

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

May 5, 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, May 5, 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
F. Anthony Musgrave	Secretary
Cynthia D. Day	Assistant Secretary
Vacancy	Director

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Ms. Christina Cole of Myrtle Cruz, Inc. ("MCI"), bookkeepers 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. Ron Brooks of Chesmar Homes, developer of Country Lake Estates Village ("CLEV"), Sections 1 and 2; Mr. Gregg Lawler of Candlewood Homes; Dr. E. B. Beasley, resident of Spring Creek Oaks subdivision; Mr. Joe Cipolone, Vice President of the Spring Creek Oaks Community Improvement Association ("SCOCIA"); Mr. Steve Hoffmann, resident of the Country Lake Estates (the "CLE") subdivision; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Radcliffe Bobbitt Adams Polley PLLC, 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.

PUBLIC COMMENT

Director Stoebner then called on Mr. Lawler, who identified himself as a builder on the property to the north of the Spring Creek Oaks subdivision. Mr. Lawler explained that he has had flooding issues on Winter Breeze Drive, where he is building, caused by stormwater flowing from the Benfer and Pilot farm property. Mr. Cipolone, a resident on Winter Breeze Drive, further explained that the flood water makes it difficult to collect his mail for several days after a rain storm. Mr. Cipolone added that the drainage ditch has become filled with silt over the years and the culvert in the drainage ditch has been crushed by Mr. Benfer driving his tractor over it. Mr. Cipolone further informed the Board that he and Mr. Lawler are willing to clean out the ditch and fix the culvert at their own expense in order to allow the proper flow of stormwater to drain to T. C. Jester, but that Mr. Benfer's mother did not want them to do the work.

Dr. Beasley then exited the meeting at 5:10 p.m.

Mr. Lawler asked if the Board could be of assistance in this matter. Ms. Bobbitt suggested that Messrs. Lawler and Cipolone contact Harris County Precinct 4 and tell them that over time Mr. Benfer has disturbed the natural flow of stormwater, which is causing flooding and sheet flow problems on Winter Breeze Drive. Mr. Abshire then offered to get Mr. Shackelford's thoughts on the issue. Ms. Bobbitt added that it would be in everyone's best interest if all of the parties would work cooperatively to address the problem.

Mr. Cipolone then noted that there is a reoccurring problem of motorcyclists riding on the Spring Gully ditch that is maintained by the Harris County Flood Control District (the "HCFCD"). Mr. Abshire stated that he would contact the HCFCD about installing "No Trespassing" signs along the ditch.

Messrs. Lawler and Cipolone thanked the Board and then exited the meeting at 5:25 p.m.

CONSENT AGENDA

Director Stoebner then 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. Mr. Abshire noted that there were no pay estimates or change orders for the Board's approval.

Ms. Bobbitt reported that the Pricing Committee, comprised of Directors Stoebner and Musgrave, had awarded the sale of the District's \$3,585,000 Unlimited Tax Refunding Bonds, Series 2016 to Trustmark National Bank, N.A., on April 26, 2016, based on an interest rate of 2.09% and that the closing is scheduled for Thursday, May 26, 2016.

Ms. Bobbitt next stated that she had not yet finalized the minutes of the special meeting of April 21, 2016. Ms. Bobbitt then recommended a revision to page four (4) of the April 7th minutes. Ms. Bobbitt stated that she will revise the minutes to reflect that MCI had already transferred \$1.5 million from the District's Operating Fund at Compass Bank to the District's TexPool prior to the April 7th meeting and that the correct current interest rate for TexPool is .3273%.

Upon motion by Director Musgrave, seconded by Director Day, after full discussion and the question being put to the Board, the Board voted three (3) votes in favor, with Director Winkler abstaining, to approve the minutes of the regular meeting of April 7, 2016. No other items were on the Consent Agenda for action by the Board.

REGULAR AGENDA

DEVELOPER'S REPORT

Mr. Brooks then reported that the CLEV subdivision had survived the heavy rains and bad weather on April 18th. Mr. Brooks further reported that there were 41 construction starts, 36 home sales, and 19 closings last month. Mr. Brooks noted that the average home value is \$310,900 in the CLEV subdivision.

Mr. Brooks then reported that the silt in the CLE and CLEV detention ponds has not cleared up as expected and that Chesmar Homes will initiate a dye program to improve the water appearance. Mr. Brooks added that the heavy rains had washed out the hydromulch on the detention pond slopes. Mr. Brooks noted that the slopes will be regraded and hydromulched the week after next.

Mr. Brooks then exited the meeting at 5:30 p.m.

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

Ms. Bobbitt next reviewed with the Board the Tax Assessor/Collector's Report as of April 30, 2016, a copy of which is attached hereto. Ms. Bobbitt noted that the District has collected 98.40% 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 and the checks reflected therein. Ms. Bobbitt noted that there is no Delinquent Tax Report for tonight's meeting.

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 11 months and the investment report for the month.

