

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

February 4, 2016

The Board of Directors (the "Board") of Bilma Public Utility District (the "District") of Harris County, Texas, met in regular session, open to the public, at Spring Creek Oaks Clubhouse II, 6002 Bur Oak, Spring, Texas 77379, on Thursday, February 4, 2016, at 5:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

H. Mark Stoebner	President
Dennis E. Winkler	Vice President
Don Atherton	Secretary/Investment Officer
Cynthia D. Day	Assistant Secretary
F. Anthony Musgrave	Director

All members of the Board were present, except Director Atherton, thus constituting a quorum. Also attending the meeting were: Ms. Christina Cole of Myrtle Cruz, Inc. ("MCI"), bookkeepers for the District; Ms. Robin Humphrey of Wheeler & Associates, Inc., the Tax Assessor/Collector for the District; Ms. Robin Secrest and Mr. Michael Potter of Hays Utility South Corporation ("Hays"), operators for the District; Mr. Justin Abshire, P.E., of Jones & Carter, Inc. ("Jones & Carter"), engineers for the District; Mr. Rick Couch, resident of the Spring Creek Oaks ("SCO") subdivision; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorneys for the District.

Whereupon, the meeting was called to order and evidence was presented that public notice of the meeting had been given in compliance with the law. The posted notices of the meeting are attached hereto.

CONSENT AGENDA

Director Stoebner first reviewed with the Board the items reflected on the Consent Agenda. Director Stoebner explained that this portion of the agenda deals with routine matters of the Board, and that no separate discussion of such items will occur unless a Board member or a member of the public requests that an item be moved to the regular portion of the agenda. Ms. Bobbitt stated that she had not yet completed review of the minutes of the regular meeting of January 7, 2016, and that such minutes would be placed on the March agenda for approval. Upon motion by Director Day, seconded by Director Musgrave, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the minutes of the regular meeting of November 5, 2015, as revised, and the minutes of the regular meeting of December 3, 2015, as written; and 2) concur with the payment of Pay Estimate No. 4, in the amount of \$119,504.30, from Monarch Civil Contractors, LLC ("Monarch"), by Chesmar Homes in connection with the construction of water, sanitary sewer, drainage, and Phase 2 Detention Facilities to serve Country Lake Estates Village ("CLEV"), Section 2.

REGULAR AGENDA

PRESENTATION BY MS. LAURA JUNEK REGARDING PRELIMINARY PLANS FOR LOCATION AND CONSTRUCTION OF DOG PARK ON SCO COMMUNITY IMPROVEMENT ASSOCIATION PROPERTY

Director Stoebner stated that Ms. Junek would not attend today's meeting.

DISCUSS REQUEST FROM HOUSTON NORTHWEST CHAMBER OF COMMERCE ("HNW CHAMBER") REGARDING "GROW NORTHWEST PROGRAM"

Director Stoebner reminded the Board that Ms. Barbara Thomason, President of HNW Chamber addressed the Board in January and requested that the Board place a voluntary donation for the Grow Northwest Program on the District's water/sewer service billing statements. Director Stoebner stated that if the Board agrees to the voluntary donation line item, he would want the customers to have an "opt-in" ability for the donation. Director Musgrave stated that he was not interested in participating in the Grow Northwest Program at this time. Director Day concurred with Director Musgrave. Director Winkler expressed concerns about Hays having to maintain additional records regarding the voluntary donation. Ms. Secrest explained that Louetta Road Municipal Utility District recently began participating in the Grow Northwest Program and stated they have not received any calls from residents requesting to opt-in to the program. Ms. Secrest also reminded the Board that Hays will charge the District an administrative fee of \$0.40 per customer donation. Director Musgrave then suggested that the Board offer to insert a flyer regarding the Grow Northwest Program in the next customer billing statements and encourage the HNW Chamber to work with the community improvement associations. Director Stoebner asked Ms. Dold to call Ms. Thomason concerning the Board's decision and to determine if the HNW Chamber would like to distribute a flyer to the District residents about the Grow Northwest Program.

