2019 and took bids on February 15, 2019. A recommendation will be presented at the March board meeting.
- IDS requested approval of Pay Estimate No. 4 in the amount of \$23,710.50 to Vortex Turnkey for the Sanitary Sewer Rehabilitation project. The project is 72% complete.
- IDS received a second set of plans for review from Hat Creek Burger and returned additional comments on February 6, 2019.
- Construction plans have been supplied to Popeye's for existing utilities.
- IDS requested approval of Pay Estimate No. 2 in the amount of \$9,108.00 to Camino Services for the Driveway Turnout Removal project. The project is substantially complete and the Harris County inspection has been requested.
- IDS met with the Harris County Engineering Department Recovery and Resiliency Division to discuss drainage and infrastructure improvements for and related to Creekstone.

Upon motion duly made, seconded, and unanimously carried, the Board approved the engineer's report, and approve Pay Estimate No 2 in the amount of \$9,108.00, Pay Estimate No 3 in the amount of \$517,500.00, and Pay Estimate No 4 in the amount of \$23,710.50.

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.

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.

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

The District's operator received confirmation that the 2018 initiatives had been approved.

6. **Authorize any necessary actions in connection with greenbelt tracts:**

The Board discussed mildew on the brick wall that belongs to Chesterfield and faces the greenbelt along Highland Knolls. A low-pressure wash was recommended.

7. Cinco Regional Operating Committee Report:

Morgan Stagg presented the bookkeeper's report, the operator's report, and the engineer's report from the January 10th meeting. Significant reimbursements from FEMA for Harvey damage have been received but negotiations on pending reimbursements continue. Other items include a new survey of the scour areas, and a current evaluation of an aeration system.

8. Pending Business

None.

There being no further business to come before the Board, a motion was duly made, seconded, and unanimously carried to adjourn the meeting at 6:26 p.m.

Secretary

Attachments:

Bookkeeper's Report