

MINUTES OF THE BOARD OF DIRECTORS

November 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, November 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 Hoffman	Director

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Ms. Christina Cole of Myrtle Cruz, Inc., bookkeepers for the District; Mr. Michael Potter and Ms. Robin Secrest of Hays Utility South Corporation ("Hays"), operators for the District; Messrs. Justin Abshire, P.E., and Ryan Casey, P.E., of Jones|Carter Inc. ("Jones|Carter"), engineers for the District; Mr. Curtis Brown of Residential Recycling & Refuse of Texas ("RRRT"); Ms. Robin S. Bobbitt, attorney, 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.

PUBLIC COMMENT

Mr. Brown first reported that a complaint was received regarding the speed of an RRRT garbage truck on a residential street in Country Lake Estates ("CLE"). Mr. Brown stated that each garbage truck is equipped with cameras and a GPS unit that tracks the speed of the garbage truck. Mr. Brown further stated that the garbage truck in question showed speeds between 22 miles per hour and 27 miles per hour on the date that the incident occurred. Mr. Brown further reported that a meeting was recently held with the RRRT truck drivers and the drivers were told to slow down in the residential neighborhoods. Mr. Brown further reported that the truck drivers were informed that anyone violating the speed limit will be reprimanded without pay.

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 Winkler, seconded by Director Musgrave, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of October 5, 2017, as written.

## REGULAR AGENDA

### REVIEW AND DISCUSS PROPOSED INSTALLATION OF WATER METER FOR CLE COMMUNITY GARDEN PROJECT

Mr. Potter reported that the location site for the water meter for the proposed CLE community garden would not be an issue. Mr. Potter added that the cost to the District for the water meter would be \$380. Upon motion by Director Hoffmann, seconded by Director Musgrave, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Hays to install a water meter for the proposed CLE community garden, at a cost of \$380, with the Community Association of CLE to be responsible for the payment of the monthly water usage bill associated with such meter.

### TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bobbitt next reviewed with the Board the Tax Assessor/Collector's Report as of October 31, 2017, a copy of which is attached hereto. Ms. Bobbitt reported that the District has collected 2.13% of its 2017 taxes to date and has a 99.82% collection rate on the 2016 taxes.

Upon motion by Director Hoffmann, 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.

### DEVELOPER'S REPORT

Mr. Abshire noted that the street repairs on Western Brook Drive are in progress.

### 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 five (5) 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 and authorize execution and payment of the checks reflected therein.

### OPERATOR'S REPORT

Mr. Potter then presented and reviewed the Operator's Report with the Board for the period of September 14, 2017 to October 14, 2017, a copy of which is attached hereto. Mr. Potter reported that currently, there are 1,776 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 90.24%, that 144 delinquent notices were mailed during the month, and that eight (8) 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 six (6) items over budget during the past month, including: 1) \$2,700 for meter replacements; 2) \$5,000 to pull and repair a clarifier gearbox at the Wastewater Treatment Plant ("WWTP"); 3) \$3,000 to replace the mother board in the automatic transfer switch at the County Meadows lift station; 4) \$4,015 for six (6) water taps and six (6) sewer taps; 5) \$1,136.60 for inspection expenses; and 6) \$6,051.71 for lift station cleaning.

Mr. Potter next reported that four (4) 3/4-inch (3/4") meters are due for replacement during the next 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 Operator's Report and authorize the termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

### ENGINEER'S REPORT

Mr. Abshire then presented the Engineer's Report, a copy of which is attached hereto. Mr. Abshire first requested authorization to coordinate with Hays for the bi-annual siphon inspections in CLE.

Mr. Abshire next reported that Jones|Carter is ready to move forward with design of the WWTP Improvement project. Mr. Abshire explained that the WWTP Improvement project is included in this year's budget, but suggested holding off on the project if the Board wishes to also move forward with the clarifier project so that such projects can be combined and go forward as one project. Mr. Abshire stated that there would be a cost savings to the District if the proposed projects are designed and constructed concurrently. Director Stoebner stated that he feels comfortable with holding off on initiating design work on the WWTP Improvement project until the District is ready to move forward with the bond issue that will fund the clarifier project, as well as the reimbursement to Mr. Ron Brooks of Chesmar Homes for development of CLE, Sections 1 and 2. Ms. Bobbitt reminded the Board that the decision to move forward with the bond issue cannot be put off for too much longer due to the length of time it takes to get a bond application prepared and approved by the Texas Commission of Environmental Quality (the "TCEQ"), Ms. Bobbitt added that Mr. Brooks is expecting to be reimbursed sometime in the first half of 2018. Mr. Abshire went on to explain that the schedule from start to finish for the bond issue would be approximately six (6) to nine (9) months, and that he can be ready to submit the Bond Application Report ("BAR") to the TCEQ in two (2) months. Mr. Abshire further stated that with the Board's approval, he could begin preparation of the BAR and hold off on including any specific dollar amounts in such application until the December Board meeting when the Board determines what they want to include in the BAR.

Mr. Abshire went on to report that Jones|Carter is continuing to work on the preparation of the reclaimed water study. Mr. Abshire further stated that he expects to have the reclaimed water study ready to present at the December Board meeting.

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 Engineer's Report and authorize Mr. Abshire to initiate work on the preparation of the BAR.

DISCUSS ONGOING EROSION ISSUES ALONG SPRING GULLY NEAR SPRING CREEK OAKS DRIVE, AND TAKE ANY NECESSARY ACTIONS ON SAME

Director Stoebner reported that the erosion along Spring Gully near Spring Creek Oaks Drive has gotten worse. Mr. Abshire explained that erosion is an area wide issue, and that the Harris County Flood Control District (the "HCFCD") has identified areas to be placed on their master repair log. Mr. Abshire further stated that he was not given a time frame for those repairs, but that the issues are being looked at. Mr. Abshire further reported that the HCFCD has expressed interest in having utility districts prepare the design of erosion repair projects, and then handing the project over to HCFCD for the construction work due to their staffing limitations and large workload. Mr. Abshire added that if the District desires for Jones|Carter to prepare the design of the Spring Gully erosion repair project, that HCFCD would handle the construction and then reimburse the District for the design costs. Further discussion then ensued regarding erosion and drainage issues.

