

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

June 2, 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 the Community Association of Country Lake Estates Clubhouse, 4120 Countrypark Drive, Spring, Texas 77379, on Thursday, June 2, 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; Messrs. Robert Butler and Steve Hoffmann, residents of the Country Lakes Estates (the "CLE") subdivision; Mr. Michael Turco, General Manager of the Harris-Galveston Subsidence District (the "HGSD"); Mr. Mike Baldwin, P.E., of Provident Engineers, Inc., representing the developer of Restricted Reserve "B" on Kuykendahl Road; Mr. James Elmore of Cisneros Design Studio, Architects LLC, representing Mr. Elias S. Elias and Ms. Samar A. Elias, of E-Squared Trading Group, owners of the 1.023-acre commercial tract of land located at Kuykendahl Road and Countrypines Drive; Mr. Willis Jefferys of Rockport Group, LLP in attendance with Mr. Elmore; and Ms. Robin S. Bobbitt and Mr. Joshua Ellery, attorneys, 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.

PUBLIC COMMENT

No public comments were given.

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 was one (1) pay estimate and zero (0) change orders for the Board's approval, as follows: Pay Estimate No. 6 in the amount of \$39,995.67, payable to

Monarch Civil Constructors, LLC, in connection with the construction of the water, sewer and drainage facilities in Country Lake Estates Village ("CLEV").

Ms. Bobbitt then 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 of such bond issue had occurred on Thursday, May 26, 2016.

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: 1) approve the minutes of the special meeting of April 21, 2016 and the regular meeting of May 5, 2016; and 2) approve Pay Estimate No. 6 in the amount of \$39,995.67, payable to Monarch Civil Constructors, LLC. No other items were on the Consent Agenda for action by the Board.

### **SUPPLEMENTAL ELECTION AGENDA**

Director Stoebner then executed the Certificates of Election for Directors Stoebner and Day, copies of which are attached hereto. Ms. Bobbitt stated that Directors Stoebner and Day were elected to serve a four (4) year term that ends in May 2020. Directors Stoebner and Day then executed their Oath of Office and Official Statement of Elected Officer. 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 accept the executed Oath of Office and Statement of Elected Officer for Directors Stoebner and Day and to retain the current officers of the Board. Ms. Bobbitt noted that the Oaths of Office will be filed with the Secretary of State, as required by law.

### **REGULAR AGENDA**

#### **APPOINT NEW DIRECTOR TO FILL UNEXPIRED TERM OF DIRECTOR ATHERTON, EXECUTION OF OATH OF OFFICE AND BRIBERY STATEMENT AND ACCEPTANCE OF SAME**

At this time, Mr. Steve Hoffmann, a resident of the District, was introduced to the Board and consultants in attendance as a person willing and qualified to serve the remainder of former Director Atherton's term on the Board. The Board asked Mr. Hoffmann if he would like to serve on the Board, to which Mr. Hoffmann stated that he would like to be appointed 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 appoint Mr. Hoffmann to serve the remainder of the unexpired term of former Director Don Atherton, such term expiring in May 2018. Director Hoffmann then executed his Affidavit of Appointed Director, Oath of Office and Statement of Appointed Officer. Ms. Bobbitt noted that the Oath of Office of Director Hoffmann will be filed with the Secretary of State's office, as required by law. 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 accept Mr. Hoffmann's executed Affidavit of Appointed Director, Oath of Office and Statement of Appointed Officer.

Mr. Potter and Ms. Cole entered the meeting at this time.

PRESENTATION BY MR. TURCO OF THE HGSD REGARDING PROPOSED EVAPOTRANSPIRATION NETWORK STATION PROJECT, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Turco next gave a presentation to the Board regarding a joint water conservation project and collaboration effort between the HGSD and Texas A&M AgriLife Extension Service. Mr. Turco explained that the project involves installing a network of evapotranspiration monitoring stations at several sites across the region. Mr. Turco went on to explain that the monitoring stations will measure and collect data on precipitation rates, evaporation, and other hydrological data and feed the collected data into a centralized reporting system. Mr. Turco further explained that users can then logon to the project's website at [www.watermyyard.org](http://www.watermyyard.org) in order to receive personalized recommended watering runtimes for their irrigation systems based on the data collected in their area. Mr. Turco added that anywhere between 25% and 45% of a typical household's total water use is utilized on landscape irrigation, and that over one-half (1/2) of all landscape watering is ultimately wasted due to overwatering, inefficient water practices and broken or poorly maintained irrigation systems.

