

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
April 16, 2018

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on April 16, 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:

Virginia Lester, Treasurer, Chesterfield Community Association's HOA
Tony Garza, Representing Creekstone HOA

Others Present:

Also present were Patty Rodriquez 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 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 March 19, 2018 meeting were approved with a correction to the entry regarding Mr. Burson's move from the District.

2. Questions/Comments from the public:

Virginia Lester, Treasurer of the Chesterfield Community Association (Chesterfield), provided an update on the Engie Resources street light electricity contracts and the status of an additional street light to be installed by CenterPoint Energy. (Chesterfield is responsible for all street light electrical costs.) Two accounts are billed monthly that provide electricity to the street lights in Chesterfield. One account was renewed in the name of Chesterfield. The second contract matures in January 2019 and can be updated at that time. Chesterfield Community Association is responsible for all their street light electrical costs.

The contract for the additional street light has been submitted and a check was issued in the amount of \$828.00 to CenterPoint for installation. Copies of all documents were provided to the Board for review. After Board review and discussion, a check in the amount of \$828.00 was issued to Chesterfield for reimbursement. The purchase of the street light had been previously approved by the Board.

Tony Garza, representing Creekstone Home Owners Association (Creekstone), stated that the Creekstone Clubhouse was flooded during the 2017 summer flood. This Clubhouse is available to swim teams that include youth outside Creekstone's HOA. Repairs have been made and the Board was asked to consider payment of funds from the SPA Revenue for Board approved projects. After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the expense. To determine the amount of the approved payment, the October 16, 2016, minutes were reviewed. The Board approved the availability of \$5,000 to each of the District's Home Owners Assoc. (HOA) for park or facility improvements upon Board approval of a project.

3. Issue Certificates of Election and qualify Directors:

This item is carried over to the May 2018 meeting.

4. Elect Officers:

This item is carried over to the May 2018 meeting.

5. Consider Consultants Reports (as needed):

a) Tax Assessor-Collector:

Patty Rodriquez of Bob Leared Interests, the District's Assessor/Collector, reported on the status of the District's tax collections. Ms. Rodriquez reported that the District is 94.99% collected for 2017 and 99.78% collected for 2016. She responded to questions from the Board.

Ms. Rodriquez presented the Delinquent Tax Report for 2017 personal property accounts.

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 presented the 2017 Drinking Water Quality Report for the Board's review and comments prior to distribution.

Ms. Aelmore also discussed the 2017 Si Environmental I.D. Theft Prevention Report with the Board. This report identifies any "Red Flag" Violations. The report indicated there were no I.D. Theft Violations during 2017.

Si Environmental will offer a new automatic withdrawal bill payment option for the District's residents. Information will be provided to the District's residents and will also be forwarded for inclusion into the District's web site.

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 on the status of pending District projects and responded to questions.

TCEQ has granted the exception for the sanitary control easement and we are proceeding with approval from TCEQ for Water Well Number Two. Plan approval from the City of Houston for the water line is expected on April 19, 2018. IDS requested authorization to advertise for bids.

IDS requested authorization to advertise for bids for the sanitary sewer rehabilitation. The plan is to advertise for bidding in May and to present a bid recommendation in June.

Construction plans for the removal of the two driveway turnouts (Highland Knolls west of Grand Junction Dr. and Eagle Meadow and Holly Lake) have been submitted to Harris County for review.

IDS received proof of inspection on the sidewalk project on April 2, 2018. The report was forwarded to the County.

The 45-day Expedited Bond Issue is underway.

After discussion, upon motion being duly made, seconded and unanimously carried, the Board approved requests to advertise for bids on the water well, the water line and the sanitary sewer rehabilitation project. The motion also included any providing additional repairs at West Side Grill and authorize moving forward on the street repair to the driveway turnout at Eagle Meadow and Holly Lake) in Creekstone.

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.

6. **Consider and possibly amend water and water rate order:**

The Board delayed discussion on the rate order until the May 2018 Meeting.

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

Mark Brooks of Young & Brooks, the District's Attorney, informed the Board that there are four remaining easements pending. The Board is waiting for one owner to provide a W9, two easements are being written, and one is being considered for condemnation. Steven Bonjonia of Property Acquisition will provide an update on the property pending condemnation.

Mr. Brooks informed the Board of a possible conflict of interest with the potential property condemnation and recommended that in that event Scott Davis assist the Board if necessary. After discussion, upon motion duly made, seconded and unanimously carried, the Board made a motion to hire Scott Davis if necessary.

After discussion, upon motion duly made, seconded and unanimously carried, the Board determined that a public necessity exists for acquisition of easements required for the construction and maintenance of the water transmission line to connect Water Well No. 2 with the District's water distribution system in order to ensure the water supply for the District.

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

The Board was informed that the proposal for the District's 2018 plan includes one of the District's Home Owner Associations utilizing the Wise Guys services to provide possible corrective measures to improve the sprinkler system and to possibly reduce water usage. In a previous meeting, the Chesterfield Community Association volunteered and was accepted to participate in this year's initiative.

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

Repairs to the irrigation system have been estimated at \$3,800. After discussion, upon motion duly made, seconded and unanimously carried, the Board authorized a budget of \$4,500 for the irrigation system repairs.

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

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

13. **Pending Business:**

After discussion, the Board authorized Tony Garza to investigate the feasibility of using SPA funds for the construction of a building for Cornerstones Municipal Utility District.

There being no further business to come before the Board, a motion was duly made, seconded and unanimously carried to adjourn the meeting at 7:08 p.m.

Secretary

Attachments:

Bookkeeper's Report