CONSIDER PROPOSAL FROM G. E. CONNER CONSULTING FOR ANALYSIS OF OPERATING SERVICES, PROCEDURES AND PROTOCOLS

Director Stoebner reported that he and Director Atherton had not yet communicated with Mr. Conner. Such matter was deferred to the March meeting.

REVIEW AND DISCUSS GARBAGE COLLECTION SERVICE AND RECYCLING SERVICE CONTRACTS

Director Stoebner next reported that Residential Recycling and Refuse of Texas ("RRRT"), the District's current recycling provider, has submitted a letter offering to extend the District's current agreement from May 1, 2016 through April 30, 2018, at the current cost of \$3.00 per connection. Director Stoebner further reported that RRRT had presented a five (5) year option to add garbage collection services to the RRRT contract with a three (3) year option period at a cost of \$12.25 per connection. A copy of the letter from RRRT is attached as an exhibit to these minutes.

Ms. Bobbitt went on to explain that Ms. Robin Gribble, Municipal Account Executive for WCA Waste Corporation ("WCA"), the District's current garbage collection services provider,

had sent the Board an email regarding WCA's desire to enter into a new three (3) year contract for garbage collection services with the District and retain the current rate of \$11.74/per connection for one (1) year. A copy of such email is attached hereto.

After a brief discussion, the Board determined that they would request proposals for both garbage collection services and recycling services from WCA, RRRT and Best Trash for review at the March 3rd meeting. The Board asked Ms. Bobbitt to request and review copies of the proposed form of contract from each of the three (3) service providers. The Board then specified that they wanted the providers to indicate their costs for garbage collection service on Mondays and Thursdays and recycling collection service on Thursdays.

DEVELOPER REPORTS

Mr. Abshire reported that Monarch has completed 95% of its construction work in CLEV, Section 2. Mr. Abshire stated that Chesmar Homes is scheduled to begin model home building.

AMENDED AND RESTATED DETENTION POND MAINTENANCE AGREEMENT WITH COMMUNITY ASSOCIATION OF COUNTRY LAKES ESTATES ("CACLE") TO INCLUDE CLEV, SECTION 1 DETENTION POND

Ms. Bobbitt stated that this matter would be deferred.

TAX ASSESSOR/COLLECTOR'S REPORT AND DELINQUENT TAX ATTORNEY'S REPORT

Ms. Humphrey next reviewed with the Board the Tax Assessor/Collector's Report as of January 31, 2016, a copy of which is attached hereto. Ms. Humphrey noted that the District has collected 91.41% of its 2015 taxes to date.

Upon motion by Director Winkler, seconded by Director Day, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor/Collector's Report, the checks reflected therein, and the Delinquent Tax Attorney's Report.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION FOR 2016 TAX YEAR

The Board then considered adoption of a Resolution Concerning Exemptions from Taxation for 2016 Tax Year. Ms. Humphrey advised the Board that last year the District granted an exemption of \$15,000 of the appraised value of residence homesteads of individuals who are disabled or who are 65 years of age or older, and that the 2016 resolution had been prepared with the same exemptions for 2015. Upon motion by Director Musgrave, seconded by Director Day, after full discussion and the question being put to the Board, the Board voted unanimously to adopt a Resolution Concerning Exemptions from Taxation for 2016 Tax Year, thereby granting an exemption of \$15,000 of the appraised value of residence homesteads of individuals who are disabled or who are 65 years of age or older and not to adopt a general residential homestead exemption for the 2016 tax year. A copy of the resolution is hereto.

RESOLUTION IMPLEMENTING PENALTY ON 2015 DELINQUENT TAXES AND CONTRACTING WITH ATTORNEYS TO COLLECT DELINQUENT TAXES

Ms. Bobbitt then explained that pursuant to Sections 6.30, 33.07, 33.08 and 33.11 of the Texas Property Tax Code, as amended, the District may levy an additional 20% penalty on 2015 real property taxes that remain delinquent as of July 1, 2016 and an additional 20% penalty on 2015 personal property taxes that remain delinquent as of April 1, 2016, to help defray the costs of collection, if the Board has entered into an agreement with an attorney for the collection of delinquent taxes and if adequate notice of such penalty is provided to property owners. Upon motion by Director Winkler, seconded by Director Day, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Implementing Penalty on 2015 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto.

