

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
October 17, 2016

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on October 17, 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; Rick Radford of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; Tabitha Floyd, Chairperson for the Cinco Ranch Parks and Recreation Committee; and Virginia Lester, Recording Secretary.

The meeting was called to order at 5:30 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 September 19, 2016 meeting were approved as presented.

2. Questions/Comments from the public:

Tabitha Floyd, Chairperson for the Cinco Ranch Parks and Recreation Committee, attended the meeting to personally thank the Board, and specifically Tony Garza, for their support in obtaining the funds for the playground swing set at North Lake Village Park. Mr. Garza, representing Cornerstones MUD District, met with the Cinco Ranch Board of Directors to discuss the \$10,000 purchase price for the requested swing set. Cinco Ranch and

Cornerstones MUD agreed that each will pay \$5,000.00 toward the purchase. The board will contact the HOA to find out if they have a preferred form of agreement.

3. Consider and possibly authorize any necessary actions in connection with HOA park improvements:

After discussion, upon motion duly made, seconded, and unanimously carried, the Board voted to make \$5,000 available to each of the District's Home Owners Associations (HOA) for park or recreational facility type improvements. Each HOA can present a plan to the Board for an appropriate project. The Board would reimburse the HOA upon completion of the project. No upkeep or liability would be assumed by the District from the project

After discussion, upon motion duly made, seconded and unanimously carried, the Board agreed to donate \$5,000 toward the purchase of park improvements at North Lake Village Park in Cinco Ranch.

4. Conduct public hearing on proposed tax rates:

President Morgan Stagg announced that the public hearing to discuss the proposed tax rate was open to the public.

No comments from the public were made.

** Board member Tony Garza arrived for the meeting at this point, having been delayed.

5. Adopt Order Establishing Ad Valorem Tax Rate for 2016 and amend District Information Form if necessary:

After discussion, upon motion duly made, seconded and carried by four (4) votes with Director Burson voting against the motion, the Board adopted the proposed tax rate of \$0.30 per \$100 valuation (\$0.125 for debt service and \$0.175 for maintenance and operations). A copy of the Order Establishing Ad Valorem Tax Rate for 2016 is attached to these minutes.

The board was also presented with an Amendment to District Information Form reflecting the new tax rate, which was reviewed and approved upon motion duly made, seconded and unanimously carried. The directors present were authorized to execute the Amendment to District Information Form.

6. 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 99.24% 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 25 meter locations where meters were replaced during the past month.

Ms. Aelmore also requested the Board to contact her regarding the high water user letters.

Ms. Aelmore informed the Board that the Estates of Chesterfield were required to drain the swimming pool due to black algae in the water. There is a charge of \$551.00 for hose rental and labor to fill the pool from the fire hydrant. She asked the Board if they would consider waiving the sewer fee and the \$551.00 charge for labor and hose rental.

After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the waiver of the \$551.00 fee and the sewer charge for Estates of Chesterfield.

Ms. Aelmore stated that the work on the interconnects with MUD 81 is complete.

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:

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

Mr. Radford requested Board approval of Landev's fee proposal to prepare construction plans for Well No. 2 discharge line to water plant system that was presented last month.

After discussion, the Board agreed that there is still time for permitting approval and for design of the water well.

Mr. Radford stated Landev is preparing construction plans for the Highland Knolls Dr. sidewalk project, phase 2. He stated that he is requesting additional information and when received will refer the matter to the County.

The Board requested that Landev e-mail the cost estimate for the sidewalk. The Board stated that they will negotiate with the County for the cost of sidewalk construction.

Mr. Radford stated that Texas Pride Utilities is progressing on repairs and is approximately one-third complete. A weekly schedule for the repairs is being forwarded by the Contractor. The project is on-going and the Contractor is providing current status reports.

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 discussed estimated costs that will be associated with water well no. 2 in an effort to determine how to report the expenses within Cornerstones budget. Mr. Holland stated that he would draft a proposed budget that the Board could review.

Gregg Nady of the Fort Bend Emergency Services District provided the Board with the cost of \$8,511.00 required for the acquisition of the easements needed for the proposed hike and bike trail extension from Mason Rd. west to Peek Rd.

After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the expense of \$8,511.00 for the hike and bike trail. The expense will be taken from the SPA Revenue account.

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.

7. **Consider and Authorize any necessary actions in connection with storm sewer repairs and maintenance:**

Si Environmental reviewed the Ft. Bend Storm Sewer and Manhole survey and has estimated a cost of \$30,925.00 for repairs. The project would include six (6) repairs per month as a preventive measure. The Board has reviewed the information.

After discussion, upon motion duly made, seconded and carried with four votes, with Steve Telechi abstaining, the Board approved the project.

8. Consider and possibly approve First Amendment to Emergency Water Interconnect Agreement with HCMUD No. 81:

In September, 2016, the consensus of the Board was to maintain and exercise the use of the existing interconnect at the corner of Highland Knolls Rd and Mason for emergency use situations. HCMUDNo. 81 modified the contract to allow Cornerstones MUD to maintain and utilize the existing interconnect. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the amended contract.

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

After discussion, the Board will reopen the discussion during the November meeting.

10. Cinco Regional Operating Committee report:

The C.R.O. Report for October, 2016 was reviewed.

After discussion, upon motion duly made, seconded and unanimously carried the Board approved the Cinco Regional Water Treatment plans.

11. Pending Business:

The Board discussed the possibility of tree trimming on the Greenbelt during the months of January or February at an estimated cost of \$17,000.00. The Board agreed to table the issue until next month's meeting.

There being no further business to come before the Board, the meeting was adjourned at 7:35 p.m.

Secretary

Attachments: Order Establishing Ad Valorem Tax Rate
Bookkeeper's Report