

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
August 21, 2017

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on August 21, 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. Tony Garza, Asst. Secretary

Board Members Absent:

Caleb Burson, Secretary

District Residents Present:

None

Others Present:

Also present were Kristen Scott of Bob Leared Interests; Whitney Aelmore of Si Environmental, LLC; Matthew Carpenter of IDS Engineering Group; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; Dave Ciarella of Enhanced Energy Services of America, LLC; 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 July 17, 2017 meeting were approved.

2. Questions/Comments from the public:

Virginia Lester from Estates of Chesterfield discussed the possibility of installing a street light at the corner of Chesterwick Dr & Brookchester Dr. This corner is used by Cinco Ranch and Estates of Chesterfield for walking, ingress & egress from both subdivisions. In the late evening, this corner is very dark. The request was to use City of Houston SPA Funds for the project as it affects residents of both subdivisions within Cornerstones MUD.

The Board asked to be informed of nearby residents' acceptance of the street light, the cost, and the location. Board members will drive by the location for an on-site inspection. The request will be discussed upon receipt of this information.

3. 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 **99.81%** collected for 2015 and **99.25%** 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., and Conduct hearing on termination of water and sewer service.]

Whitney Aelmore of Si Environmental, LLC, the District's Operator, reported to the Board regarding District operations and facilities. Ms. Aelmore reviewed her written report with the Board and responded to questions.

Ms. Aelmore reported that the Operator investigated and repaired the soil erosion at the storm sewer located at the Greenbelt on Highland Knolls.

Ms. Aelmore reported that the control room building air conditioner unit has been repaired.

A resident called Si Environmental to report a problem with trash collection and asked for a credit on his monthly invoice. The issues were resolved.

The Operator is conducting a valve study to identify any defects that require repair. Ms. Aelmore will present any defects to the Board once the inspection is completed.

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:

Matt Carpenter of IDS Engineering Group (IDS), the District's Engineer, attended the meeting and presented the Engineer's Report. Mr. Carpenter advised the Board as to the status of pending District projects and responded to questions.

Mr. Carpenter reported that a sidewalk at the Automotive Center has been included in the Highland Knolls sidewalk project and will be included in the work request.

Mr. Carpenter reported that the water well, well site and waterline are currently under design and that the MUD's Operator comments have been included in the design. The 90% Submittal to the TCEQ, Harris County and the City of Houston, will be completed by September 1, 2017.

Regarding the Sanitary Sewer Rehabilitation, video tapes have been reviewed, and the lines have been graded. An exhibit has been prepared that illustrates the defects and suggested repairs and includes the estimated construction costs. A design proposal including construction phase services has also been prepared.

Matt requested approval for Pay Estimate No. 2 in the amount of \$13,386.78 to CSI Consolidated LLC for Sanitary Sewer Cleaning and Televising Phase 2. After discussion, upon motion being duly made, seconded and unanimously carried, the Board approved the payment of Pay Estimate No. 2.

Matt presented a request regarding a commitment of capacity for development of the property located at Mason Rd and Royal Montreal within Cornerstones MUD. The City of Houston criteria for Equivalent Single Family Connections (ESFCs) is used to determine capacity needs. Two (2) ESFCs have been requested for this development. After discussion, upon motion being duly made, seconded and unanimously carried, the Board approved the request.

The sidewalk construction has been delayed.

A projected cost estimate for the 2017 Sanitary Sewer Rehabilitation Project was presented to the Board for review and discussion. The projected costs include estimates for the Sanitary Rehabilitation, Contingencies and the Engineering Design. After review and discussion, upon motion being duly made, seconded and unanimously carried, the Board approved costs in the amount of \$34,300 for the Engineering portion of the project.

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.

Mr. Holland presented the proposed 2018 Budget to the Board. After discussion, adjustments were made.

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 contract for purchase of electricity:**

Dave Ciarella, Enhanced Energy Services of America, LLC, presented the current price of natural gas and electricity from multiple vendors. After review and discussion, upon motion duly made, seconded and unanimously carried, the Board voted to sign a 24 month contract with Direct Energy. The board authorized director Steve Talecki to execute the appropriate contract documents as necessary to effectuate the transaction.

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

N/A

6. **Consider and possibly adopt Sanitary Control Regulations for District water wells:**

Mark Brooks of Young & Brooks, the MUD's attorney, presented a Sanitary Control Regulation that will protect the water supply for the District's water wells within a 150 foot radius. After discussion, upon motion duly made and seconded, the Board approved the issuance of the Sanitary Control Regulation.

7. **Authorize any necessary actions in connection with acquisitions of easements for well No. 2:**

N/A

8. **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

9. **Discussion & action on any items discussed in Executive Session:**

N/A

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

N/A

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

Cody's Tree Service will trim the trees in the Greenbelt per the MUD's request and will remove any dead trees.

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

The C.R.O. Report for August 2017 was reviewed.

13. **Pending Business:**

After discussion, the Board agreed to schedule Water Logic to evaluate Creekstone's Irrigation System.

There being no further business to come before the Board, a motion was made, seconded and unanimously carried to adjourn the meeting at 7:10 p.m.

Secretary

Attachments:

Bookkeeper's Report