Ms. Dold reported that Mr. Ron Koury had executed the Developer's Receipt and Utility System Conveyance for Spring Creek Terrace, L.P. and that the final reimbursement payment check in the amount of \$94,038.57 had been mailed to Mr. Koury on April 29th.

Ms. Cole next reported that MCI had transferred \$1.2 million from the District's Debt Service Account at Compass Bank to the District's TexPool account following the April meeting. Ms. Cole further noted that \$1.5 million had previously been transferred from the District's Operating Fund at Compass Bank to the District's TexPool account and that such transfers were reflected on today's report.

Ms. Cole next explained that the Board needs to adopt the budget for the fiscal year ending May 31, 2017, at tonight's meeting, a copy of which is attached to the Bookkeeper's Report.

Ms. Bobbitt then reminded the Board that at the April meeting, Ms. Cole pointed out that the District's budget will reflect a shortfall/deficit of \$91,000 in the North Harris County Regional Water Authority (the "NHCRWA") fees collected from customers due to the increase in surface water costs of the NHCRWA. Ms. Bobbitt noted that the NHCRWA increased the pumpage and surface water rates, effective April 1, 2016. Ms. Bobbitt further reminded the Board that Ms. Jarmon had advised the Board that they will need to increase the NHCRWA fees collected from District customers the next time the NHCRWA increases its rates.

Ms. Cole then reported that the WCA Waste Corporation ("WCA") contract had ended on April 30th and that WCA had submitted a final bill to the District. Ms. Cole further explained

that the invoice did not include a credit from WCA for the April 4th missed garbage collection pickup. Ms. Cole noted that MCI has contacted Mr. Trevor Royal of WCA about the invoice and credit. The Board concurred that MCI should hold the final payment to WCA until the credit has been issued and the invoice carefully reviewed by MCI.

Mr. Abshire then stated that he would like to review the District's updated five (5) year Capital Improvement Plan (the "CIP") in connection with the Board's review of the budget for the fiscal year ending May 31, 2017 ("2017 Budget"). A copy of the updated CIP is attached hereto as an exhibit. Mr. Abshire informed the Board that the revisions to the CIP had been incorporated into the proposed 2017 Budget.

Mr. Abshire further explained that the items that had been carried over to the 2016/2017 CIP were marked in the red column on the CIP. Concerning Water Well No. 1, Mr. Abshire noted that the District is required to perform a camera survey five (5) years after the abandonment of the water well, and noted that such work is planned this year. Director Day asked why the cost of the recoating project at Water Plant No. 2 is so much more than the cost of the recoating project at Water Plant No. 1. Mr. Abshire responded that the Water Plant No. 2 painting project includes the piping and additional exterior work at such facility.

Mr. Abshire further noted that the Sanitary Sewer Manhole Survey project has been moved to the 2016/2017 CIP and that the Sanitary Sewer Rehabilitation, Phase 3 project is scheduled for the 2016/2017 CIP.

Mr. Abshire then reviewed the miscellaneous projects included in the 2016/2017 CIP.

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 approve the Bookkeeper's Report, authorize execution and payment of the checks reflected therein, with the exception of the WCA check, to adopt the 2016/2017 CIP, and to adopt the 2017 Budget.

Ms. Cole exited the meeting at 6:04 p.m.

OPERATOR'S REPORT

Mr. Potter then presented and reviewed the Operator's Report with the Board for the period of March 16, 2016 to April 16, 2016, a copy of which is attached hereto. Mr. Potter reported that currently there are 1,708 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 96.50%, that 117 delinquent notices were mailed during the month, and that eight (8) accounts were cut off.

Mr. Potter first reported that the District's 2015 Consumer Confidence Report (the "2015 CCR") was attached to the Operator's Report and asked the Board to approve the 2015 CCR and authorize the filing and distribution of same no later than June 1st, a copy of which is attached hereto. Ms. Bobbitt stated that she would review the proposed 2015 CCR. Ms. Secrest then noted that the regulations for the frequency of testing for various chemical components in the water supply vary and explained that if a test on the 2015 CCR reflects a date earlier than 2015, that test was not required to be done in 2015. Director Winkler then asked Ms. Secrest to correct the page breaks on the 2015 CCR to give it a more professional appearance.

Director Stoebner then asked Mr. Potter about the status of the replacement of the dead bushes at the Wastewater Treatment Plant (the "WWTP"). Mr. Potter responded that he had placed the work order and would check with the landscape subcontractor on such matter.

Mr. Potter next reported that the back slope drain with erosion damage is scheduled to be repaired this month. Mr. Potter also stated that the directional flushing program was postponed until May 9th, due to the heavy rainfall earlier this week.

Concerning the District's Operations List, Mr. Potter noted that 91,854 gallons of digested sludge had been hauled from the WWTP at a cost of \$4,251.88.

Mr. Potter next reported that one (1) ¾-inch meter and one (1) 2-inch meter were scheduled for change out during the current reporting period.