Ms. Humphrey then exited the meeting at 5:35 p.m.

BOOKKEEPER'S REPORT

Ms. Cole next reviewed the Bookkeeper's Report with the Board, a copy of which is attached hereto, including the revenues and expenses of the District, the budget comparison for seven (7) months, the investment report for the month, and the checks being presented for payment.

Director Winkler asked Ms. Cole to send an invoice to La Boucherie for the outstanding engineering expenses associated with their proposed development. The Board also asked that MCI prepare a letter to Mr. Ron Koury by April 1st advising him of the amount of his final reimbursement that is due May 1, 2016.

Upon motion by Director Day, seconded by Director Musgrave, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report and authorize payment of the checks reflected therein.

DISCUSS, APPROVE, AND AUTHORIZE EXECUTION OF AMENDED DEPOSITORY PLEDGE AGREEMENT (THE "AMENDED DPA") WITH COMPASS BANK ("COMPASS") TO INCLUDE LETTERS OF CREDIT

Ms. Bobbitt reminded the Board that Compass, the District's depository bank, wants to add letters of credit to the list of authorized investment securities for District funds. Ms. Bobbitt suggested that the Board approve an Amended DPA with Compass that lists letters of credit as authorized investment securities for District funds. Director Musgrave stated that the use of letters of credit is a standard business practice. Upon motion by Director Musgrave, seconded by Director Winkler, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of an Amended DPA, a copy of which is attached hereto.

AUTHORIZE ATTENDANCE AT ASSOCIATION OF WATER DIRECTORS – TEXAS ("AWBD") SPRING BREAKFAST AND ANNUAL CONFERENCE IN FORT WORTH, TEXAS, JUNE 23-26, 2016 AND DISCUSS CHANGE IN REGISTRATION PROCESS

Directors Stoebner and Winkler stated that they would not be able to attend the AWBD Annual Conference in Fort Worth, Texas. Upon motion by Director Day, seconded by Director Winkler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the Board to attend the Spring Breakfast and Annual Conference. Ms. Bobbitt briefly reviewed the new AWBD registration policy and explained that delegates are now required to be registered for the Annual Conference before they can make a room reservation.

OPERATOR'S REPORT

Mr. Potter then presented and reviewed the Operator's Report with the Board for the period of December 15, 2015 to January 16, 2016, a copy of which is attached hereto. Mr. Potter reported that currently there are 1,691 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 96.63%, that 129 delinquent notices were mailed during the month, and that seven (7) accounts were cut off.

Mr. Potter went on to report that all punch list of items from the December 4, 2015 facilities tour have been completed. Director Winkler noted that the bar chart at the bottom of the *Monthly Billed vs. Pumped Chart* had not been updated to include November, December and January data.

Mr. Potter next reported four (4) ¾-inch meters were scheduled for change out this reporting period.

Upon motion by Director Musgrave, seconded by Director Winkler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report, and authorize the termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

ENGINEER'S REPORT

Mr. Abshire then presented the Engineer's Report, a copy of which is attached hereto. Mr. Abshire first reported that Jones & Carter has prepared Change Order No. 2 for a one (1) year extension (at net increase of \$6,960) to the Storm Water Quality Management Plan contract with Environmental Allies, a copy of Change Order No. 2 and the Form 1295 Certificate of Interested Parties are attached hereto.

Mr. Abshire next presented for the Board's review a letter from Jones & Carter regarding the firm's 2016 Hourly Rates, which were not increasing over the 2015 hourly rates, a copy of which is attached.

Upon motion by Director Day, seconded by Director Musgrave, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and approve the Change Order, as described above.

ATTORNEY'S REPORT

Ms. Bobbitt next informed the Board that the North Harris County Regional Water Authority (the "NHCRWA") has scheduled an Irrigation Workshop on Tuesday, February 23, 2016, from 6:00 p.m. to 8:00 p.m., at the NHCRWA's office at 3648 Cypress Creek Parkway, Suite 110, Houston, Texas 77068. A copy of the invitation for such event is attached hereto.

