

## MINUTES OF MEETING OF THE BOARD OF DIRECTORS

July 7, 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 Spring Creek Oaks Clubhouse II, 6002 Bur Oak, Spring, Texas 77379, on Thursday, July 7, 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
Steve Hoffmann	Director

All members of the Board were present, except Director Hoffmann, thus constituting a quorum. Also attending the meeting were: Ms. Christina Cole of Myrtle Cruz, Inc. ("MCI"), bookkeepers for the District; 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 the Country Lake Estates Village (the "CLEV"), Sections 1 and 2; and Ms. Robin S. Bobbitt and Mr. Joshua Ellery, attorneys, 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.

### 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 were no pay estimates or change orders for the Board's approval. Mr. Abshire further informed the Board that Jones & Carter had solicited bids for the Sanitary Sewer Cleaning and Televising, Phase III project in Spring Creek Oaks subdivision as previously authorized by the Board. Mr. Abshire further explained that Jones & Carter had received four (4) bids ranging from \$29,393 to \$32,930 and that the lowest qualified bid was submitted by Source Point Solutions, LLC. ("Source Point") with a bid of \$29,393. Mr. Abshire recommended that the Board award the contract for the project to Source Point.

Ms. Bobbitt next reported that the Trinity Lutheran Evangelical Church, U.A.C.'s ("Trinity Lutheran") Amended Water and Sanitary Sewer Service Agreement was ready for the Board's execution at tonight's meeting.

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: 1) approve the minutes of the regular meeting of June 2, 2016; 2) award the construction contract for the Spring Creek Oaks Sanitary Sewer Cleaning and Televising, Phase III project to Source Point, a copy of which the bid tabulation is attached hereto; and 3) authorize execution of the Amended Water and Sanitary Sewer Service Agreement with Trinity Lutheran.

## **REGULAR AGENDA**

### **DEVELOPER'S REPORT**

Mr. Brooks then reported that the average sales price of homes in the CLEV is \$300,000. Mr. Brooks stated that during the last two (2) months, construction on five (5) homes had been started and seven (7) homes had been sold for a total of 46 starts and 43 sold.

Concerning the recent issue of murky and silted water in the Country Lake Estates detention ponds, Mr. Brooks informed the Board that Chesmar had advanced funds to the Community Association of Country Lake Estates (the "CACLE") to place dye in the detention ponds in order to improve the aesthetic appearance of the ponds. In addition, Mr. Brooks reported that the detention pond had been seeded in order to establish turf on the slopes.

### **REVIEW AND DISCUSS PROPOSED RENEWAL OF INSURANCE COVERAGES WITH ARTHUR J. GALLAGHER & CO.**

Ms. Bobbitt then reported that RBAP had received an insurance renewal proposal from Arthur J. Gallagher & Co. ("Gallagher"), the District's current insurance agency, a copy of which was previously distributed to the Board and is attached hereto. Ms. Bobbitt noted that the premium amount had increased from \$20,255 to \$20,933 due to an increase value of the District's facilities by \$575,000, as provided to Gallagher by the District's engineers. Director Musgrave then questioned the valuation process. Mr. Abshire explained that the insurance company asks for updated replacement cost values each year for each of the District's facilities. Ms. Bobbitt asked the Board if they were interested in soliciting other insurance proposals. Director Winkler then asked what is involved in the solicitation process. Ms. Bobbitt explained that it would involve time, effort and costs for Ms. Dold to solicit additional proposals, including obtaining loss reports to provide to other carriers. Ms. Bobbitt added that the current insurance coverages expire on August 30, 2016, which meant there is time to request additional proposals for the Board's review and action at the August 4<sup>th</sup> meeting. Director Stoebner then asked if the insurance companies offered multi-year renewals. Director Day stated that she did not see the need to solicit additional proposals. Ms. Dold noted that Ms. Kimberly Courte of Gallagher is expected to attend tonight's meeting. The Board deferred action on the insurance proposal until later in the meeting in order to give Ms. Courte an opportunity to arrive at the 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 one (1) month and the investment report for the month.

Ms. Bobbitt informed the Board that a certified letter with the final payment of \$13,442.82 (check number 3678) had been mailed to Mr. Trevor Royal of WCA Waste Corporation ("WCA") on June 17, 2016, a copy of which letter is attached hereto. Ms. Bobbitt noted that Mr. Royal had not contacted her regarding the matter. Ms. Cole then reported that the WCA had in fact recently cashed the District's check.

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, the checks presented for payment and the investment report.

## 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 June 30, 2016, a copy of which is attached hereto. Ms. Bobbitt noted that the District has collected 98.97% of its 2015 taxes to date.

Ms. Dold then noted that the Tax Assessor/Collector had included new signature cards from Frost Bank to add Director Hoffmann to the authorized signors of Tax Account checks.

Ms. Bobbitt next informed the Board that the 2015 delinquent tax accounts were turned over to Perdue, Brandon, Fielder, Collins & Mott L.L.P. ("Perdue Brandon"), the District's Delinquent Tax Attorney on July 1<sup>st</sup>. Ms. Bobbitt stated that a letter will be sent to Perdue Brandon from her office following today's meeting requesting recommendations for termination of service for the Board's review at the August 4, 2016 meeting. A copy of such letter is attached hereto.