Mr. Potter then reported that the CLE detention pond siphon inspections were conducted on April 11, 2016, and that no problems were identified.

Director Stoebner then informed the Board that Mr. Don Hays had called him to ask if his presence was necessary at every Board meeting and whether the Board would be comfortable with Ms. Secrest and Mr. Potter attending most of the meetings with Mr. Hays attending the meetings on an as-needed basis. Director Stoebner noted that he had told Mr. Hays that such arrangement would be acceptable to the Board.

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 approve the Operator's Report, authorize the termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order, and approve and authorize distribution and filing of the 2015 CCR, pending review by Ms. Bobbitt.

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 continues to review the work Environmental Allies completes on the CLE, Sections 1-3 Storm Water Quality Management Plan.

Mr. Abshire next reported that he received an inquiry on April 13th from the owner of the Hand Car Wash Detail shop located at 19220 Kuykendahl Road, adjacent to CLE and outside the boundaries of the District. Mr. Abshire explained that the owner is interested in obtaining utility service from the District. Mr. Abshire noted that he had informed the owner that he would need to annex his land into the District and explained the annexation process to him.

Concerning CLEV, Section 2, water, sanitary sewer and drainage facilities, Mr. Abshire reported that the construction on such facilities is complete and that the Texas Commission on Environmental Quality inspection had been conducted on February 24th. Mr. Abshire further informed the Board that the final Harris County inspection will be scheduled after Harris County Commissioners Court approves the final plat for the project.

Mr. Abshire next reported that Jones & Carter had received the civil site drawings for the Trinity Lutheran Church Expansion project on April 20th and is in the process of reviewing such drawings.

Mr. Abshire then reported that Jones & Carter had also received the civil site drawings for the addition of a fire line on the Kuykendahl storage commercial tract, outside the boundaries of the District and adjacent to the Kuykendahl Road Lift Station site.

Mr. Abshire next reported that Jones & Carter returned their review comments to the Kuykendahl Shell gas/convenience station on March 1st, but that the revised plans have not yet been resubmitted for review and approval.

Concerning La Boucherie, Mr. Abshire stated that Jones & Carter continues to await receipt of the revised plumbing drawings for such project.

Mr. Abshire then briefly mentioned the email dated May 5th from Mr. Ed Shackelford to Mr. Mike Turco, General Manager of the Harris-Galveston Subsidence District (the "HGSD"), regarding the District's possible offer of a site for installation of the HGSD remote sensing equipment at the District's WWTP. A copy of the email is attached hereto.

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 Engineer's Report.

ATTORNEY'S REPORT

Ms. Bobbitt stated that she had nothing more to report.

REVIEW APPLICATIONS FOR APPOINTMENT TO THE BOARD

Director Stoebner next explained that the Board had received two (2) applications for appointment to the Board from the following residents of CLE: 1) Andrea Alleweireldt; and 2) Steve Hoffmann. Director Stoebner then stated that Ms. Alleweireldt had called earlier today to say that due to her busy schedule and family commitments, she was withdrawing her application from consideration.

Mr. Hoffmann then explained the Board that he has resided in the CLE subdivision for four (4) years and that he is currently serving as President of the Community Association of CLE ("CACLE"). Ms. Bobbitt then reported that Ms. Alleweireldt had questioned if it was illegal for a person to serve on both the homeowners' association board and the District's Board at the same time. Ms. Bobbitt explained that it is not illegal to serve in both positions at the same time, but that certain circumstances may require a Board member to abstain from a Board vote if the matter involved the homeowner's association on which such person served as a board member. Mr. Hoffmann then explained that he intends to serve out his term on the CACLE Board and not seek re-election in October of this year, if he is appointed to the District's Board.

Director Stuebner then stated that the Board will consider the appointment of Mr. Hoffmann to the Board at its June 2nd meeting. Ms. Dold stated that she would prepare the necessary paperwork for such appointment and include such item on the June meeting agenda.

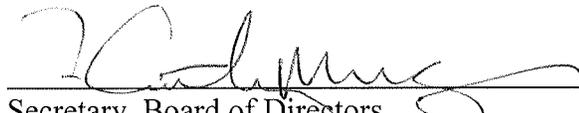
Ms. Bobbitt then suggested that Mr. Hoffmann consider attending the upcoming Association of Water Board Directors – Texas (the "AWBD") Annual Conference, in Fort Worth, Texas, the weekend of June 23-26, 2016, if he is able to do so. Ms. Dold offered to contact Ms. Leonard of the AWBD regarding Mr. Hoffmann replacing Mr. Don Atherton on the Board and of Mr. Hoffmann's intent to attend the AWBD Annual Conference.

NEXT MEETING

Director Stuebner reminded the Board that the next regular meeting will be held on Thursday, June 2, 2016, at the Country Lake Estates Clubhouse in the CLE subdivision, at 5:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 2nd day of June, 2016.


Secretary, Board of Directors

