

## MINUTES OF THE BOARD OF DIRECTORS

February 2, 2017

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, February 2, 2017, 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 Winkler, thus constituting a quorum. Also attending the meeting were: Ms. Christina Cole of Myrtle Cruz, Inc., bookkeepers for the District; Ms. Robin Secrest and Mr. Michael Potter of Hays Utility South Corporation ("Hays"), operators for the District; Mr. Ed Shackelford, P.E., of Jones & Carter Inc. ("Jones & Carter"), engineers for the District; Mr. Dominic Cashiola, President, of Classic Messaging, LLC, emergency message service provider for the District; Ms. Laura Junek, Treasurer, of the Spring Creek Oaks Community Improvement Association ("SCOCIA"); Ms. Laurie Alter and Ms. Mollie Leavins, residents of the Spring Creek Oaks subdivision; and Ms. Robin S. Bobbitt, attorney, and Ms. Alison Miller, 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.

### **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 Day, seconded by Director Musgrave, after full discussion and the question being put to the Board, the Board voted unanimously to approve: 1) the minutes of the regular meeting of January 5, 2017, as written; and 2) Change Order No. 001 from CFG Industries, in the amount of a \$3,000 credit, in connection with the Water Plant Nos. 1 & 2 Improvement project.

## REGULAR AGENDA

### REVIEW AND DISCUSS PROPOSED UPGRADES TO PARK IN FRONT OF THE WINDY PINES LIFT STATION, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Potter presented a proposal for installation of a security light on the fence at the Windy Pines Lift Station, at a cost of \$1,908.86, a copy of which is attached hereto. Mr. Potter also presented a proposal for the installation of additional fencing on both sides of the Windy Pines Lift Station, at a cost of \$1,523.75, a copy of which is attached hereto. Mr. Potter noted that he will contact the homeowner located adjacent to the lift station for approval, since the proposed fencing will abut the homeowner's fence. Director Day asked if the fence would have an open entry. Mr. Potter responded that the fence would have a locked gate with a key entry. 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 proposal for a security light to be installed at the Windy Pines Lift Station, at a cost of \$1,908.86, and the proposal for installation of additional fencing on both sides of the Windy Pines Lift Station, at a cost of \$1,523.75, subject to the adjacent homeowner's approval.

Ms. Cole entered the meeting at this time.

### REVIEW AND DISCUSS COST ESTIMATE TO INSTALL PEDESTRIAN TUNNEL UNDER T.C. JESTER BOULEVARD ALONG HARRIS COUNTY FLOOD CONTROL DISTRICT ("HCFCD") CHANNEL, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Shackelford next reported that after looking into the feasibility of installing a box culvert underneath T.C. Jester for use as a pedestrian tunnel, it was determined that storm sewer utilities run underneath T.C. Jester to the north and south that would be in conflict with the proposed pedestrian tunnel. Mr. Shackelford further explained that Jones & Carter had halted work on the preparation of a cost estimate for the pedestrian tunnel due to utility conflict issue and, therefore, the scope of the project was much greater than originally anticipated. Mr. Shackelford stated that he had forwarded information about the proposed pedestrian tunnel to Mr. Robert Robertson, Assistant Superintendent of Facilities for Klein Independent School District, and let him know there was a safety concern for the crossing guards and children crossing in the T.C. Jester intersection. Mr. Shackelford went on to report that Mr. Robertson had stated that no issues had been reported regarding vehicles disobeying the traffic lights or the crossing guards, but that he would monitor the intersection over the next few weeks. Mr. Shackelford stated that he could continue the feasibility study to relocate the storm sewer utilities and install a box culvert underneath T.C. Jester, but the cost of such a project would be approximately \$500,000-\$750,000. Ms. Leavins asked if HCFCD could be contacted regarding the possibility of sharing the project cost with SCOCIA. Mr. Shackelford stated that HCFCD would most likely not be willing to fund a share of the project, but recommended that the SCOCIA representatives contact the Harris County Commissioner's office for assistance.

