

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
March 19, 2018

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on March 19, 2018 in accordance with the duly posted meeting notice. A quorum of Directors was present as follows:

Board Members Present:

1. Morgan Stagg, President
2. Mike Chittwood, Vice President
3. Stephen A. Talecki, Asst. Vice President
4. Caleb Burson, Secretary
5. Tony Garza, Asst. Secretary **

Board Members Absent:

N/A

District Residents Present:

N/A

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.; and Mark W. Brooks of Young & Brooks.

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 19, 2018 meeting were approved with a revision requested by Mr. Talecki.

2. Questions/Comments from the public:

N/A

3. Adopt Order for Cancellation of Election:

Mark W. Brooks of Young & Brooks, the District's attorneys, reported that the candidates for the directors election scheduled for May 5, 2018 are unopposed. Pursuant to the Order for Election of Directors adopted previously by the board, upon certification that each candidate whose name is to appear

on the ballot is unopposed, the board of directors is to declare each unopposed candidate elected to the office, and the election will not be held. After discussion, upon motion duly made, seconded and unanimously carried, the board adopted the attached Order for Cancellation of Election.

4. Payment Services Agreement:

After discussion and as recommended by operator Whitney Aelmore, upon motion duly made, seconded, and unanimously carried, the Board (i) approved a Payment Services Agreement with First Mobile to enable improved electronic customer payment options, and (ii) waived any late fees on accounts that are currently signed up for electronic payment services that accrue for the first month under the new Payment Services Agreement, because customers will need to sign up again with the new provider.

5. 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 94.534% collected for 2017 and 99.742% collected for 2016. She responded to questions from the Board.

Ms. Rodriguez recommended and the board unanimously authorized moving four small personal property accounts which are over 4 years old 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, 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 that the District Valve Survey has been completed. She will distribute the survey results along with repair recommendations for the board's consideration.

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.

Plans for Water Well No 2 have been approved by the City of Houston. IDS is waiting for Harris County and TCEQ approval. The bid package is complete, and IDS will begin advertising for bids upon TCEQ approval.

Plans for the water transmission line are being finalized for approval.

IDS is preparing a bid package for the sanitary sewer rehabilitation project.

IDS met with Harris County personnel on-site on March 2, 2018 to discuss proposed construction plans for the driveway turn-outs on both Highland Knolls and Eagle Meadow. Survey of both sites is complete, and IDS is finalizing design for Harris County review.

Ms. Howes reported that their work continues on preparation of the 45-day Expedited Bond Application Report.

Ms. Howes presented an exhibit of the existing light poles on the Greenbelt for use by the Board and CenterPoint Energy.

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

** Board member Tony Garza arrived for the meeting at this point, having been delayed.

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 authorized purchase of a \$240,000 CD with Regions Bank.

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.

6. **Authorize any necessary actions in connection with acquisition of easements for well no. 2:**

Mark Brooks of Young & Brooks, the District's attorney, reported that Mr. Bonjonia of Property Acquisition Services informed him that the appraisals were received and final offers on the remaining four parcels went out about two weeks ago. One property owner has responded and Mr. Bonjonia is expecting responses from two of the others. One tract with numerous owners will likely need to proceed through condemnation. After discussion, upon motion being duly made, seconded and unanimously carried, the Board authorized initiation of condemnation proceedings with respect to any easement tracts that do not respond positively to the final offers.

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. **Discuss and authorize any necessary actions in connection with NFBWA Conservation Toolbox initiatives:**

Board member Steve Talecki reported that the North Fort Bend Water Authority will let the District know if they need any additional information with respect to the District's water conservation initiatives.

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

Board member Mike Chittwood reported that Junction Landscape is working on spring irrigation system repairs.

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

The C.R.O. Report for February, 2018 was presented to the Board.

12. Pending Business:

Board member Steve Talecki reported that the Cinco Operating Committee has agreed to stop including the District's 23 irrigation meters in the District's connection count for billing purposes at the wastewater treatment plant.

Operator Whitney Aelmore reported that Si Environmental is reviewing the District's rate structure for sewer service to apartments. The board asked that the agenda for the next regular meeting include an item to consider and possibly amend the District's water and sewer rate order.

Board member Caleb Burson announced that he has moved from the District and will be taking a position as a director of the utility district where his new home is located. Accordingly, the April board meeting will be his last as a director of Cornerstones MUD. The other board members and consultants all expressed their regrets that Mr. Burson is leaving the board, and their appreciation for all of his time and efforts on behalf of the District and community during his tenure as a District director.

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

Secretary

Attachments:

- Order for Cancellation of Election
- Bookkeeper's Report