

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
June 15, 2015

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on June 15, 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
5. Bradley D. Holmes, Asst. Secretary

Board Members Absent:

None

District Residents:

Others Present:

Also present were Patty Rodriguez of Bob Leared Interests; Whitney Aelmore and Nathan Stanfield of Si Environmental, LLC; Dennis Hughes of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; Dave Ciarella of Enhanced Energy Services; Gregg Nady; and John Irwin.

The meeting was called to order at 6:30 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 May 18, 2015 meeting were approved.

2. Questions/Comments from the Public:

The board recognized local resident and trails advocate Gregg Nady, who is working to raise money for the proposed Mason Creek Extension of the Harris County Precinct 3 Hike and Bike Trail System. They are soliciting funding for the project from local businesses and governmental entities. The project budget is approximately \$1 Million, and they are looking for a total of \$600,000 in funding contributions, with Harris County to contribute the balance. After discussion, the board requested that Mr. Nady provide the District with additional information as to the level of interest and pledges received as it becomes available. Mr. Nady thanked the board for allowing him to describe the trails project, and excused himself from the meeting.

3. Water Logic status report:

Whitney Aelmore is putting together the meter and usage information that Water Logic needs in order to determine whether their equipment and settings are working to maximize the efficiency of water usage for irrigation at the District Greenbelt.

5. Authorize any necessary actions in connection with contract for purchase of electricity:

Dave Ciarella of Enhanced Energy Services presented information regarding pricing currently available to the District for the purchase of electricity following expiration of the current contract in December. After discussion, the board authorized board member Steve Talecki to work with EES as needed to solicit pricing and, if pricing remains at current levels, enter into a 36-month contract for the purchase of electricity, effective with the expiration of the current contract.

5. 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 98.512% for 2014 taxes, and 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, the paying of bills and the writing off of debts that are non-collectible and are four years or older.

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 the month.

The Board discussed alternate run times for the water well as a possible energy-saving strategy, but concluded that such a procedure would be too complicated to implement.

Board President Morgan Stagg is meeting with representatives of the Cinco Golf Course tomorrow about getting their landscaping and construction debris cleared from the District's water plant access easement. The board agreed to mow the grassed areas of the access easement nearest the water plant site, with the HOA to mow the remaining portion.

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 at least 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:

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

Mr. Hughes reported that the Fort Bend Subsidence District is expected to approve the District's new water well permit on June 25, 2015.

Mr. Hughes reported that the contractor is making progress on the ground storage tank no. 2 replacement project at the District water plant.

Mr. Hughes reported that Landev has received the tapes from the recent inspection of the District's sanitary sewer lines, but they have not yet been reviewed. There were no indications of the need for any major repairs.

The board discussed the possible interconnect meter locations. Board President Morgan Stagg asked that Landev Engineers look into when the North Fort Bend Water Authority will be installing their meters for surface water delivery, as that could impact any need to meter the existing District interconnects.

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. 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.

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

Brad Holmes is contacting the District's website maintenance consultant regarding the need to post the new aerial photograph of the District, and regarding the links to the Water Wise program at the North Fort Bend. Water Authority website.

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

Board member Michael Chittwood presented proposals for construction of a sidewalk on the north side of Highland Knolls, from where Cinco ends at the District's westerly boundary to Holly Lake. After discussion, upon motion duly made, seconded and unanimously carried, the board determined that the proposal of DL Meacham LP will result in the best and most economical completion of the project, and accordingly accepted their proposal subject to the Creekstone HOA agreeing to remove any trees and relocate any irrigation facilities in the area of the proposed sidewalk construction.

8. Cinco Regional Operating Committee report:

The C.R.O. Report for June, 2015 was reviewed. Board President Morgan Stagg reported that the attorney for the Cinco Plant Committee is working on a revised draft of the proposed Reclaimed Water Agreement, incorporating comments received from the various participants.

10. Pending Business:

Board President Morgan Stagg reported that Fort Bend County is making 3 to 4 inch live oak trees available for planting on public land in Fort Bend County.

There being no further business to come before the Board, the meeting was adjourned at 8:15 p.m.

Secretary

Attachment: Bookkeeper's Report