

## MINUTES OF THE BOARD OF DIRECTORS

October 6, 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, October 6, 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, thus constituting a quorum. Also attending the meeting were: Mr. Drew Joiner, real estate representative for Waffle House; Ms. Christina Cole of Myrtle Cruz, Inc., bookkeepers for the District; Messrs. Don Hays and Michael Potter of Hays Utility South Corporation ("Hays"), operators for the District; Ms. Sara Ahlschlager of Wheeler & Associates, Inc., tax assessor/collector for the District; Mr. Justin Abshire, P.E., of Jones Carter Inc. ("Jones Carter"), engineers for the District; and Ms. Robin S. Bobbitt, attorney, Ms. Brooke T. Dold, paralegal, and Ms. Alison Miller, 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 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.

Upon motion by Director Musgrave, seconded by Director Day, after full discussion and the question being put to the Board, the Board voted to unanimously to approve: 1) the minutes of the regular meeting of September 1, 2016, as written; and 2) approve payment of Pay Estimate No. 7 and Final from Monarch Civil Constructors, LLC in the amount of \$21,357.72 in connection with the construction of the water, sanitary and drainage facilities, and Phase 2 detention facilities to serve Country Lake Estates Village, Section 2.

Director Winkler then entered the meeting at 5:05 p.m.

## REGULAR AGENDA

### REVIEW SERVICE FEASIBILITY STUDY FOR THE WAFFLE HOUSE 0.57-ACRE COMMERCIAL TRACT (THE "TRACT")

Mr. Abshire first introduced Mr. Joiner and then informed the Board that the Tract is located on the northeast corner of the intersection of Louetta Road and Sorrel Ridge Drive, within the boundaries of the District. Mr. Abshire stated that the Tract is a portion of the 1.725-acres Restricted Reserve "A" of Country Lake Estates ("CLE"), Section 3. Mr. Abshire next reviewed the feasibility study prepared for the proposed development, a copy of which is attached hereto.

Mr. Abshire explained that the owner intends to develop the Tract as a Waffle House restaurant. Mr. Abshire noted that the owner would not be eligible for reimbursement of the water, sanitary sewer and drainage systems since there are no extensions of public lines required for the proposed development.

Mr. Abshire went on to explain that a public water line extension is not necessary to serve the Tract. Ms. Abshire stated that there is an existing 8-inch (8") water line on the southern boundary of the Tract along the northern right-of-way of Louetta Road. Mr. Abshire further noted that the developer has requested water capacity of 1,500 gallons per day ("gpd") average daily flow for the Tract.

Concerning sanitary sewer service, Mr. Abshire explained that the developer has requested capacity in the amount of 1,200 gpd average daily flow to serve the Tract. Mr. Abshire further explained that there is an existing eight-inch (8") sewer line located along the northern boundary of the Tract within a 25-foot sanitary sewer easement that will serve the Tract. In addition, Mr. Abshire noted that the developer will be required to install a grease trap and sampling well since the development will be a restaurant facility.

Mr. Abshire then stated that 80% of the Tract will drain to the Sorrel Ridge Drive storm sewer and 20% will drain into the Louetta Road storm system, based on information received from Harris County.

Mr. Abshire further explained that the estimated annual tax revenue from the Tract would be \$1,795. Mr. Abshire noted that the District has adequate capacity to serve the Tract and would not incur any expense to serve the Tract.

Ms. Cole then entered the meeting at 5:10 p.m.

Director Hoffman then stated that many CLE residents are opposed to the proposed development. Ms. Bobbitt reminded the Board that it cannot act as a zoning board and has no ability or authority to impose zoning regulations in the District and noted that the Tract is within the District and entitled to service if adequate capacity is available.

Mr. Joiner then addressed the Board and stated that Waffle House has worked with many neighborhoods to accommodate the residents' concerns and needs. Mr. Joiner noted that there will be no outdoor seating or music and a barrier of cypress trees will be planted on the northern

property line to help block the lights from the project. Mr. Joiner offered to attend a Community Association of Country Lake Estates meeting to discuss residents' concerns about the proposed development.

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 feasibility study for the Waffle House development.

Mr. Joiner thanked the Board and exited the meeting at 5:18 p.m.

