

**CORNERSTONES MUNICIPAL UTILITY DISTRICT**  
**Minutes of Meeting of Board of Directors**  
**November 21, 2016**

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, 77450 on November 21, 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:**

N/A

**Others Present:**

Also present were Patty Rodriguez of Bob Leared Interests; Whitney Aelmore of Si Environmental, LLC; Rick Radford of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; Gregg Nady, with the Mason Creek Trail project; Phillip Givens of Superior Management; 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 October 16, 2016 meeting were approved as presented.

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

Gregg Nady, Mason Creek Trail project, informed the Board that the project is moving forward. Two parcels of land have not been released for the project but work is in progress. He stated he would keep the Board informed.

A Director asked Phillip Givens of Superior Management to make a presentation to the Board. Superior Management Company creates Rate Studies to assist Board's in setting fair and equitable rates for the District to ensure consistent revenue streams. They would review the District's potential future costs and annual depreciation. At a Board's request, Superior Management would prepare a "Fair Share Cost of Service Rate Study". The time requirement for the study is approximately three (3) months.

The Board agreed to discuss a Rate Study at another meeting.

**3. Consider and possibly authorize any necessary actions in connection with HOA park improvements including possible approval of related agreement(s):**

The Board will follow-up with Cinco Ranch regarding an agreement in regard to the donation of funds for a swing set.

**4. 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 99.39% collected for 2015 and 2.445% collected for 2016. 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 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 19 meter locations where meters were replaced during the past month. She informed the Board that the 1" meters portion of the project is reaching completion. They will begin work on the smaller meters in the near future.

Ms. Aelmore informed the Board that a Well Production Test was completed with excellent results. This test is performed twice annually.

Also, Ms. Aelmore stated that the sanitation repairs are 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.

Landev has prepared construction plans for the proposed sidewalk and has submitted them to Harris County for review and comment. When Landev receives their response, it will be forwarded to the Board.

Mr. Radford stated that Texas Pride Utilities reported that work on Sanitary Sewer Rehabilitation Phase I is progressing on repairs and is approximately 80% complete. Pay Estimate No. 1 was submitted to the Bookkeeper's office on November 3, 2016.

After discussion and upon motion duly made, seconded and unanimously carried, the Board approved payment of Pay Estimate No. 1.

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 of the list is attached.

Mr. Holland discussed the addition of a Special Projects section to the bottom of the District's Budget for Fiscal Year Ending September 30, 2017. This section will represent the costs that will be associated with Water Well No. 2.

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.

**5. Consider and authorize any necessary actions in connection with acquisition of easements for well No. 2 discharge line:**

The Board was informed that a property owner is requesting additional funds for an easement.

After discussion, the Board requested that Steven Bonjonia of Property Acquisitions Services LLC attend the December 19, 2016 meeting and provide a status report.

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

On 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. HCMUD No. 81 modified the contract to allow Cornerstones MUD to maintain and utilize the existing interconnect.

A second draft to the agreement was received on November 21, 2016. The Board will review the agreement and discuss at the December meeting.

Ms. Aelmore of Si Environmental stated she will submit an invoice to MUD 81 and for the cost to increase the manhole lid size and replace the interconnect meter.

7. Discuss and authorize any necessary actions in connection with proposed NFBWA Conservation Toolbox initiatives including re-adopt current rate order if necessary:

Director Talecki reported that the NFBWA will accept the 2015 rate order to document implementation of tiered rates. The Board will follow-up at the next meeting.

Director Talecki stated he will pass out WISE Guy billing inserts to District residents as an incentive for them to utilize the program for evaluation of their irrigation system.

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

The Board was informed that the District Website server is not working and data must be re-entered.

After discussion, the Board agreed to request proposals from new companies to update and maintain the website.

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

The Board received a bid in the amount of \$17,110.00 from Cody Tree Service for trimming trees in the Greenbelt.

After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the bid.

After discussion, the Board recommended a review of the Water Logic contract prior to contract renewal.

10. Cinco Regional Operating Committee report:

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

11. **Pending Business:**

After discussion, the Board agreed to a meeting on November 30, 2016 to review the Engineering Services Request for Qualifications that will be submitted. The meeting will be held at the Creekstone HOA building at 22002 Eagle Meadow Dr., Katy, TX. Also a follow-up meeting will be held on December 5, 2016 to interview selected engineering companies.

There being no further business to come before the Board, the meeting was adjourned at 7:10 p.m.

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Secretary

Attachments: Bookkeeper's Report