

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
August 17, 2015

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on August 17, 2015 in accordance with the duly posted meeting notice. A quorum of Directors was present as follows:

Board 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:

Others Present:

Also present were Patty Rodriguez of Bob Leared Interests; Whitney Aelmore of Si Environmental, LLC; Dennis Hughes of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; Leslie Keen of WaterLogic; Kevin Atkinson of Texas Pride Disposal; 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 the Board.

1. Approval of Minutes:

Upon motion duly made, seconded, and unanimously carried, the minutes of the July 20, 2015 meeting were approved.

Report on August 5, 2015 meeting at the Cinco Regional Waste Water Plant:

A meeting was called to order at 2:15 pm on August 5, 2015 at the Cinco Regional Waste Water Plant. Doug Baker, Engineer from Brown & Gay, Cornerstones MUD Directors (except for Mr. Holmes), Whitney Aelmore of Si Environmental and representatives from other utility districts who participate in the Cinco Regional plan toured the plant. There was a question and answer session during the tour with specific discussion regarding the new clarifiers that had been installed and the proposed reuse water facility. The meeting was adjourned at 3:15 pm.

2. Questions/Comments from the public:

Kevin Atkinson, Owner of Texas Pride Disposal, made a presentation to the Board regarding disposal services his company provides. The Board will review the Texas Pride Disposal contract within the month.

3. WaterLogic status report:

Leslie Keen with Division Operations at WaterLogic discussed the District's system, water savings, and the WaterLogic System design. The system is designed to operate only when water is required and all results are compared to the prior water usage to determine current savings. Within the last year, it was reported that a 9% water savings was achieved. She further went on to explain that Cornerstones MUD has a skewed base line because the District turns off its irrigation system over the winter months and their system has no account for that. Their system algorithm is designed to have a system in operation year around. The result of this is that we may not be seeing all of our actual savings in the annual report.

4. Authorize publication of proposed tax rate if certified values are available:

Information was not available. The subject was deferred until the September 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 98.952% collected 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 where meters were replaced during the month.

Ms. Aelmore stated that work is complete on Booster Pump three and is installed. Work is in progress on Booster Pump five.

Si Environmental performed load tests on the generators to ensure that the equipment would function properly in the event of an emergency.

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:

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

Mr. Hughes stated that a utility request was received for 90 connections in a new empty strip center under construction on Mason Rd. The water capacity is available. The engineer requested that each of the building plans be reviewed prior to tenancy. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the 90 connections with the requirement that the engineer review the final plans and request any additional information that the engineer requires before final approval.

Landev Engineering has received the final report on the TVing of the sanitary sewer lines in the oldest sections of the collection system. This area includes North of Highland Knolls in Creekstone, the major trunk line to the plant and the oldest section down Briarchester into Cinco Ranch. No critical issues were identified. Items that require repairs are estimated to cost of \$461,828.00. After discussion, the Board requested the engineer to review the recommended repairs and to prioritize into three (3) stages with the most urgent first. Work will be scheduled over a three year period with the most urgent scheduled first. The estimated cost of repairs for stage one will be included in the 2016 budget.

Mr. Hughes and the Board discussed easement requirements for a water line from the proposed new water well to the existing treatment plant. After discussion, upon motion duly made, seconded and unanimously carried, the Board requested the Engineer provide a cost estimate for evaluating each of the proposed routes including costs for easement acquisitions and development of plans for the selected route for inclusion into the 2016 District budget.

After discussion and upon motion duly made, seconded and unanimously carried, the Board authorized Landev Engineering to develop plans for the new sidewalk section, to request permits from the City of Houston and to oversee the construction of the sidewalk to ensure all requirements are met.

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.

Expected expenses for the 2016 Budget were identified and discussed. The amounts will be finalized at the September meeting.

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. **Approve Cinco Ground Lease and Effluent Sale Agreement:**

Three of the four Districts that share ownership of the Cinco Regional Plant have agreed to accept the Effluent Agreement as well as Cinco MUD 1 and continue with the plans. Mason Creek has opted to not continue and is stating that it may challenge the other three Districts right to proceed.

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

The North Ft. Bend Water Authority (NFBWA) has established a water conservation committee to identify water saving initiatives for individuals and Municipal Utility Districts (MUDS). The NFBWA program will have a point system. The MUDS will be given points for completing specific initiatives. Cornerstones MUD is well positioned to meet or exceed requirements for points necessary to meet the goals of the NFBWA. The initiatives are currently in draft form and will be published when finalized.

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

N/A

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

After discussion, the Board agreed to have the irrigation system checked to ensure the system is functioning properly.

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

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

11. **Pending Business:**

N/A

There being no further business to come before the Board, the meeting was adjourned at 8:35 p.m.

Secretary

Attachment: Bookkeeper's Report