#### PUBLIC HEARING ON 2016 TAX RATE

Director Stoebner then declared the public hearing open to discuss the District's proposed 2016 tax rate of \$0.54 per \$100 of assessed valuation, notice of which was published as required by law. Ms. Bobbitt further reported that a copy of the Affidavit of Publication for the public hearing has been provided to her office by the Tax Assessor/Collector. It was noted that no members of the public were present to offer public comment on the proposed 2016 tax rate. The public hearing was then adjourned.

#### ORDER SETTING RATE AND LEVYING TAX FOR 2016

Ms. Bobbitt next presented for the Board's approval and adoption an Order Setting Rate and Levying Tax for 2016, a copy of which is attached hereto. Mr. Abshire reported that there are substantial projects in the District's Capital Improvement Plant ("CIP") and encouraged the Board to maintain an adequate operation and maintenance tax revenue. Mr. Abshire then briefly reviewed the updated CIP with the Board, a copy of which is attached hereto. The Board then determined that a total tax rate of \$0.53 would be adopted, comprised of \$0.38 per \$100 assessed valuation for debt service purposes and \$0.15 per \$100 of assessed valuation for operation/maintenance purposes.

Upon motion by Director Winkler, seconded by Director Musgrave, and the question being put to the Board, the Board voted unanimously to adopt the Order Setting Rate and Levying Tax for 2016, a copy of which is attached hereto, thereby levying a tax rate of \$0.38 per \$100 assessed valuation for debt service purposes and \$0.15 per \$100 of assessed valuation for operation/maintenance purposes, for a total 2016 tax rate of \$0.53 per \$100 of assessed valuation. Ms. Bobbitt explained that the debt service tax levied at today's meeting will be for the calendar year ending December 31, 2016, and that the operation/maintenance tax levied will be for the District's fiscal year ending May 31, 2017.

#### AMENDED DISTRICT INFORMATION FORM

Ms. Bobbitt then explained that pursuant to Section 49.455 of the Texas Water Code, as amended, the District is required to amend its District Information Form any time information in such form is revised or updated and, therefore, since the District's 2016 tax rate has been adopted, an amendment to the District Information Form is necessary. 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 authorize the execution of the Amended District Information Form, a copy of which is attached hereto, and to authorize RBAP to file such

amendment in the Harris County Real Property Records and with the Texas Commission on Environment Quality.

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

Ms. Ahlschlager next reviewed with the Board the Tax Assessor/Collector's Report as of September 30, 2016, a copy of which is attached hereto. Ms. Ahlschlager noted that the District has collected 99.57% of its 2015 taxes to date.

Ms. Ahlschlager then reviewed the Delinquent Tax Attorney's Report, a copy of which is attached hereto. Ms. Ahlschlager noted that there are four (4) delinquent tax accounts, as follows: account nos. 1158850020016, 1165020070020, 0461520000030, and 123400020023. Further discussion ensued. Ms. Bobbitt suggested that Hays hang door hangers on October 7<sup>th</sup> and give the owners of the delinquent accounts two (2) weeks (until October 24<sup>th</sup>) in which to pay in full or enter into installment payment plans for the payment of the delinquent taxes. 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 Tax Assessor/Collector's Report and the checks reflected therein; 2) authorize Hays to hang notice of service termination door hangers on October 7<sup>th</sup>; 3) authorize Perdue, Brandon, Fielder, Collins & Mott L.L.P. ("Perdue Brandon") to send certified letters to and attempt telephone contact with the owners of delinquent tax account nos. 1158850020016, 1165920070020, 0461520000030, and 123400020023; and 4) authorize Perdue Brandon to terminate water service on October 25<sup>th</sup> for any remaining delinquent tax accounts.

REVIEW AND AUTHORIZE EXECUTION OF INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT ("HGSD") (THE "INTERLOCAL AGREEMENT")

Ms. Bobbitt next reviewed the proposed Interlocal Agreement for the sponsorship of 152 fourth (4<sup>th</sup>) and fifth (5<sup>th</sup>) grade students in the WaterWise Program at Kuehnle Elementary School for the 2016-2017 school year. Ms. Dold then handed out an updated memo regarding the amount of groundwater credit certificates the District has received from the HGSD in the total amount of 35,784,000 gallons. Upon motion by Director Musgrave, seconded by Director Hoffman, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Interlocal Agreement, a copy of which is attached hereto.

Ms. Ahlschlager then exited the meeting at 5:54 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 four (4) months and the investment report for the month.

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 Bookkeeper's Report, the checks presented for payment and the investment report.

