

**CORNERSTONE MUNICIPAL UTILITY DISTRICT**

**Meeting Minutes of the Board of Directors**

**June 18, 2018**

The Board of Directors of Cornerstone's Municipal Utility District (District) met at 805 Hidden Canyon, Katy, Texas on June 18, 2018 in accordance with the duly posted meeting notice. A quorum of Directors was present as follows:

**Board Members Present:**

1. Morgan Stagg, President
2. Mike Chittwood, Vice-President
3. Stephen A. Talecki, Asst. Vice President
4. Virginia Lester, Secretary
5. Tony Garza, Asst. Secretary

**Board Members Absent:**

None

**District Residents Present:**

- Bob Budnick, Resident of Estates of Chesterfield
- Sandra Rimmer, Cornerstone Place

**Others Present**

- Patty Rodriquez of Bob Leared Interests
- Whitney Aelmore of Si Environmental, LLC
- Angie Howes of IDS Engineering Group
- Terry Holland of Myrtle Cruz, Inc.
- Mark W. Brooks of Young & Brooks
- Greg Nady of the Ft. Bend Emergency Services District
- Sandra Rimmer, 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 May 21, 2018 meeting were approved.

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

- a) Greg Nady presented a proposal for extensions to the hike and bike trail system. He identified two areas where he recommends construction of an underpass/sidewalk for rider safety: the junction of the Willowfork drainage system at Fry Road, and the junction of the Mason Creek Trail section at Mason Road. He expressed his hope that Harris County, with their extensive expertise in such projects, would participate in the project. Greg requested

assistance from the District in requesting the City of Houston to build the proposed underpasses/sidewalks. No other action is required at this time.

- b) Bob Budnick of 22011 Chesterwick Drive, Estates of Chesterfield, requested review and possible reimbursement of his water bill and/or plumbing costs due to a burst pipe on the resident's property. After discussion and input from Si Environmental, the Board concluded that reimbursement for neither the water bill nor the plumbing was warranted.
- c) Mike Chittwood introduced Sandra Rimmer from Cornerstone Place as a resource for the Recording Secretary position for the District. After discussion, with a motion by Tony Garza and a second by Mike Chittwood, the motion to hire Sandra Rimmer as the Recording Secretary was unanimously carried.

**3. Appoint and qualify new director:**

The board considered the appointment of a director to fill a vacancy on the board created by the resignation of Caleb Burson. The board recognized Virginia Lester, a resident of the District who has indicated a willingness to serve out Mr. Burson's unexpired term of office. After discussion, upon motion duly made, seconded and unanimously carried, the board adopted the attached Order appointing Virginia Lester as a director for such unexpired term. Ms. Lester executed her Statement of Appointed Officer and Oath of Office, and immediately assumed her duties on the board.

**4. Elect Officers as needed**

Virginia Lester was nominated to take the office of Secretary. With motion by Tony Garza and a second by Mike Chitwood, the motion was carried by four votes with director Lester abstaining, and the Board approved the appointment of Virginia as Secretary.

**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 98.05% collected for 2017 and 99.8% collected 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's Report**

Whitney Aelmore of Si Environmental LLC, the District's Operator, reported to the Board regarding District operations and facilities. Ms. Aelmore reviewed her written report with the Board and responded to questions.

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.

The emergency generator at the water plant is defective and cannot be repaired. A generator has been rented for a period of 4 to 6 weeks until a new generator can be installed.

Tony Garza of Creekstone HOA requested that the Board approve a reimbursement from Si Environmental for the sewer cost involved in draining the Creekstone HOA pool.

After discussion, upon motion being duly made, seconded, and unanimously carried, the Board approved the Operator's report, authorized the processing of the delinquent accounts in the usual and customary manner, and authorized the refund to the Creekstone subdivision HOA.

**d) Engineer's Report**

Angie Howes of IDS Engineering Group (IDS), the District's Engineer, attended the meeting and presented the Engineer's Report. Ms. Howes advised the Board on the status of pending District projects and responded to questions.

After discussion, upon motion being duly made, seconded, and unanimously carried, the Board approved requests to advertise for bids on the water well, the water line, and the sanitary sewer rehabilitation project. The motion also included providing for any additional repairs at West Side Grill, and authorized moving forward on the street repair to the driveway turnout (at Eagle Meadow and Holly Lake) in Creekstone.

Mark Brooks, of Young & Brooks, the district's attorney, gave an update on the status of 3 easements; for 1, the property condemnation is in progress; the other 2 should be resolved this week.

The Board discussed the encroachment agreement with Service First Automotive and agreed to have Mark Brooks, of Young & Brooks, the district's attorney, stipulate that approval is contingent on the completion of the sidewalk in the original plans.

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.

Texas Disposal continues to bill the District for incorrect charges. After discussion, the Board agreed to pay the current billed amount and receive credit later. If future Texas Disposal charges are billed at the incorrect amount, the district will withhold payment until the District receives an accurate bill.

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

Stephen Talecki presented his findings concerning the water rate for the apartment complex in the district. The current rate of \$1 per 1000 gallons results in a financial deficit to the district and is not sustainable. The Board discussed raising the rates from \$1/1000 gallons to \$4/1000 gallons. The Board agreed to review the calculations to ensure the accuracy and to determine the “break even” rates.

A proposal to send the complex a 90-day letter of intent on raising the rate from \$1/1000 gallons to \$4/1000 gallons was discussed. The District requested a review of the data prior to approving the rate increase.

Stephen Talecki will forward his findings to Tony Garza for review. The Board will discuss the rates at the July Board meeting.

**7. Authorize any necessary actions in connection with acquisition of easements for well no. 2:**

N/A

**8. 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

**9. Discussion and action on any items discussed in Executive Session:**

N/A

**10. Discuss and authorize any necessary actions in connection with NFBWA Conservation Toolbox Initiatives**

Stephen Talecki is waiting for an email from North Fort Bend Water Authority to approve the District’s recommended project.

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

After discussion and upon motion duly made, seconded, and unanimously carried, the Board approved the purchase of a new trash can for the green belt in the amount of \$698.00 to be installed by Si Environmental LLC.

The sprinklers are still not repaired so the payment to Junction will be held until the work is completed.

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

The C.R.O. Report for May 2018 was presented to the Board.

After appeal by BGE FEMA has agreed to reimburse the district for the mitigation work to flood proof the clarifier motors and control box.

**13. Pending Business**

Morgan gave a brief recount of her meeting with Andy Myers, County Commissioner, about community projects. No specific projects were proposed.

The Board agreed not to pursue a textile recycling initiative.

There being no further business to come before the Board, a motion was duly made, seconded, and unanimously carried to adjourn the meeting at 7:28 p.m.

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Secretary

**Attachments:**

Order Appointing Director  
Bookkeeper's Report