Mr. Turco went on to explain that the HGSD is hoping to install monitoring stations all across the Greater Houston Area, and that Mr. Shackelford had contacted him about the Board's willingness to allow the HGSD to install a monitoring station at the District's Wastewater Treatment Plant (the "WWTP") site. Ms. Bobbitt then stated that the District and the HGSD would need to enter into an Interlocal Agreement before placing the monitoring station inside the District's WWTP site. Director Winkler noted that any monitoring equipment placed at the WWTP site would need to be insured by the HGSD against damage, theft, or vandalism. Mr. Abshire then showed the Board a layout of the WWTP site, where the proposed placement of the monitoring equipment would be located and stated that the monitoring equipment was solar powered and, therefore, would not need access to electric service at the WWTP site. Mr. Turco further indicated that the monitoring equipment would require very little maintenance, but that when access to the WWTP site was needed for maintenance purposes, they would coordinate with Hays to gain access during regular business hours. The Board then thanked Mr. Turco for the presentation and stated they would consider authorizing preparation of an Interlocal Agreement regarding authorization for the installation of the monitoring station at the District's WWTP site during the Attorney's Report.

PRESENTATION BY MR. BALDWIN REGARDING PROPOSED STORM SEWER EXTENSION TO SERVE RESTRICTED RESERVE "B," LOCATED ON THE NORTHEAST CORNER OF KUYKENDAHL ROAD AND COUNTRYPINES DRIVE, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Baldwin next gave a presentation to the Board regarding his request to the Board to consider allowing construction of and taking over the future maintenance for a proposed storm sewer extension to serve Restricted Reserve "B" located on the northeast corner of Kuykendahl Road and Countrypines Drive (proposed Shell Station). Mr. Baldwin explained that his request was preemptive in nature because the developer that he represents will initially ask the Harris County (the "County") to approve sheetflow drainage for the site; however, if the County denies that request, then the developer will need to construct the storm sewer extension to tie into the District's existing storm sewer system in CLE Section 2. Mr. Baldwin added that the County

would not take over the future maintenance of such storm sewer extension. Mr. Abshire then explained that any future maintenance costs to the District would be very minimal absent any type of catastrophic failure of the line. Mr. Abshire also stated, however, that if the District authorizes construction of the storm sewer extension, he recommended that the Board require the developer to provide a \$3,000 deposit to cover Jones & Carter's costs to inspect and verify proper construction of the storm sewer extension. A brief discussion ensued. 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 authorize Jones & Carter to prepare a letter reflecting the District's approval of the construction of a storm sewer extension to serve Restricted Reserve "B" located on the northeast corner of Kuykendahl Road and Countrypines Drive, in the event that the County does not allow the developer to utilize sheetflow drainage for the site and to reflect the District's willingness and intent to assume responsibility for the future maintenance of such storm sewer extension if it is constructed. Such Board approval was given with the understanding that a \$3,000 deposit from the developer would be required in order to cover Jones & Carter's costs to inspect and verify proper construction of the storm sewer extension should such line be constructed.

Messrs. Baldwin and Elmore then exited the meeting.

#### DEVELOPER'S REPORT

In the absence of Mr. Brooks, no Developer's Report was provided.

Mr. Butler exited the meeting at this time.

#### 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 May 31, 2016, a copy of which is attached hereto. Ms. Bobbitt noted that the District has collected 98.47% of its 2015 taxes to date.

Ms. Bobbitt next reviewed with the Board the Delinquent Tax Attorney's Report dated June 2, 2016, a copy of which is attached hereto. Ms. Bobbitt stated that Perdue, Brandon, Fielder, Collins & Mott L.L.P. ("Perdue Brandon"), the District's Delinquent Tax Attorney, has recommended that the Board file a delinquent tax suit on Mr. Douglas Pena (Account No. 2129564). Ms. Bobbitt noted that the report indicates that this particular account has been outstanding with the District since October 2012 and that multiple attempts have been made during that time to contact Mr. Pena by phone and mail regarding the delinquent account.

