

**CORNERSTONES MUNICIPAL UTILITY DISTRICT**  
**Minutes of Meeting of Board of Directors**  
**August 15, 2016**

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on August 15, 2016 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. Caleb Burson, Secretary
5. Tony Garza, Asst. Secretary

**Board Members Absent:**

None

**District Residents Present:**

Lauren Cano, North Lake Village; John Irwin, Creekstone

**Others Present:**

Also present were Patty Rodriguez of Bob Leared Interests; Whitney Aelmore and Kyle Melgren of Si Environmental, LLC; Rick Radford of Landev Engineers, Inc.; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; Tabitha Floyd, Chairperson for the Cinco Ranch Parks and Recreation Committee; Steven Bonjonia, of Property Acquisition Services LLC; 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 18, 2016 meeting were approved as presented.

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

Lauren Cano, a resident of North Lake Village, stated the need for a swing set in a small North Lake Village park. Money had not been allocated in the Cinco Ranch budget for new equipment in that park. Ms. Cano stated that the Cinco Ranch Board would not allocate money for small neighborhood parks. She requested funds from the MUD to provide for the swing set. North Lake Village has an increased number of families with small children.

Tabitha Floyd, from the Cinco Ranch Parks and Recreation Committee, stated that three different types of swing sets have been reviewed and each costs approximately \$10,000, and provided the board with some information.

The Board questioned the availability of the equipment to all homeowners within the MUD. Parking on the adjacent street is not allowed within Cinco Ranch so this could possibly be a concern for the Board. The Board requested a month to review the request and will consider the matter at the September 19, 2016 meeting.

**3. Consider and possibly authorize publication of proposed tax rate if certified values are available:**

The certified value information is not available. The proposed tax rate will be addressed at the September 19, 2016 meeting.

**4. Consider and possibly appoint investment officer(s):**

The board discussed appointing a board member to serve as an investment officer for the District in addition to the current investment officer, Mary Jarmon of Myrtle Cruz, Inc. Tony Garza has taken the requisite training and understands that he is required to attend continuing education every two (2) years. After discussion, upon motion duly made, seconded, and carried by 4 votes with Mr. Garza abstaining, the board adopted the attached Resolution appointing Tony Garza and Mary Jarmon as investment officers for the District.

**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 99.12% collected for 2015 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 past month.

Ms. Aelmore informed the Board that the sewer line at 22507 Round Valley has been cleaned out twice. If this problem occurs again, the location will be added to the TVing project.

A meter has been installed in the esplanade at Cornerstone Place for irrigation.

Installation of the irrigation system outside the water plant is complete.

Si Environmental has not received a response from MUD 81 in regard to the \$15,000 cost to replace the meter and adjacent paving at the interconnect site between MUD 81 and Cornerstones MUD. (Located at Hidden Canyon north of Kenlake.)

Removal of the concrete debris that was piled adjacent to the water plant fence was completed this week.

A Board member asked if a decision had been made in regard to fire hydrant maintenance at the Cornerstone Ranch apartment project on Mason Road. Ms. Stagg stated that she would refer the issue to Marshall Kramer at ESD 48.

Si Environmental reviewed the Ft. Bend Storm Sewer and Manhole survey and has estimated a cost of \$30,925.00 for repairs. The project would include six (6) repairs per month as a preventive measure. The Board will consider the information and will address the issue in the September meeting.

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:**

Rick Radford of Landev Engineers, Inc., the District's Engineers, presented the Engineer's Report. Mr. Radford advised the Board as to the status of pending District projects and responded to questions.

Mr. Radford requested Board approval of Landev's fee proposal to prepare construction plans for Well No. 2 Discharge Line to water plant site. Landev will provide the proposal for review. The fee proposal discussion was deferred until September.

The 14 easement descriptions and sketches for crossing private property have been delivered to the attorney for review. There is a need to determine the best means for crossing HCFCD Channel. One option is to attach the well discharge line to the bridge. The second option is to bore under the channel.

The Highland Knolls Dr. Sidewalk Project Phase I is complete. Harris County requires a final inspection by the Texas Department of Licensing Review (TDLR). Landev will request the date for the inspection. The Board requested the total cost for Phase I.

Landev has prepared a proposal to prepare construction plans for Highland Knolls Dr. Sidewalk Project Phase 2 and will forward the proposal to the Board.

Landev has received signed and executed contracts from Texas Pride Utilities for the Sanitary Sewer Rehabilitation Phase I. The pre-construction meeting has been scheduled for August 17, 2016.

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.

The new budget for 2017 will be presented to the Board for approval during the September meeting. Mr. Holland stated that he will add a line item to the budget for the processing of easements for the new water well.

Ms. Stagg will investigate the problem of receiving bills from Texas Pride and will report to the Board.

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 acquisition of easements for proposed well discharge line:**

The Board discussed the need for obtaining property easements for the discharge line to the Water Plant site.

Mark Brooks of Young & Brooks, the District's attorney, recommended that the Board consider contracting with an acquisition specialist to assist in acquiring property easements.

Steven Bonjonia of Property Acquisition Services, LLC (PAS), a specialist in acquiring property easements, was introduced to the Board. Mr. Bonjonia outlined the process of contacting each landowner with the appropriate documents to obtain each easement. There are two methods of payment for the services of PAS. One is a flat fee of \$3,500 fee per easement and the second option is an hourly rate. An additional charge is the abstracting fee for each title which costs approximately \$350.00 each.

The Board stated that it is their intent that the project of obtaining the 14 easements be completed by the end of the year 2016 and that the water discharge line be installed and running by the end of year 2017.

The Board requested additional information and Mr. Bonjonia submitted his proposal to the Board.

After Board review of the proposal and discussion, upon motion duly made, seconded and unanimously carried, the Board approved the proposal from Property Acquisitions Services, LLC at the flat fee of \$3,500 per tract plus title fees and any appraisal fees.

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

The Board discussed the Wise Guys residential irrigation testing as a positive way to identify problems and plan for a more efficient method of water savings for each homeowner. Representatives from the HOA's within the MUD volunteered to notify residents of the Wise Guy program in their newsletters.

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

N/A

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

N/A

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

The C.R.O. Report for August 2016 was reviewed.

11. **Pending Business:**

After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the change of the monthly meeting time to begin at 5:30 p.m. Ms. Stagg requested the web site be updated with this revised information.

There being no further business to come before the Board, the meeting was adjourned at 8:30 p.m.

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Secretary

Attachments: Bookkeeper's Report  
Resolution Appointing Investment Officers