

CORNERSTONES MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
February 20, 2017

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on February 20, 2017 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:

None

Others Present:

Also present were Patty Rodriguez of Bob Leared Interests; Whitney Aelmore of Si Environmental, LLC; Matthew Carpenter of IDS Engineering Group; Terry Holland of Myrtle Cruz, Inc.; Mark W. Brooks of Young & Brooks; and Virginia Lester, Recording Secretary.

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 January 16, 2017 meeting were approved as presented.

2. Questions/Comments from the public:

N/A

3. Consider and possibly approve continuation of Water Logic Annual Water Management Service:

Two Board Members met with representatives of Water Logic to discuss continuation of the contract. After discussion, a recommendation was made to renew the contract, and upgrade the three (3) controller boxes which will provide dual communication and remote access.

After discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the new contract and upgrading the controller boxes.

4. **Establish tax exemptions and adopt tax collection penalty:**

After discussion, the Board tabled the discussion until the March 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 99.52% collected for 2015 and 94.07% 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, 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 6 meter locations where meters were replaced during the past month.

Ms. Aelmore notified the Board that it has been two years since the water hydrants in the District have been pressure washed and repainted. She asked if the Board wanted to schedule this work for completion in 2017. Two bids were received for 158 hydrants. Industrial Solutions bid of \$3,807.80 and Lone Star Hydrants and Utility, LLC bid of \$5,530.00. The project was tabled for discussion until the March 2017 meeting.

Ms. Aelmore stated that the project to install an air conditioning unit and an electrical cover for the vent is in progress but is running behind schedule because of the weather.

Two delinquent accounts were discussed and the Board voted to proceed with an escalation of the collection process.

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:

Matthew Carpenter of IDS Engineering Group (IDS), the District's Engineer attended the meeting and presented the Engineer's Report.

Mr. Carpenter informed the Board that the following records have been received from the previous Engineering firm: 1.) Water Distribution Maps; 2.) Future water well and transmission line; 3.) Wastewater System Maps; 4.) Drainage System Maps; 5.) Development Construction Plans; 6.) District Records Request; 7.) Asset Management Plan; and 8.) Sidewalks.

Mr. Carpenter stated that he requested but did not receive files relating to the Phase 1 of the Sanitary Sewer Rehabilitation project.

Mr. Carpenter received the files of the preliminary design for Water Well No. 2 and the transmission line from the previous Engineering firm. At last month's meeting, the Board authorized IDS to review the records and prepare an analysis of the various alternative locations for Water Well No. 2. IDS presented three options: a) Remote Water Well No 2, b) Water Well Collection Line and c) Water Well No. 2 On-Site. The pros and cons of each option were discussed. The Board also reviewed the plan of the MUD to have a second well that will provide full water service to Cornerstones MUD in case of the failure of the District's only water well.

After discussion and upon motion duly made and seconded to install the well On-Site, the motion failed with two board members voting in favor and three board members, Tony Garza, Mike Chittwood and Morgan Stagg, voting in opposition.

After further discussion and upon motion duly made to proceed with the previously approved plan for a remote well and the transmission line to be located at Highland Knolls and Mason Road (MUD's Greenbelt), and to approve the two IDS proposals for related engineering services (Water Well No. 2 and the WW No. 2 Collection Line), the motion carried with three votes in favor and two board members, Caleb Burson and Steve Talecki, voting in opposition.

Mr. Carpenter stated that IDS has prepared an engineering proposal for the cleaning and televising of Phase 2 of the sanitary sewer system. The proposal includes the solicitation of bids for the work. The Contractor that performed the work for Phase I will have an opportunity to bid on the work. IDS

will develop a sanitary sewer inspection and repair exhibit for a long term maintenance plan. The cost for the project is \$12,285.00.

After discussion, and upon motion duly made and seconded, the motion was unanimously carried.

IDS received the construction plans for the proposed Highlands Sidewalk project and prepared a proposal to provide the bidding and construction phase services, but engineering for the project is being taken care of by Harris County. After discussion, upon motion being duly made, seconded, and carried by four votes with Mr. Talecki abstaining, the board authorized proceeding with the sidewalk project.

Upon motion duly made, seconded and unanimously carried, the Board approved the Engineer's Report.

Note: This report was presented at the beginning of the meeting so that Board Member Tony Garza could be present. Mr. Garza excused himself at 6:10 pm.

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. **Discuss and authorize any necessary actions in connection with Highland Knolls sidewalk project:**

Refer to the Engineer's Report.

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

Board Member Steve Talecki informed the Board that the 2016 initiative was not achieved due to the lack of residents requesting testing of their sprinklers. The Board discussed the issue and will review the matter again at a later date.

8. **Property Acquisition Services update and authorization of any necessary actions in connection with acquisition of easements for Well No. 2 discharge line, including possible approval of agreement for related legal services:**

The Board authorized three easements and wrote three checks to cover the costs. The Board has requested that Steve Bonjonia of Property Acquisition Services attend the March meeting to provide a current status report.

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. Authorize any necessary actions in connection with District website:

Allen DeJonge of Off Cinco, a web design firm, made a presentation to the Board in January with regard to maintaining the District's website. After discussion, upon motion duly made, seconded and unanimously carried, the Board unanimously approved the initial \$2,200 design fee and the \$150 monthly fee to maintain the District's Web Site.

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

The water at the greenbelt was tested and one (1) system has been scheduled to be checked for proper functionality.

A report was received that a light was out on one of the utility poles at Brookgrove and the Greenbelt. The problem has been reported.

13. Cinco Regional Operating Committee Report:

The C.R.O. Report for February 2017 was reviewed.

14. Pending Business:

N/A

There being no further business to come before the Board, the meeting was adjourned at 7:00 p.m.

Secretary

Attachments:

Bookkeeper's Report