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: 1) approve the Tax Assessor/Collector's Report and the checks reflected therein; and 2) authorize the letter to Perdue Brandon requesting recommendations for the termination of service to 2015 delinquent taxpayers.

## OPERATOR'S REPORT

Mr. Potter then presented and reviewed the Operator's Report with the Board for the period of May 14, 2016 to June 15, 2016, a copy of which is attached hereto. Mr. Potter reported that currently there are 1,714 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 96.67%, that 114 delinquent notices were mailed during the month, and that five (5) accounts were cut off.

Mr. Potter further noted that the bacteriological analysis results for the most recent water samples taken had not yet been received and, therefore, were not included in the report.

Mr. Potter next reported that five (5) 3/4-inch meters are scheduled for replacement.

Concerning the District's Operations List, Director Winkler asked why the operations budget is approximately \$8,000 over budget. Mr. Potter responded that Hays has been preparing the District's Water Plants for the annual inspections.

Mr. Potter next reported that Mr. Mark Roth, the auditor for the District, had recently questioned why Hays did not charge the CLEV developer three (3) times the cost of an irrigation tap as reflected in the District's Rate Order. Mr. Potter explained that Hays typically charges the developers and homeowner associations only at the District's cost for a tap rather than three (3) times the cost of such tap. Mr. Potter stated that the Rate Order currently does not include a cost for a tap for public user connection. A discussion ensued regarding the District's Rate Order and the possible need for amending the Rate Order to reflect the tap cost for a public user connection. Ms. Bobbitt asked Mr. Potter to check Hays' records and provide information to the Board about how the cost of other public user tap has been charged. Ms. Bobbitt noted that she will include an item to consider amending the District's Rate Order on the August agenda.

Mr. Potter then inquired if the Board would like to have Ms. Sara Burson of Accurate Meter & Backflow, LLC ("Accurate") make a presentation about the benefits of smart meters in utility districts at the August meeting. Director Day stated that she met briefly with the Accurate representatives during the Association of Water Board Directors – Texas Annual Conference. Director Winkler noted that Siemens supplied the smart meter equipment in The Woodlands and suggested that the Board also get information from Siemens.

In conclusion, Mr. Potter reported that his crew had recently found that a resident's pool drain had caused a sinkhole area along the Hike & Bike trail west of T. C. Jester Boulevard. Mr. Potter stated that pool drain has now been connected to the manhole to correct the problem.

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 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 to add a presentation by Accurate to the Board's August 4<sup>th</sup> agenda.

## ENGINEER'S REPORT

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

Mr. Abshire first reported on the status of the proposed storm sewer extension to serve the Shell Station (Restricted Reserve "B") located on the northeast corner of Kuykendahl Road and Countrypines Drive. Mr. Abshire explained that the Developer and Design Engineer reached an agreement with Harris County to convey the "normal 2-year" flow to Kuykendahl Road via an internal storm system with an appropriate restrictor, and any excess extreme event flows will be allowed to sheet flow to Countrypines Drive.

Mr. Abshire next stated that Jones & Carter had conducted the annual inspections of the District's Water Plants in June and will present the results of same at the August meeting.

Mr. Abshire went on to report that Jones & Carter continues to review and monitor the work Environmental Allies performs in connection with the CLE, Sections 1-3 Storm Water Quality Management Plan.

Mr. Abshire next reported that he did not receive any inquiries pertaining to undeveloped tracts last month.

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 Winkler, 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.

REVIEW, APPROVE AND AUTHORIZE EXECUTION OF INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT (THE "INTERLOCAL AGREEMENT") REGARDING EVAPOTRANSPIRATION NETWORK STATION LOCATION INSIDE THE DISTRICT'S WASTEWATER TREATMENT PLANT SITE

Ms. Bobbitt reported that a draft of the proposed Interlocal Agreement had been sent to Mr. Michael Turco, General Manager of the Harris-Galveston Subsidence District (the "HGSD"), for review and comment.

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 and authorize execution of the Interlocal Agreement, pending review of same by the HGSD.

FURTHER DISCUSSION CONCERNING POSSIBLE IMPLEMENTATION OF THE WATER IRRIGATION SYSTEM EVALUATION (THE "W.I.S.E. GUYS PROGRAM") WITHIN THE DISTRICT, AND TAKE ANY NECESSARY ACTIONS ON SAME

Director Day reported that she had recently attended the W.I.S.E. Guys program sponsored by the North Harris County Regional Water Authority and found it to be very informative and interesting. Director Stoebner then asked that the item be removed from the agenda until September or October.

MISCELLANEOUS MATTERS

Director Winkler then asked Ms. Dold to check the District's website regarding garbage and recycling collection on holidays. Director Winkler noted that his neighbors were confused that garbage was collected on July 4, 2016.

NEXT MEETING

Director Stoebner reminded the Board that the next regular meeting will be held on Thursday, August 4, 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.

Director Hoffmann entered the meeting place at 6:10 p.m. and stated that he had been detained due to a pet emergency.

PASSED, APPROVED AND ADOPTED this 4<sup>th</sup> day of August, 2016.

*Cynthia Duke Day*  
Secretary, Board of Directors

