

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

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on July 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. Caleb Burson, Secretary
5. Tony Garza, Asst. Secretary

Board Members Absent:

None

District Residents Present:

None

Others Present:

Also present were Patty Rodriguez of Bob Leared Interests; Whitney Aelmore and Kyle Melgren of Si Environmental, LLC; Bob Boozer and Rick Radford of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.; and Mark W. Brooks of Young & Brooks.

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 June 20, 2016 meeting were approved as presented.

2. Questions/Comments from the public:

There were no questions or comments from the public.

3. 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 98.859% 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 their written report with the Board and responded to questions.

The board discussed the concrete debris piled adjacent to the water plant fence on the west side of the plant site, southerly of the entrance gate to the plant. After discussion was concluded, upon motion duly made, seconded and unanimously carried, the board voted to remove the debris but to meet with the golf course to advise them that any future cleanup work would be billed to the golf course.

Ms. Aelmore presented the recent accuracy test results for the commercial meters in the District and recommended replacement of two and repair of another two, as all four are registering too low. After discussion, upon motion duly made, seconded and unanimously carried, the board approved repair of two and replacement of two as recommended, but asked that the operator check on the need to repair meter no. 35, because there is no apparent usage at that meter.

Ms. Aelmore presented and upon motion duly made, seconded and unanimously carried, the board unanimously approved a request by the Chesterfield HOA for a waiver of the sewer charges applicable to water they used recently to fill their pool, as provided by the District rate order.

Ms. Aelmore reported that the cost to replace the meter at the interconnect with MUD 81 is estimated at \$15,000, including replacement of the adjacent paving. Ms. Aelmore will send an itemized estimate to Board President Stagg, who will review the estimate with the MUD 81 president before proceeding, as they have agreed to split the costs.

Board member Steve Talecki reported that the private fire hydrants located within the Cornerstone Ranch apartment project on Mason Road don't look like they are being serviced. The board asked that the operator and engineer confirmed that the fire hydrants are private, and develop recommendations for consideration by the board.

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:

Bob Boozer of Landev Engineers, Inc., the District's Engineers, presented the Engineer's Report. Mr. Boozer advised the Board as to the status of pending District projects and responded to questions:

Mr. Boozer introduced Rick Radford as Landev's new representative to the District.

Mr. Boozer presented and after discussion, upon motion duly made, seconded and unanimously carried, the board approved a proposal by Baseline Survey to prepare a topographical survey needed for Phase II of the Highland Knolls sidewalk extension, from Holly Lake Drive to Mason Road (approximately 2500 linear feet), subject to the contractor's compliance with the new HB 1295 disclosure requirements.

Mr. Boozer presented and the board signed the construction contracts with Texas Pride Utilities for the Sanitary Sewer Rehab Phase I project as awarded at the June board meeting.

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.

After discussion, upon motion duly made, seconded and unanimously carried, the board authorized payment of costs related to the Highland Knolls sidewalk project, and costs for SPA account maintenance, out of the SPA funds.

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

No action required.

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

No action required.

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

No action required.

9. Cinco Regional Operating Committee report:

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

10. Pending Business:

N/A

There being no further business to come before the Board, the meeting was adjourned at 8:29 p.m.

Secretary

Attachment: Bookkeeper's Report