

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
May 21, 2018

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

Board Members Absent:

None

District Residents Present:

N/A

Others Present:

Also present were Patty Rodriguez of Bob Leared Interests; Whitney Aelmore of Si Environmental, LLC; Matt Carpenter 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 April 16, 2018 meeting were approved as presented.

2. Questions/Comments from the public:

N/A

3. Issue Certificates of Election, and execute Statements of Elected/Appointed Officer and Oaths of Office:

By Order for Cancellation of Election adopted prior to May 5, 2018 pursuant to Texas Election Code Section 2.053, the unopposed candidates for the May 5, 2018 director election were declared elected. Accordingly, upon motion duly made, seconded and unanimously carried, the board president was authorized to issue Certificates of Election for the candidates declared elected (Morgan Rene Stagg and

Michael D. Chittwood). Each candidate declared elected to office executed his or her Statement of Elected Officer and Oath of Office, which the board approved upon motion duly made, seconded and unanimously carried.

4. Elect Officers:

After discussion, upon motion duly made, seconded and unanimously carried, the following individuals were elected to the offices indicated:

President	Morgan Stagg
Vice President	Michael Chittwood
Asst. Vice President	Stephen Talecki
Asst. Secretary	Tony Garza

The board deferred electing a secretary to the next meeting, when the board will consider appointing a director to replace Caleb Burson, who held the office of secretary.

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 95.513% collected for 2017 and 99.799% collected 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, 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 generator at the water plant has failed. She presented options to repair or replace the unit. After discussion, upon motion duly made, seconded and carried by three votes with Mr. Talecki voting against the motion, the board authorized board president Morgan to sign an agreement for standby generator availability during the summer, and

approved replacement of the failed generator with a 400 KW unit. After further discussion, upon motion duly made, seconded and unanimously carried, the board asked that the operator obtain pricing for repair of the generator stator, and authorized board president Morgan to approve repair of the stator in lieu of arrangements for a standby generator if the estimated repair cost does not exceed \$5000 more than the standby rental charges would total. In either case, the District will proceed with replacement of the generator.

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.

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

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

Mr. Carpenter recommended and after discussion, upon motion duly made, seconded and unanimously carried, the board authorized updating the utility commitment for the tract at the southwest corner of Mason Road and Royal Montreal Drive, from 3 to 5 equivalent connections in order to serve a proposed new restaurant at that location.

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

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. **Rate Order:**

The board discussed possible revisions to the District's Rate Order, but deferred a decision to the next board meeting.

7. **Condemnation Proceedings:**

After discussion, upon motion duly made, seconded and unanimously carried, the board adopted a Resolution Authorizing Acquisition of Real Property Interests and Initiation of Condemnation Proceedings, authorizing the use of the power of eminent domain to acquire water line easement(s) in 0.1118 of an acre of land situated in the H.T. & B.R.R. Co. (J. Rosenthal) Survey, Abstract No. 989, in Harris County, Texas, being a part of that certain 5.5888 acre tract of land described in the deed to Royal Montreal Plaza, LP, recorded under Harris County Clerk's File No. Y521846, Official Public Records of Real Property of Harris County, Texas, and being part of a Restrict Reserve "A", Block 1, of Royal Montreal Plaza, an addition in Harris County, Texas according to the plat recorded under Film Code No. 591173, Map Records of Harris County, Texas, for the construction, operation, maintenance, and repair of the District's water line project. A copy of the Resolution is attached to these minutes.

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

After discussion, upon motion duly made, seconded and unanimously carried, the board confirmed the District's offer of \$70,000 for acquisition of the Parcel 7 well discharge line easement as a compromise and settlement to avoid litigation.

9. **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

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

N/A

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

Board member Steve Talecki reported that he is working with the North Fort Bend Water Authority on implementation of the District's 2018 toolbox initiatives.

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

Board member Mike Chittwood reported that the irrigation system on the north side of Highland Knolls at Grand Junction was discovered to have been turned off during construction of the new sidewalk, and has since been turned back on. Also, he reported that CenterPoint has trimmed the trees along the southerly boundary of the greenbelt.

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

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

14. **Pending Business:**

The board confirmed the approval of a \$5,000 contribution from SPA funds to the costs of repairing flood damages to the Creekstone Clubhouse caused by Hurricane Harvey.

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:

Bookkeeper's Report

Resolution Authorizing Acquisition of Real Property Interests and Initiation of Condemnation Proceedings