

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
June 19, 2017

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on June 19, 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:

None

District Residents Present:

Michael Ruggiero

Others Present:

Also present were Patty Rodriguez 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, and Simon VanDyk of Triton Consulting.

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 May 15, 2017 meeting were approved as presented.

2. Questions/Comments from the public:

The board recognized District resident Michael Ruggiero, who reported as to a number of issues that he has recently experienced with respect to trash pick up. He provided a memo summarizing his comments, which the board agreed to review with the trash contractor.

Simon VanDyk of Triton Consulting informed the board that the Katy Area Districts Council will be hosting a summer social and networking session from 6 to 8 p.m. on Thursday, June 29, 2017. He encouraged all of the board members to attend.

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 98.640% collected for 2016. She responded to questions from the Board.

Ms. Rodriguez presented a list of seven delinquent business personal property accounts and recommended that the board move six of them (excluding the account for the Cedars Mediterranean Grill, which is still in business) to the uncollectible roll as the other businesses have all closed and the delinquent years are past the four-year statute of limitations. After discussion, upon motion duly made, seconded and unanimously cured, the board authorized moving the six designated accounts to the uncollectible roll.

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.

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.

With respect to Water Well No. 2, Ms. Howes reported that IDS has prepared metes and bounds for both the sanitary control easements and the water well site. They will coordinate the sanitary control easement with Harris County since it would include area within the Highland Knolls right-of-way.

The board reviewed and unanimously approved a letter to the Cinco Ranch Golf Club regarding sanitary control at their maintenance yard adjacent to the District's water plant site on Cinco Lakes Drive.

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 report 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.

4. Discuss and authorize any necessary actions in connection with Highland Knolls sidewalk project:

Board president Morgan Stagg will be contacting the car wash regarding their concerns with respect to the pending Highland Knolls sidewalk project.

5. Consider and possibly amend water and sewer rate order:

Whitney Aelmore had previously distributed a spreadsheet reflecting recommended revisions to the District rate order, which she reviewed with the board. After discussion, upon motion duly made, seconded and unanimously carried, the board adopted the Amended Rate Order in the form attached to these minutes, implementing several fee revisions, a builder deposit requirement of \$1500, and new delinquent account fees and procedures.

6. Property Acquisition Services update and authorization of any necessary actions in connection with acquisition of easements for Well No. 2 discharge line:

The board requested that Property Acquisition Services keep the board and the District's engineers updated as to the status of their efforts to acquire the remaining easements needed for the proposed well discharge line.

7. Closed executive session in accordance with the Open Meetings Act, Texas Government Code Section 551.071, 551.072 and/or 551.074, if necessary:

N/A

8. Discussion & action on any items discussed in executive session:

N/A

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

Board member Caleb Burson is working with the District's website consultant to add a link on the District's website to water conservation tips on the Home Advisor website, as recently suggested by a District resident.

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

The board asked that the Cornerstone Place HOA be contacted to notify the homeowners who back up to the District's Greenbelt that they need to trim back their overhanging trees as the District will otherwise need to request that CenterPoint do so.

11. Cinco Regional Operating Committee Report:

The C.R.O. Report for June 2017 was reviewed. Board member Tony Garza reported that the Operating Committee is looking at possible replacement of the emergency generator at the wastewater treatment plant.

12. Pending Business:

N/A

There being no further business to come before the Board, a motion was made, seconded and unanimously carried to adjourn the meeting at 7:00 p.m.

Secretary

Attachments: Amended Rate Order
Bookkeeper's Report