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 Tax Assessor/Collector's Report and the checks reflected therein; 2) approve the Delinquent Tax Attorney's Report; and 3) authorize Perdue Brandon to file a delinquent tax suit on Mr. Douglas Pena (Account No. 2129564).

## 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 12 months and the investment report for the month. 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 Bookkeeper's Report.

Ms. Cole then reported that the WCA Waste Corporation ("WCA") contract had ended on April 30, 2016 and that WCA had submitted a final invoice to the District in the amount of \$18,372.22. However, Ms. Cole further explained that WCA's final invoice did not include a \$4,672 credit that was owed to the District from WCA as a result of the two (2) missed garbage collection pickups that occurred on April 4, 2016 and April 18, 2016. Furthermore, Ms. Cole noted that on several previous WCA invoices dated March 15, 2016 and March 31, 2016, WCA erroneously charged the District for nine (9) "Scheduled Lift" services, which occurred at 17519 East Strack Drive between February 22, 2016 and March 31, 2016. Ms. Bobbitt noted that the research conducted by her office determined that such property address is located outside the boundaries of the District and as such, any Scheduled Lift services provided to such property by WCA were not authorized by the Board. Ms. Cole further noted that these erroneous charges totaled \$257.40. Ms. Cole added that after applying the credit owed to the District for the missed garbage collection pickups and removal of the erroneous charges, the District owes WCA a final payment amount of \$13,442.82. Ms. Bobbitt recommended that the Board have MCI prepare a check payable to WCA for \$13,442.82, and authorize RBAP to prepare a transmittal letter to WCA explaining the District's position and calculation of the final payment amount. 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 authorize MCI to prepare a check payable to WCA for \$13,442.82, and authorize RBAP to prepare a transmittal letter to WCA as outlined above.

## OPERATOR'S REPORT

Mr. Potter then presented and reviewed the Operator's Report with the Board for the period of April 16, 2016 to May 14, 2016, a copy of which is attached hereto. Mr. Potter reported that currently there are 1,717 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 96.50%, that 88 delinquent notices were mailed during the month, and that seven (7) accounts were cut off.

Concerning the District's Operations List, Mr. Potter noted the following expenses: \$3,400 to replace a check valve at Water Plant No. 2; \$1,600 to replace the starter at Water Plant No. 2; \$4,700 for the directional flushing of the District's water lines; \$1,800 to replace the flow chart and \$1,800 to replace the air conditioner at the WWTP.

Mr. Potter next reported that the District's revised 2015 Consumer Confidence Report (the "2015 CCR") is attached to the Operator's Report and asked the Board to approve the 2015 CCR and authorize the filing and distribution of same by no later than July 1<sup>st</sup>, a copy of which is attached hereto. Mr. Potter and Ms. Bobbitt then gave Director Hoffmann a brief explanation of what information the CCR contains and why the District is required to publish it annually.

Director Stoebner then asked Mr. Potter about the status of the replacement of the dead bushes at the WWTP. Mr. Potter responded that the landscape contractor had been behind in his scheduled work due to the recent rains, but he hoped to have the work order completed soon.

Finally, Mr. Potter reported that his crew had found several sinkhole areas along the Hike & Bike trail west of T. C. Jester Boulevard. Mr. Potter recommended inspecting the area with Jones & Carter and one of the Board members to determine what areas should be repaired. Director Day stated she was willing to inspect the area with Hays and Jones & Carter. Mr. Potter stated he would contact Jones & Carter and Director Day about setting up a time to inspect the area.

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 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 revised 2015 CCR.

Ms. Cole exited the meeting at this time.

#### ENGINEER'S REPORT

Mr. Abshire then presented the Engineer's Report, a copy of which is attached hereto.

Mr. Abshire first asked the Board to authorize Jones & Carter to conduct the annual inspection of the District's Water Plant. Mr. Abshire noted that while recent annual inspections of the Water Plant had been adequate, he was recommending a detailed inspection during this inspection cycle in order to verify and amend, if necessary, the maintenance/repair projects already included in the District's Capital Improvement Plan.