DISCUSS RENEWAL OF CONTRACT WITH CLASSIC MESSAGING LLC. ("CLASSIC MESSAGING")

Mr. Cashiola next distributed handouts of a Member Database Report for the Board's review, a copy of which is attached hereto. Mr. Cashiola reported that 93.45% of the District's residents are currently participating in the messaging program. Mr. Cashiola further reported that the cost of the program is \$3,500 per year with the first two (2) message broadcasts included, and each additional message broadcast costing \$0.15 per contact number thereafter. Mr. Cashiola then recommended that a letter be sent out to any District residents that have not opted in to the emergency messaging program informing them of the program and how to opt in. Mr. Cashiola estimated that letters would need to be sent to around 800-900 District residents, at a cost of \$1.65 per letter. Director Stoebner noted that all of the neighborhoods in the District have their own Facebook groups, and asked if the emergency messages could possibly be pushed out to those groups. Mr. Cashiola stated that Facebook is its own entity, and he would have to look into whether distinct messages could be pushed to those groups. Mr. Cashiola further explained that an issue with Facebook groups is that they provide a two-way platform and users are able to comment and ask questions on the original message, and, therefore, someone would need to monitor the groups and provide responses. Ms. Bobbitt stated that the District cannot delegate the responsibility of responding to messages to the neighborhood groups. 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 renewal of the contract with Classic Messaging, and authorize a mail-out to District residents that have not yet opted in to the District's emergency messaging program, at a cost of \$1.65 per letter.

Ms. Leavins then asked if she could report on the proposals she had obtained for lighting along the Hike & Bike Trail. Director Stoebner stated Ms. Leavins could report on the proposals, but since there is not a specific item on today's agenda regarding such matter, no action could be taken by the Board at this time. Ms. Leavins reported that she had met with a lighting vendor to measure the trail and determine the lighting options. Ms. Leavins further reported that it was determined that overhead mounted lighting could not be used along the trail, because it would shine into resident's homes. Ms. Leavins added that lighting could be installed on just one side of the trail, low to the ground, which would shine across the trail. Ms. Leavins stated that the lighting vendor is preparing a proposal, which she will forward to the Board once she has received the proposal.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bobbitt then reviewed with the Board the Tax Assessor/Collector's Report as of January 31, 2017, a copy of which is attached hereto. Ms. Bobbitt noted that the District has collected 87.67% of its 2016 taxes to date.

Ms. Bobbitt next reviewed delinquent tax account no. 1165920070020 and stated that a payment was received on such account, but that the check was returned due to insufficient funds. Ms. Bobbitt noted that the account is scheduled for service termination due to the failure to comply with an installment payment agreement for payment of delinquent taxes.

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 Tax Assessor/Collector's Report and the checks reflected therein.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION FOR 2017 TAX YEAR (THE "TAX RESOLUTION")

Ms. Bobbitt then reported that last year, the Board granted a \$15,000 exemption for individuals who are disabled or who are 65 years of age or older and no general residential homestead exemption. Ms. Bobbitt further informed the Board that the Tax Resolution had been prepared to reflect adoption of these same exemptions for the 2017 tax year. 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 2017 Tax Year, thereby granting an exemption of \$15,000 of the appraised value of residential homesteads of individuals who are disabled or who are 65 years of age or older and no general residential homestead exemption for the 2017 tax year. A copy of the Tax Resolution is attached hereto.

RESOLUTION IMPLEMENTING PENALTY ON 2016 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 2016 real property taxes that remain delinquent as of July 1, 2017 and an additional 20% penalty on 2016 personal property taxes that remain delinquent as of April 1, 2017, 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 Day, seconded by Director Musgrave, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Implementing Penalty on 2016 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto.

DEVELOPER'S REPORT

No Developer's Report was given.

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 eight (8) months and the investment report for the month.

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.

DISCUSS THE NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("THE NHCRWA") PUMPAGE AND SURFACE WATER RATE INCREASES, AND ADOPT AMENDED RATE ORDER AS NECESSARY

Ms. Cole then explained that the NHCRWA is increasing its pumpage and surface water fees on April 1, 2017, with the pumpage fee increasing from \$2.40 per 1,000 gallons to \$2.90 per 1,000 gallons and the surface water fee increasing from \$2.85 per 1,000 gallons to \$3.35 per 1,000 gallons. Ms. Cole went on to explain that due to the capital contribution previously made by the District to the NHCRWA, the District receives a credit for pumpage and surface water fees and that the current NHCRWA fee being charged to District residents is \$1.25 per 1,000 gallons of usage. Ms. Cole added that due to the annual increases in the NHCRWA's pumpage and surface water fees, the \$1.25 fee being charged to the District's residents has resulted in a deficit of \$48,145.16 for the prior fiscal year. Ms. Cole reminded the Board that Ms. Jarmon had previously advised the Board that they would need to increase the NHCRWA fee by \$0.40 for the prior year to cover the projected NHCRWA fees, but the Board had decided to not increase the surface water fee and allow the budget shortfall to be covered by maintenance tax revenues. Ms. Cole further explained that Ms. Jarmon is recommending that the NHCRWA fee will need to be increased by \$0.90 for a total fee of \$2.15 per \$1,000 gallons to cover the projected NHCRWA fees to be paid by the District for the current fiscal year. Extensive discussion ensued. 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 a \$0.75 increase in the NHCRWA fee being charged to District residents, for a total NHCRWA fee of \$2.00, to be effective April 1, 2017.