UPDATE ON PROPOSED ENGAGEMENT OF PARKS CONSULTANT, AND TAKE ANY NECESSARY ACTIONS ON SAME

Director Musgrave then reported that he and Director Hoffmann have met with most of the parks consultants that provided informational materials. Director Musgrave then stated that the next step would be to select the three (3) best candidates and request proposals for a master park plan for the District. Director Winkler asked what the cost would be to prepare a master park plan. Director Musgrave explained that the cost will be included in the proposals. Ms. Bobbitt suggested holding a special meeting to hear the proposals once they have been received. Director Musgrave then stated that he and Director Hoffmann would select the three (3) best candidates and request proposals to be submitted by mid-December, and be presented to the Board at a special meeting in January 2018, the date of which will be determined at the December Board meeting.

REVIEW AND DISCUSS PROPOSED POLICY FOR UTILITY LINE REPAIRS, AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Bobbitt next presented the Policy for Utility Line Repairs (the "Policy") to the Board. Ms. Bobbitt further stated that the revised/updated Policy reflecting the comments of Jones|Carter and Hays was sent out to the Board for review, and that the Board will need to decide the time requirements for removal of the various structures. Discussion ensued regarding different timing requirements for the Policy. A copy of the updated Policy is attached hereto. Ms. Bobbitt stated that she would refine the Policy to include decks and plumbing items that might be associated with a pool.

REVIEW AND ADOPT AMENDED AND RESTATED ORDER DESIGNATING INVESTMENT OFFICER AND ESTABLISHING RULES, POLICIES, AND CODE OF ETHICS FOR THE INVESTMENT OF DISTRICT FUNDS AND REVIEW OF INVESTMENTS ("AMENDED INVESTMENT POLICY")

Ms. Bobbitt then reported that pursuant to amendments made to the Public Funds Investment Act during the recent 85th Legislature, the Board will need to adopt the Amended Investment Policy. Ms. Bobbitt then briefly reviewed the necessary revisions required by the recent Legislative.

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 adopt the Amended Investment Policy, a copy of which is attached hereto.

ADOPT ORDER REGARDING ANNUAL REVIEW OF RULES, POLICIES, CODE OF ETHICS AND LIST OF AUTHORIZED BROKERS FOR THE INVESTMENT OF DISTRICT FUNDS (THE "ORDER")

Ms. Bobbitt then explained that the Public Funds Investment Act requires the Board to review the District's investment policy on an annual basis and presented the Order for the Board's consideration and adoption. Ms. Bobbitt noted that the list of approved financial institutions/brokers has been updated by MCI.

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 adopt the Order, a copy of which is attached hereto.

REVIEW AND CONSIDER REQUEST FOR ANNEXATION BY 9.6 KUYKENDAHL, J.V. PURSUANT TO AN ANNEXATION AND REAL PROPERTY DEDICATION AGREEMENT, DATED JULY 7, 2000 AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Bobbitt next reported that a letter was received from an attorney representing Mr. Paul McDonald of 9.6 Kuykendahl, J.V., requesting annexation of an unspecified tract of land. Ms. Bobbitt explained that the District obtained easements and right-of-way access, in connection with the Kuykendahl lift station, from Mr. McDonald back in 2000 (prior to her representation of the District) in exchange for the option to annex his property into the District at a later time. Ms. Bobbitt further reported that she has spoken with Mr. McDonald's attorney and explained that once the property is annexed into the District, Mr. McDonald will have to pay property taxes to the District on the property as well as pay to have the property platted, if it is developed and served by the District. Ms. Bobbitt further explained that it is very unclear as to what property Mr. McDonald is actually seeking to annex. Ms. Bobbitt then stated that the Annexation and Real Property Dedication Agreement by and between the District and 9.6 Kuyendahl, J.V. requires a payment of \$45,000 to 9.6 Kuykendahl, J.V. within 45 days of receipt of written notice that 9.6 Kuykendahl, J.V. desires to move forward with the annexation. Ms. Bobbitt stated that further information about the annexation request is needed before any action can be taken by the Board. Mr. Abshire noted that an 8.00 acre tract that Mr. McDonald

previously sold to Mr. Dan Skipton is currently receiving out-of-District service from the District. Ms. Bobbitt then stated that she would continue to investigate the matter.

CONSIDER REQUEST FOR SPONSORSHIP PARTICIPATION IN COMMUNITY EARTH DAY ON APRIL 21, 2018, AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Bobbitt next reported that a request was received from Strawn and Richardson, PC, on behalf of Harris County Municipal Utility District No. 24, for sponsorship of the Community Earth Day Event on Saturday, April 21, 2018. Director Stoebner asked what sort of support they were requesting. Ms. Bobbitt responded that the request is not specific and that her office would try to find out what kind of sponsorship they were requesting prior to the Board's December Board meeting.

ATTORNEY'S REPORT

Ms. Bobbitt then reviewed with the Board the Arbitrage Compliance Specialists Fifth (5th) Year Report regarding the District's Series 2012 bonds, a copy of which is attached hereto. 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 approve such report.

NEXT MEETING

Director Stoebner then reminded the Board that the next regular meeting will be held on Thursday, December 7, 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 7<sup>th</sup> day of December, 2017.

*Cynthia Duke Day*

Secretary, Board of Directors

