

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
May 18, 2015

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on May 18, 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
5. Bradley D. Holmes, Asst. Secretary

Board Members Absent:

None

District Residents:

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.; Ryan Nesmith of Robert W. Baird & Co.; Dave Ciarella of EES; and Virginia Lester, Recording Secretary.

The meeting was called to order at 6:35 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 April 20, 2015 meeting were approved.

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

N/A

3. **Approve Financial Advisory Agreement with R. W. Baird & Co:**

Ryan Nesmith of Robert W. Baird & Co. attended the meeting to answer any questions that might arise. After discussion and upon motion duly made, seconded, and unanimously carried, the Board approved the contract with Robert W. Baird & Co.

4. **Water Logic status report:**

This item will be discussed at the June meeting.

5. **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. The Board will review options and compare costs at the June meeting.

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 99.520% collected for 2013 taxes and 97.292% for 2014 taxes and 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, the paying of bills and the writing off of debts that are non-collectible and are four years or older.

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 reported that the first can has been replaced and that the second can will be pulled. The work is on schedule.

The 2014 Drinking Water Quality Report was presented to the Board. The water exceeds all Federal (EPA) Drinking Water Requirements. The report will be sent to all customers on July 1, 2015.

The annual CPI Adjustment Report was forwarded to Mark Brooks of Young & Brooks. The report states the rate was a negative rate of .3%.

Ms. Aelmore informed the Board that the emergency shower and eye wash station at the water plant has been installed.

Washing the wall at the water plant has been scheduled and will be completed on time, weather permitting.

The Board discussed alternate run times for the water well. Items to be at the June meeting are: remote control of the well and a review of the potential cost savings if the well was run at "off peak" times.

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 Schier Construction had completed the second portion of the contract on the ground storage tanks at the water plant. Schier has submitted a bill in the amount of \$23,580.00.

TVing and cleaning sewer pipes is 50% complete. The results of the work will be reported to the Board upon completion of the project.

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 reported that Ft. Bend's Subsidence District is expected to approve the request for a new water well on 6/24/15.

Upon motion duly made, seconded, and unanimously carried, the Board approved the Engineer's Report, the payment to Schier Construction of \$23,580.00 and authorized Landev Engineers, Inc. to investigate feasible sites and costs for the location metered interconnects.

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 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 the District website:

N/A

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

The Board is waiting for contracts for the sidewalks.

8. Cinco Regional Operating Committee report:

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

10. Pending Business:

N/A

There being no further business to come before the Board, the meeting was adjourned at 8:17 p.m.

Secretary

Attachment: Bookkeeper's Report