### OPERATOR'S REPORT

Mr. Potter then presented and reviewed the Operator's Report with the Board for the period of August 16, 2016 to September 16, 2016, a copy of which is attached hereto. Mr. Potter reported that currently there are 1,725 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 95.37%, that 108 delinquent notices were mailed during the month, and that five (5) accounts were cut off.

Concerning the District's Operations List, Mr. Potter reported that there had been four (4) items over budget during the past month, as follows: 1) \$1,100 annual security monitoring fee; 2) \$7,000 for the cleaning of all lift stations; 3) \$4,624.45 for 26,000 gallons of sludge disposal; and 4) \$2,000 for lead and copper sampling.

Mr. Potter next reported that 10 3/4-inch (3/4") meters were scheduled for replacement next month.

Mr. Potter next reviewed a letter from Ms. Sofia Rizvi, resident at 19419 Country Village Drive, asking that the recent cut-off fees imposed on her account be waived. A copy of the correspondence and the customer's payment history are attached hereto. Mr. Potter stated that Ms. Rizvi's bank sends payments via U.S. Mail and that her payment was not received until service had been terminated. The Board concurred that the waiver request should be denied.

Concerning the manhole that overflowed two (2) months ago, Mr. Potter reported that the overflow was due to the failure of the autodialer. A brief discussion ensued. Mr. Potter recommended installation of a new autodialer with a separate telephone line and backup battery at the Wastewater Treatment Plant (the "WWTP") lift station at a cost of approximately \$4,100.

Mr. Hays next handed out a summary and cost sheet pertaining to Badger Electronic Smart Meters, a copy of which is attached hereto. Director Stoebner inquired if Hays has worked with any other smart meter companies. Mr. Hays responded that Hays has only worked with Accurate Utility Supply, LLC regarding smart meter systems. Director Winkler stated that he is trying to obtain additional proposals from Seimens and at least one (1) other company for the Board to review and consider.

Mr. Abshire then reported that it is time to schedule the biennial CLE siphon inspections. Mr. Potter then asked the Board to check their calendars for a tour/inspection of the District's facilities in November. After brief discussion, the Board concurred to meet on Friday, November 18, 2016, for breakfast at 8:00 a.m. and to conduct the tour of the District's facilities at 9:00 a.m. on such date.

Ms. Cole then exited the meeting at 6:28 p.m.

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 Operator's

Report; 2) authorize the termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order; 3) deny the request for waiver of cut-off fees received from Ms. Rizvi; and 4) authorize Hays to install a new autodialer at a cost of approximately \$4,100 at the WWTP lift station.

ENGINEER'S REPORT

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

Mr. Abshire reported that Jones Carter is in the process of reviewing the videos of the Sanitary Sewer Cleaning and Televising – Phase III project. Mr. Abshire stated the final pay estimate for the cleaning and televising project and any recommendations for repairs will be presented at the November 3<sup>rd</sup> meeting. Mr. Abshire then informed the Board that the next phase of cleaning/televising work (Phase IV) will complete the cleaning and televising in Spring Creek Oaks, Sections 7, 8 and 9 and the patio home section. Mr. Abshire noted that the sanitary sewer system in CLE was constructed in 2003-2007 and will not be scheduled for cleaning and televising for approximately 10 years.

Concerning the Water Plant ("WP") Improvements discussed at the September meeting, Mr. Abshire reported that Jones Carter has prepared the bid package and is ready to advertise for bids for the recommended WP Improvements.

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 and to authorize Jones Carter to advertise for bids for the WP Improvements.

ATTORNEY'S REPORT

DISCUSS AND AUTHORIZE EXECUTION OF NON-EXCLUSIVE LAND USE AGREEMENT BETWEEN THE SPRING CREEK OAKS COMMUNITY IMPROVEMENT ASSOCIATION ("SCOCIA") AND THE DISTRICT

Ms. Bobbitt then reported that Mr. Josh Ellery in her office has been in communication with Mr. Michael Treece, attorney for SCOCIA regarding the proposed updated Non-Exclusive Land Use Agreement (the "Agreement"). Ms. Bobbitt reported that comments on the Agreement had been received from SCOCIA and the Agreement is now ready to be executed. 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 Agreement, a copy of which is attached hereto.

NEXT MEETING

Director Stoebner reminded the Board that the next regular meeting will be held on Thursday, November 3, 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 3<sup>rd</sup> day of November, 2016.

  
Secretary, Board of Directors

