

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

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

Board Members Absent:

N/A

District Residents Present:

Marisa Smith, Estates of Chesterfield

Others Present:

Also present were Kirsten 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; Shannon Waugh and Allen Dejonge of Off Cinco; 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, 2017 meeting were approved.

2. Questions/Comments from the public:

Marisa Smith, 1823 Briarchester of Chesterfield Community Association (Estates of Chesterfield), discussed her excessive August, 2017 water bill. The bill was presented to the Board. After investigation and discussion, upon a motion duly made to not provide credit for the water bill, the vote failed with one (1) vote for and four (4) against (Morgan Stagg, Mike Chittwood, Steve Talecki and Tony Garza). A motion was duly made and seconded to prorate the water bill and the motion carried with four votes with one opposed (Caleb Burson).

Virginia Lester discussed an issue with Chesterfield Community Association's electric bill (Engie Resources), The account name is Cornerstones MUD with Chesterfield as secondary. The billing was not corrected

several years ago when Chesterfield accepted responsibility for the street lights. Virginia asked the Board's assistance as Engie Resources will only work with Cornerstones MUD. After discussion, upon motion duly made and seconded and unanimously carried the Board authorized Mark Brooks of Young & Brooks, the District's attorney, to assist the HOA in resolving the discrepancy with Engie Resources and CenterPoint Energy.

3. Adopt amended and restated investment policies:

The Board conducted an annual review of the District's investment policies. Mark W. Brooks of Young & Brooks, the attorneys for the District, explained that it is necessary to amend the District's written investment policies so that they are consistent with recent changes to the Public Funds Investment Act. Mr. Brooks has reviewed the proposed changes with the District's investment officer. After discussion, upon motion duly made, seconded and unanimously carried, the board passed and approved the attached Order Adopting Amended and Restated Policies Regarding Investments, Professional Services, and Management Information.

4. Consider Consultants Reports (as needed):

a) Tax Assessor-Collector:

Kirsten 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 3.025% collected for 2017 and 99.35% for 2016. She responded to questions from the Board.

Ms. Scott asked whether the Board wanted to update the District's aerial photographs since the current photos are two years old. After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the new photographs to be taken after January 1, 2018 and every two years thereafter.

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:

After discussion, the Board asked that our Financial Advisor attend the next Board meeting to discuss a proposed bond issue.

c) Operator Report: [i. Monthly Report, ii. Authorize Repairs, and 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 reported to the Board that an automotive company refuses to clean their grease traps and are not maintaining legal requirements. She stated the company is being uncooperative and asked the Board to forward a letter to the company. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved submitting a letter to all commercial accounts stating that it is a requirement to follow regulations.

Ms. Aelmore stated a work order was issued to correct problems with the lights at the plant.

Si Environmental will schedule a representative to meet with the Board in February or March to discuss the usage of smart meters and the possibility of usage of the meters encouraging residents to conserve water.

Ms. Aelmore stated she would follow up on the 23 meters that are along the Greenbelt, Mason Rd, and Highland Knolls to ensure they are not counted in the sewer treatment plant records.

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 Engineer, attended the meeting and presented the Engineer's Report. Ms. Howes advised the Board as to the status of pending District projects and responded to questions.

Electrical drawings for Water Well 2 are complete and have been sent for review. IDS expects to ask for agency approval in December. The water transmission line plans will be routed for agency reviews within the next month.

Ms. Howes reviewed the pros and cons of using either natural gas or a diesel generator for water well no. 2. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the use of a diesel generator.

Ms. Howes presented a diagram of a driveway apron on Highland Knolls west of Grand Junction Drive. She asked for the Board to consider the removal of the driveway apron. After discussion, upon motion duly made, seconded and carried with four votes approving and Director Steve Talecki abstaining, the Board requested a cost estimated for the apron removal.

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.

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

Refer to Engineer's Report.

6. **Consider and possibly adopt updated water conservation and drought contingency plan:**

Mark Brooks of Young & Brooks presented the modified Water Conservation and Drought Contingency Plan and discussed the proposed use reduction goals. The plan has been reviewed and modified by Si Environmental, the District's Operators. After discussion, a motion was duly made, seconded and unanimously carried to accept the modified plans.

7. **Authorize any necessary actions in connection with acquisitions of easements for Water 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:**

Shannon Waugh of Off Cinco reviewed the firm's first year contract billing with the Board. The average number of hours was 9 per month with an annual cost of \$240.00. Ms. Waugh recommended a flat rate monthly fee of \$250.00 which would reflect an average of 10 hours per month. After discussion, a motion was duly made, seconded and unanimously carried to accept the recommended flat monthly rate of \$250.00.

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

Six floodlights are out along the fence on the south side of the greenbelt and will be reported to CenterPoint Energy.

Junction Landscape will be notified of the sidewalk work and asked to ensure our irrigation system is monitored for any potential problems.

Cody Trees will be contacted to provide a date when the two dead trees in the Highland Knolls esplanade just west of Mason Road will be removed.

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

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

13. **Pending Business:**

The evaluation of Creekstone's HOA irrigation facilities evaluation was completed by Water Logic. The Board requested that Mark Brooks of Young & Brooks, the District's attorney, forward the completed report to the board.

There being no further business to come before the Board, a motion was duly made, seconded and unanimously carried to adjourn the meeting at 7:40 p.m.

Secretary

Attachments:

Order Adopting Amended and Restated Policies Regarding Investments, Professional Services, and Management Information
Bookkeeper's Report