

**CORNERSTONES MUNICIPAL UTILITY DISTRICT**  
**Minutes of Meeting of Board of Directors**  
**May 15, 2017**

The Board of Directors of Cornerstones Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas, on May 15, 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 Kristen Scott 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 final draft of the minutes of the April 17, 2017 meeting was approved.

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

N/A

3. **Consider Consultants Reports (as needed):**

a) **Tax Assessor-Collector:**

Kristen Scott of Bob Leared Interests, the District's Assessor/Collector, reported on the status of the District's tax collections. Ms. Scott reported that the District is 99.73% collected for 2015 and 98.33% 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 reported that Si Environmental has checked the emergency generator to prepare for the hurricane season. She recommended that the generator diesel fuel be run through a fuel polishing filtration system. The estimated cost is \$682.00. After discussion, the Board agreed to run the diesel fuel through the polishing filtration system.

Ms. Aelmore informed the Board that she had contacted Junction Landscape in regard to the condition of the grass at the District's Water Plant. A representative from Junction Landscape stated that they will add new soil and will re-seed the grass.

Ms. Aelmore reviewed the CRST District Rate Order Pricing Schedule Report, prepared and forwarded a recommendation to the Board for the pricing guidelines for services that the District provides to residents. The Board will review the information and discuss it at the June 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:**

Matthew Carpenter of IDS Engineering Group (IDS), the District's Engineer, attended the meeting and presented the Engineer's Report. Mr. Carpenter advised the Board as to the status of pending District projects and responded to questions.

Mr. Carpenter informed the Board that IDS had received the Operator's proposed list of control upgrades for consideration after the water well is complete. One recommendation is to convert the gas CL2 system over to a liquid based bleach system. The bleach system is much safer for the operators and there is no potential for dangerous leaks affecting others who are near the facility.

After discussion, the Board asked IDS to prepare a cost estimate for conversion of the gas CL2 system to the bleach system.

At the Board's request, Mr. Carpenter prepared an exhibit showing the existing sanitary control easement and illustrated how it overlaps the golf course maintenance facility. He reported that President Stagg and IDS Engineer Angela Howes met at the Water Plant and inspected the golf course maintenance facility. It appears that the golf course may need to improve their general housekeeping. It was also noted that there is a 500-foot restriction on the use of reuse water for irrigation around a well. The Board requested that this be added to the exhibit and action be taken to insure that Cinco Ranch or the Golf Course did not install reuse irrigation in that zone. Various photographs were taken of the facility and presented to the Board along with the Texas Administrative Code. IDS will prepare a letter to the Golf Course regarding their maintenance facility.

IDS received an additional bid from Si Environmental and CSI remained the lowest, responsible bidder with a price of \$46,970.80. IDS moved forward with preparing a contract with CSI Consolidation dba CleanService LLC. Mark Brooks, of Young & Brooks the District's attorney, reviewed and approved the contract. During the April 17, 2017 meeting, the Board voted to award the contract to the lowest, responsible bidder after all bids were received. The Board approved the contract with CSI Consolidation.

The Board asked the Engineer, Matthew Carpenter, if developers working within the District would build sidewalks as they work at each property site. Mr. Carpenter stated that he would address this issue with the developers and report back to the Board.

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. 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.

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

A meeting with the County and landowners was held on May 9, 2017. The County requested two exhibits representing the driveway to the veterinarian clinic and to the car wash. The exhibits were delivered to the County on May 15, 2017.

5. **Consider and possibly amend water and sewer rate order:**

The Board agreed to address this issue in the June meeting.

6. **Property Acquisition Services update and authorization of any necessary actions in connection with acquisition of easements for Well No. 2 discharge line:**

Mark Brooks of Young & Brooks, the District's attorney, stated that a resolution had been reached in regard to Tolebi Car Wash's desire to shift the westerly boundary of the water line easement that crosses their property one (1) foot closer to the Mason Road right-of-way. It is impossible to shift the water line easement. The property owner stated that he will accept an additional \$1,420 in compensation for the one (1) foot that cannot be moved. After discussion, the Board accepted Tolebi Car Wash's proposal to receive an additional \$1,420 and to close the acquisition request.

7. **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

8. **Discussion & action on any items discussed in executive session:**

N/A

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

Whitney Aelmore of Si Environmental informed the Board that a new resident claimed she could not understand the information on the District's web site on how to establish water service. Ms. Aelmore provided the resident with a Welcome Packet and she referred the concern to the Board.

After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the web master modifying the web site to clarify the information regarding the establishment of new service with Si Environmental.

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

Morgan Stagg informed the Board that she had received information from Water Logic in regard to their method of defining cost savings. She will review the information and inform the Board at the next meeting.

11. **Cinco Regional Operating Committee Report:**

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

12. **Pending Business:**

N/A

There being no further business to come before the Board, a motion was made, seconded and unanimously carried to adjourn the meeting at 6:45 p.m.

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Secretary

**Attachments:**

Bookkeeper's Report