

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors April 18, 2016

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on April 18, 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
5. Bradley D. Holmes, Asst. Secretary

Board Members Absent:

District Residents Present:

Caleb Burson

Others Present:

Also present were; Whitney Aelmore of Si Environmental, LLC; Mark W. Brooks of Young & Brooks; and Virginia Lester, Recording Secretary.

Others Absent:

Due to flooding in the Houston and Katy areas, the following individuals could not attend this meeting: Patty Rodriquez of Bob Leared Interests; Dennis Hughes of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.

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 March 21, 2016 meeting were approved.

2. Questions/Comments from the public:

N/A

3. Consider and possibly approve Junction Landscaping rate increase:

The Board reviewed the proposed contract from Junction Landscaping that includes a 5% overall rate increase and an adjusted fuel charge when diesel fuel costs more than \$3.00 per gallon. After discussion, the Board requested Mark Brooks of Young & Brooks, the District's attorneys, to forward a list of the Board's questions to Junction Landscaping for resolution.

4. Consider Consultants Reports (as needed):

a) Tax Assessor-Collector:

Patty Rodriguez of Bob Leared Interests, the District's Assessor/Collector, could not attend due to flooding in area.

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 where meters were replaced during the past month.

Ms. Aelmore stated that the District's well motor shorted out due to an insulation failure. The cost for repairs will be approximately \$40,000. It is expected that the District's insurance policy will cover the costs except for the District's \$10,000 deductible. A replacement motor was rented and installed to provide continuing service

Ms. Aelmore informed the Board that the wire to the space heaters was not connected at the well site. The Board requested that Ms. Aelmore contact the District's Engineer to assist in identifying the firm that completed the original work and report the results to the Board. The Board authorized Si Environmental, LLC, to connect the space heaters.

The fence repairs at the Cinco Water Plant are on-going. The Board reviewed the progress and requested that each end of the fence be blocked off to match the existing fence and that the barbed wire across the top be extended the length of the fence. Representatives from Cinco will select the stain color for the fence and the Si Environmental will have the fence stained.

Ms. Stagg requested that the irrigation system at the water plant be extended to provide water to the new grass that will be installed. The Board requested that the new grass be the type that thrives in shade.

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, could not attend the meeting due to flooding in the area.

e) Bookkeeper's Report:

Terry Holland of Myrtle Cruz, Inc., the District's bookkeeper, could not attend the meeting due to flooding in the area.

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

Mark Brooks of Young & Brooks, the District's attorneys, presented the Conservation Toolbox Participation Agreement to the Board for their consideration. After discussion, upon motion being duly made, seconded and unanimously carried, the Board approved the Agreement.

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

The Board discussed the web site including desired updates and additions. This project will begin after May, 2016.

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

The Board addressed water leakage at the entrance to Cornerstone Place and discussed the possibility of a separate water meter in the esplanade at this location. Si Environmental will check the location to determine if it is feasible. A Board member recommended removing dead trees and grinding the stumps to the ground.

8. Authorize any necessary actions in connection with proposed Cinco Reclaimed Water Agreement, including possible approval of the agreement.

Ms. Stagg stated that each Board member received an e-mail of the final Cinco Reclaimed Water Agreement (Agreement) for review. The Agreement should be approved by all participating Districts. A meeting will be held on April 21st to provide an opportunity for all committee representatives to approve the final Agreement. The Agreement will then be forwarded to MUD 1 for their approval. After discussion, upon motion being duly made, seconded and unanimously carried, the Board approved the Cinco Reclaimed Water Agreement.

An additional agreement (Side Letter Agreement) was discussed. The Side Letter Agreement defines the ownership and responsibilities of the plant participants. After discussion, upon motion being duly made, seconded and unanimously carried, the Board approved the Side Letter Agreement

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

The C.R.O. Report for April 2016 was not available.

10. **Pending Business:**

The Board discussed the schedule for a follow-up meeting to review the Engineer's, Bookkeeper's and Tax Assessor-Collector Reports for the month of March. Mark Brooks of Young & Brooks, the District's attorneys, will schedule the meeting and will forward the schedule to all affected parties.

There being no further business to come before the Board, the meeting was adjourned at 7:45 p.m.

Secretary