AUTHORIZE ATTENDANCE AT ASSOCIATION OF WATER BOARD DIRECTORS – TEXAS ANNUAL CONFERENCE IN CORPUS CHRISTI, TEXAS ON JUNE 22-25, 2017

Ms. Bobbitt next explained that the Annual Conference is being held in Corpus Christi, Texas on June 22-25, 2017. 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 Board to attend the Annual Conference.

OPERATOR'S REPORT

Mr. Potter then presented and reviewed the Operator's Report with the Board for the period of December 15, 2016 to January 15, 2017, a copy of which is attached hereto. Mr. Potter reported that currently there are 1,737 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 98.46%, that 117 delinquent notices were mailed during the month, and that four (4) accounts were cut off for non-payment of water/sewer service fees.

Concerning the District's Operations List, Mr. Potter reported that there had been four (4) items over budget during the past month, including: 1) \$5,200 for a water main repair at Water Plant No. 1; 2) \$6,700 for a transducer replacement at Lift Station No. 2; 3) \$5,200 for disposal of 114,000 gallons of sludge; and 4) \$5,100 for a commercial tap expense.

Mr. Potter next reported that three (3) 3/4-inch (3/4") meters were due for replacement during the next month.

Ms. Secest then reported that Trinity Lutheran Church ("Trinity Lutheran") used 234,000 gallons of water during the month of December.

Mr. Potter next reported that all of the punch lists of items from the November 18, 2016 facilities inspection have now been completed.

Mr. Potter then reported that the repair of the clarifier and scum trough at the Wastewater Treatment Plant ("WWTP") was completed. 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 Operator's Report; and 2) authorize the termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

### ENGINEER'S REPORT

Mr. Shackelford then presented the Engineer's Report, a copy of which is attached hereto. Mr. Shackelford first reported that the final inspection for the Water Plant Nos. 1 and 2 Improvements project is scheduled for early next week. Mr. Shackelford then presented Change Order No. 1, in the amount of a \$3,000 credit, for the gate valve that was scheduled to be replaced, but had already been replaced by Hays.

Mr. Shackelford then requested authorization to prepare a bid package for the Hike & Bike Trail pedestrian bridge foundation repair, which was included in the District's Capital Improvement Plan ("CIP") for 2017. Mr. Shackelford explained that this item was a result of the September 2015 structural inspection of the bridges and is included in the District's budget for the fiscal year ending May 31, 2017. Mr. Shackelford noted that the estimated cost of the repair is \$50,000. Director Stoebner suggested the bridges be inspected again to determine if additional repairs are needed. Director Day suggested moving the item up a few years on the CIP if the bridge inspector determines that the bridges are structurally sound.

Director Hoffmann entered the meeting at this time.

Mr. Shackelford next reminded the Board that the contract for the Storm Water Quality Management Plan for the Country Lake Estates ("CLE") and CLE Village ("CLEV") detention ponds was awarded, to Storm Water Solutions at the January meeting, and then presented the contracts to the Board for execution.

Mr. Shackelford then noted that his office typically is responsible for updating the District's Emergency Preparedness Plan ("EPP") and that Jones & Carter will prepare any necessary updates for this year.

Mr. Shackelford next presented an updated Schedule of Hourly Rates for Jones & Carter for 2017, a copy of which is attached hereto. Mr. Shackelford explained that the last major rate increase for his firm was approved in 2014, with a minor increase in 2015. Mr. Shackelford noted that the rate increase does not require Board approval, and will become effective as of March 3, 2017.

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: 1) approve the Engineer's Report; and 2) authorize execution of the contract with Storm Water Solutions for the Storm Water Quality Management Plan for the CLE and CLEV detention ponds; 3) authorize preparation of any necessary updates to the District's EPP; and 4) authorize Jones & Carter to schedule the inspection of the District's pedestrian bridges.

ATTORNEY'S REPORT

Ms. Bobbitt stated she had nothing further to report.

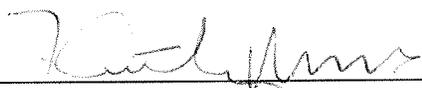
NEXT MEETING

Director Stoebner then reminded the Board that the next regular meeting will be held on Thursday, March 2, 2017, 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 2<sup>nd</sup> day of March, 2017.



  
Secretary, Board of Directors