

**CORNERSTONES MUNICIPAL UTILITY DISTRICT**  
**Minutes of Meeting of Board of Directors**  
**December 19, 2016**

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, 77450 on December 19, 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.; Kim Shelnett of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; Steve Bonjonia of Property Acquisition Services, and Leslie Keen and John O'Donnell of Water Logic.

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 November 21, 2016 and December 5, 2016 meetings were approved as presented.

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

There were no questions or comments from the public.

**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. Water Logic Update:**

The board recognized Leslie Keen and John O'Donnell of Water Logic, who reported that the District's participation in their program has reduced consumption of water at the District greenbelt by about 500,000 gallons per year as compared to the base year of 2012–13. They reviewed how their system works to control irrigation when it's not needed, and the oversight that they provide. They propose continuing their contract with the District at the current annual rate of \$2106. After discussion, the board asked that Water Logic provide a summary report of the data they have collected for the District, along with a detailed description of their services for consideration at the next board meeting.

Ms. Keen and Mr. O'Donnell excused themselves from the meeting.

**5. Renew Insurance:**

Mark W. Brooks of Young & Brooks, the attorneys for the District, distributed copies of the insurance renewal proposals received from the District's insurance agent, McDonald & Wessendorff Insurance. The board has been pleased with the insurance services provided by McDonald & Wessendorff, and their premiums and deductibles remain competitive. Accordingly, upon motion duly made, seconded and unanimously carried, the board accepted the McDonald & Wessendorff insurance proposals and authorized signature of same on behalf of the District by board president Morgan Stagg.

**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 99.428% collected for 2015 and 7.860% 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 21 meter locations where meters were replaced during October. She is reviewing whether any additional meters have gone over 1,000,000 gallons such that they should be replaced under the District's meter change-out program.

After discussion, the board unanimously authorized turning off a District meter on Chesterwick that has reflected no usage for many months.

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.

Ms. Aelmore and Ms. Rodriguez excused themselves from the meeting.

**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 stated that work on the Sanitary Sewer Rehabilitation Phase I project is complete. Pay Estimate No. 2 and Final was submitted to the Bookkeeper's office on December 13, 2016. After discussion and upon motion duly made, seconded and unanimously carried, the Board approved payment of Pay Estimate No. 2 and Final to Texas Pride Utilities, LLC in the amount of \$16,068.

The board asked that the engineers confirm that the operator has a set of plans for the new project being constructed on Mason Road south of Royal Montreal.

Upon motion duly made, seconded and unanimously carried, the Board approved the Engineer's Report.

Mr. Radford excused himself from the meeting.

e) **Bookkeeper's Report:**

Kim Shelnut 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.

After discussion, the board unanimously authorized renewal of the District's membership in the Katy Area Economic Development Council.

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.

Ms. Shelnut excused herself from the meeting.

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

After discussion, upon motion duly made, seconded and unanimously carried, the board approved a First Amendment to Emergency Water Interconnect Agreement with Harris County MUD No. 81.

8. **Consider and approve First Amendment to Reclaimed Water Agreement and First Supplement to Side Letter Agreement in connection with Cinco plant effluent reuse project:**

After discussion, upon motion duly made, seconded and unanimously carried, the board approved a First Amendment to the Reclaimed Water Agreement and a First Supplement to the Side Letter Agreement in connection with the effluent reuse project at the Cinco plant.

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

After discussion, upon motion duly made, seconded and unanimously carried, the board designated the following initiatives for the District's participation in the 2017 NFBWA Larry's Toolbox program for 2017:

- Residential Wise Guys irrigation system evaluation
- High water user notifications
- Conservation information
- HOA (Creekstone) irrigation system evaluation funded by the District
- Tiered water rates.

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

Board member Caleb Burson presented information on website developers who could help the District develop a new website. The board will review the information presented, for consideration and possible action at the next board meeting.

After discussion, upon motion duly made, seconded and unanimously carried, the board authorized termination of participation in the PocketBlitz emergency notification system hosted by DonDulan, LP.

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

Board president Morgan Stagg has asked Cody's Tree Service to provide their required Form 1295 disclosure before they are authorized to proceed with tree trimming at the District Greenbelt.

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

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

**13. Well Discharge Line Easements:**

Steve Bonjonia of Property Acquisition Services updated the board as to the status of their efforts to acquire easements for the well discharge line. Four of the 14 tracts are willing to accept an offer within the range authorized by the board, four are non-responsive, and after discussion, upon motion duly made, seconded and unanimously carried, the board approved counter-offers on the other six tracts.

**14. Pending Business:**

N/A

There being no further business to come before the Board, the meeting was adjourned at 7:55 p.m.

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Secretary

Attachments: Bookkeeper's Report