

**CORNERSTONES MUNICIPAL UTILITY DISTRICT**  
**Minutes of Meeting of Board of Directors**  
**February 15, 2016**

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on February 15, 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

**Board Members Absent:**

Bradley D. Holmes, Asst. Secretary

**District Residents Present:**

Caleb Burson, Tony Garza, John Irwin

**Others Present:**

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

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 January 18, 2016 meeting were approved.

**2. Questions/Comments from the public:**

N/A

**3. Establish tax exemptions and adopt tax collection penalty:**

After discussion, Mr. Talecki made a motion to increase the homestead exemption for persons age 65 and over or disabled to \$60,000, but the motion died for lack of a second. After further discussion, upon motion duly made, seconded and carried by three votes with director Talecki abstaining, the current tax exemption of 20% for homesteads, and the additional tax exemption of \$50,000 of taxable value for the homesteads of persons age 65 and over or disabled were retained.

After discussion, upon motion duly made, seconded and unanimously carried, the 20% collection penalty for unpaid accounts was retained.

**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 94.175% collected for 2015 and 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.

**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 30 meter locations where meters were replaced during the past month.

Whitney Aelmore also stated that the fourth booster pump has been reinstalled and is complete.

A list of the top 100 high water users was provided to the Board for review. Si Environmental can provide lists by business accounts or residential accounts.

Ms. Aelmore reported that batteries had been replaced in the generator at the water plant.

Si Environmental was asked to investigate a possible fifth interconnect as depicted on the District map. The operator believes this is a "blow off" line not an interconnect line. Si Environmental will review the map and the physical location. If the map is in error, it will be corrected.

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.

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 advised the Board on the status of pending District projects and responded to questions.

Mr. Hughes also reported that the County proposed \$113,165.00 for the sidewalk project on Highland Knolls. The MUD's portion of the cost would be \$67,899.00 (60%) of the total. The price includes the "cut back" of the esplanade, all construction materials, testing, project management and any potential cost overage. Mr. Hughes noted that although this cost was much more than the original estimates obtained by the District he believed they were fair and that the costs to do the project ourselves would be higher than our share working with Harris County. The original estimates failed to include many items that the county requires for projects in their ROW.

After discussion, upon motion duly made, seconded and unanimously carried, the Board approved proceeding under a joint participation contract with the County for the sidewalk project.

Mr. Hughes reported that certified letters had been mailed to all property owners on Mason Rd. in regard to the transmission line for the new water well to be located along the existing easement on the West side of Mason Rd. Certified Mail Receipts were received from nine (9) property owners but not yet from the other four (4). Mr. Hughes recommended obtaining bids for a surveyor to map the route and identify existing utilities for so the engineer could determine the location of the proposed transmission line.

After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the motion to have the engineer solicit bids for a surveyor to map the route so the engineer could identify the exact transmission line route. The engineer will put together an estimate of the expected costs and then update and resend the notifications to involved property owners along Mason Rd.

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.

The Board requested that Mark Brooks of Young & Brooks invite Junction Landscaping to attend the next Board meeting to discuss the contract.

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. Consider and possibly approve proposal for Arbitrage Compliance Services:**

Mark Brooks of Young & Brooks explained that every five (5) years the District needs to have an Arbitrage Compliance Report prepared with respect to the Series 2011 bond issue. A proposal for this work was presented to the Board for consideration.

After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the proposal for Arbitrage Compliance Services (ARS). President M. Stagg signed the proposal.

**6. Call Director Election:**

The Board discussed the need to call an election of directors for and within the District on the first Saturday in May 2016 according to the law. The attached Order calling such election was presented and reviewed by the Board of Directors, after which it was duly moved, seconded and unanimously carried that the Order be passed and adopted. The Board discussed that there are three openings and at present three candidates. If there are no more candidates, the election may be cancelled.

**7. Consider and possibly approve Joint Election Agreement with Katy ISD:**

The Board discussed possible voting locations if an election is held. A joint election agreement with Katy ISD is not an option. Ft. Bend ISD has agreed to a joint election. The fee for the service is \$2,747.00 and they will accept a signed check for a 60% deposit. The Board discussed other possible voting locations.

After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the Joint Election Agreement and Contract for Election Services with Fort Bend County and agreed to pay 60% of the \$2,747.00 fee as the required deposit.

**8. Discuss and authorize any necessary actions in connection with proposed NFBWA Conservation Toolbox:**

The Board discussed the best method to disseminate water saving tips to residents. The Board proposed forwarding the information to Mark for scanning and adding to the web site. Also, the dissemination of documentation from North Ft. Bend Water Authority was discussed.

**9. Authorize any necessary actions in connection with District website:**

The Board discussed holding a special meeting to review the web site to determine what information must be updated and what new information should be added. The Board will wait for Brad Holmes input before a meeting is called.

Also, plans must be made to pass the web site responsibility to someone else after the election.

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

The metal fence along the greenbelt at Highland Knolls requires maintenance. Pictures were taken for the purpose of requesting a bid for the work.

**11. Cinco Regional Operating Committee report:**

The C.R.O. Report for February 2016 was reviewed.

**12. Pending Business:**

Mr. Brooks briefed the Board that effective January 2016, recent legislation and rules published by the Texas Ethics Commission for political organizations require that before the Board signs a contract, the contractor is required to complete the new Form 1295 listing all interested parties in its organization, to have the document notarized, and to provide a copy to the District. The District is required to acknowledge receipt of Form 1295 online with the Texas Ethics Commission, within 30 days of receipt.

There being no further business to come before the Board, the meeting was adjourned at 8:20 p.m.

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Secretary

Attachment: Bookkeeper's Report  
Order Calling May 7, 2016 Election for Election of Directors