

**CORNERSTONES MUNICIPAL UTILITY DISTRICT**  
**Minutes of Meeting of Board of Directors**  
**April 20, 2015**

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on April 20, 2015 in accordance with the duly posted meeting notice. A quorum of Directors was present as follows:

**Director Members Present:**

1. Morgan Stagg, President
2. Michael D. Chittwood, Vice President
3. Stephen A. Talecki, Asst. Vice President
4. Jennifer J. Goodwin, Secretary

**Board Members Absent:**

Bradley D. Holmes, Asst. Secretary

**District Residents:**

Tony Garza

**Others Present:**

Also present were Patty Rodriguez of Bob Leared Interests; Whitney Aelmore of Si Environmental, LLC; Marvin Zahradnik and Dennis Hughes of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; Adam Cohen of Robert W. Baird & Co.; Rhett Bredy and Matt Dustin of RBC Capital Markets; Dave Ciarella of EES; and Virginia Lester, Recording Secretary.

The meeting was called to order at 6:30 p.m. and declared open for such business as might come before it.

**1. Approval of Minutes:**

Upon motion duly made, seconded, and unanimously carried, the minutes of the March 16, 2015 meeting were approved with two requested corrections.

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

N/A

**3. Authorize any necessary actions in connection with financial advisory contract:**

Rhett Bredy and Matt Dustin from RBC Capital Markets discussed recent changes within their company and services that they now can provide to the District. Adam Cohen of Robert W. Baird & Co. reviewed the services his company can provide. After discussion and upon motion duly made, seconded, and unanimously carried, the Board retained Robert W. Baird & Co.

Mark Brooks of Young & Brooks stated that the Board must submit a contract cancellation notice to RBC Capital Markets within 30 days. A new contract for Robert W. Baird & Co. will be issued for signature by the Board.

**4. Authorize any necessary actions in connection with contract for purchase of electricity:**

Dave Ciarella of EES presented electrical pricing alternatives for 2015 to the Board. Members of the Board discussed controlling the times of day the well would run. To achieve this Whitney Aelmore of Si Environmental, LLC informed the Board that a SCADA would be required for remote control. Ms. Aelmore will provide information regarding costs and functionality to the Board at the May 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 99.520% collected for 2013 taxes and 97.292% for 2014 and 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, 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 provided a list of the 25 meter locations that were replaced during April, 2015.

Ms. Aelmore presented the original copy of the annual Red Flag report to Mark Brooks of Young & Brooks for the District's records. The report stated that there were no identity theft problems for 2014.

Ms. Aelmore informed the Board that an emergency shower and eye wash station was required at the water well for protection in case of a chlorine leak. She requested and the Board approved the equipment purchase and installation.

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:**

Marvin Zahradnik of Landev Engineers, Inc., the District's Engineers, presented the Engineer's Report. Mr. Zahradnik reported on the status of pending District projects and responded to questions:

Mr. Zahradnik informed the Board that the replacement of the second ground storage tank at the water plant is complete and on-line and that the operator has been so notified. The tank will be painted within the next two weeks. Upon motion duly made, seconded, and unanimously carried, the Board approved the payment of \$159,750.00 to Schier Construction for the ground storage tank.

TVing and cleaning sewer pipes has begun.

Mr. Zahradnik and Mr. Hughes presented the Board with three possible sites for the placement of interconnects and meters. The Board will continue the discussion at the next meeting.

Mr. Zahradnik presented the draft for the new water well permit to the Board for review. With Board approval, Mr. Zahradnik will submit the permit electronically to Ft. Bend's Subsidence District for authorization. With one change required and upon motion duly made, seconded, and unanimously carried, the Board authorized Landev Engineers, Inc. to submit the permit.

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 and a copy is attached.

After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the Bookkeeper's Report, authorized payment of the bills, and ordered checks to be issued on the appropriate District accounts in payment thereof.

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

N/A

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

Review of the sprinkler system is in progress. The Board requested Water Logic to report on the current status of their system.

**8. Cinco Regional Operating Committee report:**

The C.R.O. Report for April, 2015 was reviewed.

10. Pending Business:

N/A

There being no further business to come before the Board, the meeting was adjourned at 8:40 p.m.

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Secretary

Attachment: Bookkeeper's Report