

**CORNERSTONES MUNICIPAL UTILITY DISTRICT**  
**Minutes of Meeting of Board of Directors**  
**December 18, 2017**

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on December 18, 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. Stephen A. Talecki, Asst. Vice President
3. Caleb Burson, Secretary
4. Tony Garza, Asst. Secretary

**Board Members Absent:**

5. Mike Chittwood, Vice President

**District Residents Present:**

N/A

**Others Present:**

Also present were Lina Loaiza of Bob Leared Interests; Whitney Aelmore of Si Environmental, LLC; Angie Howes of IDS Engineering Group; Kim Shelnett of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; Adam Cohen of RBC Capital Markets LLC; and Virginia Lester, Recording Secretary.

The meeting was called to order at 5:35 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 20, 2017 meeting were approved.

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

N/A

**3. Consider Consultants Reports (as needed):**

**a) Tax Assessor-Collector:**

Lina Loaiza of Bob Leared Interests, the District's Assessor/Collector, reported on the status of the District's tax collections. Ms.Loaiza reported that the District is 11.55% collected for 2017 and 99.51% 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:**

Adam Cohen of RBC Capital Markets, LLC provided options for the Board's review and discussion regarding the funding of Water Well No. 2, the transmission line and possible additional projects. Mr. Cohen will review additional options and the District's engineers will review possible projects and costs. The Board will review the new data at the January District meeting.

**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 also reviewed delinquent accounts.

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.

**A. Water Well No. 2 and the transmission line as follows:**

1. IDS Engineering has requested authorization to advertise for bids for the water well project.
2. IDS is finalizing the design that utilizes a diesel generator.
3. The water transmission line plans had another conflict. Si Environmental televised a sanitary sewer line to resolve the problem.

**B. Wastewater System Projects:**

Sanitary Sewer Rehabilitation: We are waiting to proceed pending approval of the final annual budget.

**C. Removal of driveway apron on Highland Knolls west of Grand Junction Dr.:**

Harris County will agree to the removal of the driveway apron if the MUD or HOA will have an engineer produce construction plans that include drainage and pay for the construction. The construction costs, including a contingency and engineering, are estimated to be

approximately \$55,000. After discussion regarding the projects, the Board stated that they want to review options and costs and will vote in January 2018.

D. Sidewalks:

1. The County is requesting the ADA construction inspection. IDS will review the plans and will provide the inspections.
2. The street panel repairs on Highland Knolls and Mason were done by the maintenance contractor for the Precinct Road & Bridge department.
3. The manhole cover near Specs on Mason Rd has been repaired.

Board member Talecki asked the engineers to contact the County to remove debris and a cable reel that was left at the staging area at Holly Lake and Eagle Meadow after the sidewalk project was completed.

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

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

Mark Brooks of Young & Brooks provided an update on the status of the easement acquisitions for Water Well No. 2 by Property Acquisition Services. The Board requested that Mr. Bonjonia of Property Acquisition Services attend the January meeting.

5. **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

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

N/A

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

After discussion, the Board agreed that the website contractor was performing an excellent job.

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

N/A

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

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

10. **Pending Business:**

The Board discussed the District's 2018 water conservation plan and its application to NFBWA Conservation Toolbox initiatives. After discussion, on motion duly made, seconded and unanimously carried, the Board approved an evaluation of the Estates of Chesterfield's irrigation system for one of the Toolbox Initiatives.

Mark Brooks of Young & Brooks presented a proposal for the 2018 insurance renewals from the District's insurance agent that includes an annual premium increase of \$156.00 for the Board's consideration. After discussion, a motion was duly made, seconded and unanimously carried to accept the policy with ratification scheduled for the January, 2018 meeting.

There being no further business to come before the Board, a motion was duly made, seconded and unanimously carried to adjourn the meeting at 6:50 p.m.

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Secretary

**Attachments:**

Bookkeeper's Report