Ms. Bobbitt next reviewed a RBAP Memorandum regarding the implementation of House Bill ("H.B.") 1295, which became effective January 1, 2016, a copy of the memorandum and the Form 1295 Certificate of Interested Parties are attached hereto. A discussion ensued regarding the requirements and procedures for filing the Form 1295 Certificate of Interested Parties.

Ms. Bobbitt then reported that pursuant to Senate Bill 1812, RBAP, on behalf of the District, had complied with the new annual filing requirement for an entity identified in Section 2206.151, Texas Government Code, to report to the Texas Comptroller, no later than February 1st of each year, with information to maintain the entity's authority to exercise eminent domain powers.

Ms. Bobbitt informed the Board that she would discuss H.B. 23 regarding vendor and officers disclosures with the Board at the March meeting.

Ms. Bobbitt went on to report that the Harris County Commissioner's office has sent a follow-up email regarding the anticipated activation of the traffic signals between FM 1960 and FM 2920, a copy of which is attached hereto. Ms. Bobbitt noted that the targeted activation date has been moved to May 2016.

Mr. Couch then exited the meeting at 6:20 p.m.

REVIEW OF SUPPLEMENTAL NOTICE OF PUBLIC MEETING

Ms. Bobbitt then reviewed the 2016 Election Calendar with the Board, a copy of which is attached hereto. Ms. Bobbitt informed the Board that the terms of Directors Day and Stoebner expire this May and noted that the first day for filing an Application for Place on the Ballot for the May 7, 2016 election is Wednesday, January 20, 2016, and the last day is Friday, February 19, 2016, at 5:00 p.m.

Ms. Bobbitt next reviewed the three (3) action items regarding the upcoming May 7, 2016 Directors Election. Director Stoebner reported that the Klein Volunteer Fire Department Station 7, at 5518 Winding Ridge Drive, Spring, Texas in the SCO subdivision was available for the Early Voting Polling Place on April 25th – May 3rd (does not include Saturdays, Sundays and Holidays) and Polling Place No. 1 on Election Day. In addition, Director Stoebner informed the Board that the Country Lake Estates Clubhouse, at 4120 Countrypark Drive, Spring, Texas, was available on Election Day as Polling Place No. 2. Ms. Dold informed the Board that Mr. Eugene Mendoza was not able to provide election clerks for the May 7th election. Ms. Bobbitt next informed the Board that the deadline for Applications for Place on the Ballot is February 19, 2016, at 5:00 p.m., at the offices of RBAP, and that the deadline for Applications for Declaration as Write-In Candidate is February 23, 2016, at 5:00 p.m.

Upon motion by Director Winkler, seconded by Director Musgrave, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Calling Directors Election, a copy of which is attached as an exhibit hereto.

Ms. Bobbitt next explained stated that the canvassing period for the May 7th election is May 15th through May 18th. Ms. Bobbitt noted that only two (2) members of the Board need to attend the canvassing meeting. Directors Musgrave and Winkler stated that they could attend a canvassing meeting on May 17th. Upon motion by Director Winkler, seconded by Director Musgrave, after full discussion and the question being put to the Board, the Board voted unanimously to setting the canvassing meeting on May 17, 2016, at 5:15 p.m.

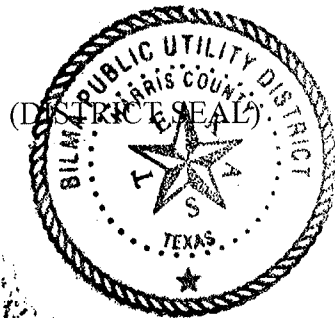
Ms. Bobbitt then reported that the Board will need to lease iVotronic Voting System machines and equipment from Electronic Systems & Software ("ES&S") for the May election. Upon motion by Director Day, seconded by Director Winkler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize execution of a Rental Equipment and Sales of Service Contract with ES&S when it is submitted by ES&S.

NEXT MEETING

Ms. Bobbitt reminded the Board that the Board's next regular meeting will be on Thursday, February 4, 2016, at the Spring Creek Oaks Clubhouse II, at 5:00 p.m.

There being no further business to come before the Board, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED this 3rd day of March, 2016.



Cynthia Anne Day
Asst. Secretary, Board of Directors