Mr. Abshire also asked the Board to authorize Jones & Carter to begin design work for the sanitary sewer cleaning and televising (Phase III) project in Spring Creek Oaks ("SCO"), Section 4. Mr. Abshire then distributed to the Board a preliminary cost estimate for such work, which identifies the affected areas of the District and where the work proposed to be performed, a copy of which is attached to the Engineer's Report.

Mr. Abshire next reported that Jones & Carter continues to review and monitor the work Environmental Allies completes on the CLE, Sections 1-3 Storm Water Quality Management Plan.

Mr. Abshire next reported that he has received no further inquiries 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 that has expressed an interest in obtaining service from the District.

Concerning CLEV, Section 2, water, sanitary sewer and drainage facilities, Mr. Abshire reported that the construction of such facilities is complete and that the Texas Commission on Environmental Quality's inspection had been conducted on such project on February 24<sup>th</sup>. Mr. Abshire further informed the Board that the final plat for the development was approved by

the Harris County Commissioners Court on May 10, 2016 and is currently awaiting recordation. Once recorded, Mr. Abshire explained that the final County inspection will be scheduled.

Mr. Abshire next reported that Jones & Carter had returned review comments for the Trinity Lutheran Church expansion project on May 12, 2016, and are awaiting a revised plan submission.

Mr. Abshire went on to report that Jones & Carter had also received on May 25, 2016 the civil site drawings for the addition of a fire line on the Kuykendahl Storage commercial tract, located outside the boundaries of the District and adjacent to the Kuykendahl Road Lift Station site. Mr. Abshire indicated that Jones & Carter is currently completing their second review of those drawings.

Mr. Abshire next reported that Jones & Carter had returned their review comments on the Kuykendahl Shell gas/convenience station development on March 1<sup>st</sup>, 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.

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 Engineer's Report, and authorize Jones & Carter to: 1) conduct the annual inspection of the District's Water Plant; and 2) begin design work for the sanitary sewer cleaning and televising (Phase III) project in SCO, Section 4.

#### ATTORNEY'S REPORT

Ms. Bobbitt next stated that she had nothing additional to report other than to have any further discussion on the proposed Interlocal Agreement with the HGSD and allow installation of an evapotranspiration monitoring station inside the District's WWTP site. Director Stoebner stated that he thought it was a good idea and that the District has a long history of supporting water conservation efforts. Director Winkler indicated as long as the equipment was properly insured by the HGSD and it would not cost the District anything to implement or maintain the equipment, he thought the District should support the project. Upon motion by Director Winkler, seconded by Director Hoffmann, after full discussion and the question being put to the Board, the Board voted unanimously to authorize preparation of an Interlocal Agreement between the HGSD and the District regarding the installation of an evapotranspiration monitoring station inside the District's WWTP site.

Ms. Bobbitt then asked if the Directors had received the RBAP invitation for its party to be held during the upcoming Association of Water Board Directors – Texas Annual Conference, in Fort Worth, Texas, the weekend of June 23-26, 2016, and asked who was planning to attend. Directors Day, Musgrave and Hoffmann indicated they would be in attendance and each would be bringing a guest.

FURTHER DISCUSSION CONCERNING POSSIBLE IMPLEMENTATION OF W.I.S.E. GUYS PROGRAM WITHIN THE DISTRICT, AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Bobbitt then distributed to the Board members sample brochures and information handouts regarding the Water Irrigation System Evaluation program (the "W.I.S.E. Guys program") offered by Vepo, LLC. Director Stoebner reminded the Board that under the W.I.S.E. Guys program, District residents could apply to have their irrigation systems inspected and, upon completion, receive a report with recommendations for improvements to the performance and scheduling of the system in order to avoid unnecessary waste and save money on their water bills. A discussion ensued regarding whether the District should incur the cost for each residential home inspected under the program. The Board tabled further discussion on the matter until the July meeting.

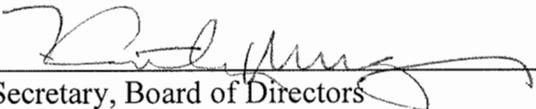
NEXT MEETING

Director Stoebner reminded the Board that the next regular meeting will be held on Thursday, July 7, 2016, at the Spring Creek Oaks Clubhouse II, 6002 Bur Oak, Spring, Texas 77379, at 5:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 7<sup>th</sup> day of July, 2016.



  
Secretary, Board of Directors