

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
March 20, 2017

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, 77450 on March 20, 2017 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 Kristen Scott of Bob Leared Interests; Whitney Aelmore of Si Environmental, LLC; Angie Howes of IDS Engineering Group; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; Steve Bonjonia of Property Acquisition Services; Gregg Nady of the Fort Bend Emergency Services District, and Shannon Waugh of Off Cinco.

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 February 20, 2017 meeting were approved as presented.

2. Questions/Comments from the public:

The board recognized Gregg Nady of the Fort Bend Emergency Services District, who updated the board on the status of development of the Mason Creek hike and bike trail. Mr. Nady noted that the District could have an opportunity in the future to connect subdivisions in the District to the trails running to George Bush Park by partnering with Harris County to construct additional sidewalks along Mason Road.

3. Interlocal Agreement:

After discussion, upon motion duly made, seconded and unanimously carried, the board approved an Interlocal Agreement with Harris County MUD No. 81 for cost sharing in connection with the Mason Creek hike and bike trail, along with a check to MUD 81 in the amount of \$4,484 representing payment of the District's share.

4. Consider Consultants Reports (as needed):

a) Tax Assessor-Collector:

Kristen Scott of Bob Leared Interests, the District's Assessor/Collector, reported on the status of the District's tax collections. Ms. Scott reported that the District is 95.746% collected for 2016. She responded to questions from the Board.

Ms. Scott also presented a delinquent tax report from Purdue Brandon, the District's delinquent tax collection attorneys, which the board reviewed. Purdue Brandon is recommending and after discussion, upon motion duly made, seconded and unanimously carried, the board authorized issuing water termination notices to 13 listed accounts that are delinquent for 2015 or prior years, and also approved moving an account for a former business that was located at 1547 Mason Rd. to the District's uncollectible roll as the taxpayer has been off the District's tax rolls since 2008. The board asked that the tax assessor confirm that the listed accounts on Mason Road are within the District.

After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the Tax Assessor's monthly report and the paying of bills.

** Board member Mike Chittwood arrived for the meeting at this point, having been delayed.

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 presented and upon motion duly made, seconded and unanimously carried, the board approved a proposal to paint the fire hydrants in the District at an estimated cost of \$3,800.

The board discussed the need to review and update the customer deposit provisions and delinquent account procedures in the District's rate order. The board asked that Ms. Aelmore review the rate order and develop a list of recommended changes for consideration by the board at a future meeting.

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:

Angie Howes of IDS Engineering Group (IDS), the District's Engineers, presented the Engineer's Report. Ms Howes advised the Board as to the status of pending District projects and responded to questions.

The board discussed the possibility of installing a meter at the District's emergency interconnect with Cinco MUD No. 1, but upon motion duly made, seconded and carried by four votes with director Talecki voting against the motion, the board tabled the matter until such time as the board decides to take it up again.

Ms. Howes recommended and after discussion, upon motion duly made, seconded and unanimously carried, the board authorized IDS to inspect the tanks at the District's water plant that are due for a required 5-year inspection.

The board discussed phasing of the District's sanitary sewer rehab program and decided to proceed on the basis of 4 phases with the 1st phase already complete, and the 2nd phase to consist of the northwesterly area of the District that was not included in Phase 1 and that is

located west of the Harris County Flood Control drainage channel and north of North Lake Village Boulevard.

Ms. Howes reported that IDS is working with the District's operator to respond to recent inquiries received from the North Fort Bend Water Authority regarding the District's water supply system and requirements.

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.

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. Establish tax exemptions and adopt tax collection penalties:

After discussion, Mr. Talecki made a motion to increase the homestead exemption for persons aged over 65 or disabled to \$60,000, but the motion died for lack of a second. After further discussion, upon motion duly made, seconded and carried by four votes with director Talecki abstaining, the board continued the general homestead exemption at 20%, the over 65/disabled exemption at \$50,000, and the tax collection penalties at 20%.

6. Sidewalk Project:

Angie Howes reported that IDS has walked the Highland Knolls sidewalk project with representatives of Harris County in order to determine driveway construction and required access easements. The County has received payment of the District's share of project costs and is proceeding to prepare plans and acquire any necessary access rights.

7. NFBWA Conservation Toolbox:

Board member Steve Talecki updated the other board members with respect to the status of efforts to qualify the District for the water conservation rebate credit available under the North Fort Bend Water Authority Conservation Toolbox program. The Authority declined to approve the District's qualification for 2016 because not enough of the District's residents participated in the Wise Guys irrigation system evaluation program.

8. Well Collection Line Easements:

Steve Bonjonia of Property Acquisition Services updated the board as to the status of their efforts to acquire easements for the well no. 2 collection line. After discussion, the board unanimously authorized Mr. Bonjonia to have appraisals done for tracts 3, 4, 5, and 8 preliminary to initiation of condemnation proceedings. The board will review revisions requested by the owner of tract 5, and if agreement can be reached Mr. Bonjonia will cancel that appraisal. Also, IDS will review the feasibility of shifting the water line crossing the Tolebi Car Wash tract 1 foot closer to the Mason Road right-of-way as they have requested.

Mr. Bonjonia excused himself from the meeting at this point.

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

The board recognized Shannon Waugh of Off Cinco, who presented and reviewed the working version of the District's new website that her firm is developing for the District. She will distribute a link to the new website on their server for board review and comments.

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

After discussion, upon motion duly made, seconded and unanimously carried, the board authorized board member Michael Chittwood to approve a proposal to replace freeze damaged shrubbery at the District's greenbelt, at a cost to not exceed \$2,500.

11. Cinco Regional Operating Committee report:

The C.R.O. Report for March, 2017 was reviewed.

12. Pending Business:

N/A

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

Secretary

Attachments: Bookkeeper's Report