

## MINUTES OF THE BOARD OF DIRECTORS

February 1, 2018

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 1, 2018, at 3:30 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, except Directors Day and Hoffmann, 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, operators for the District; Mr. Jeffrey Bishop, P.E., and Mr. Ryan Casey, E.I.T., 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; Mr. Geovanny Osorio, resident of the District; and 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. Osorio first introduced himself to the Board and stated that he is a resident of the District. Mr. Osorio further stated that he has served on the board of a utility district in the past and that he is attending tonight's meeting to become acquainted with the District.

### 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 Winkler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of January 4, 2018, as written.

## REGULAR AGENDA

### DISCUSS NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY PUMPAGE AND SURFACE WATER RATE INCREASES AND ADOPT AMENDED RATE ORDER, AS NECESSARY

Ms. Bobbitt then stated that this item would be deferred until the March Board meeting in order to obtain the necessary input and information from Ms. Jarmon, the District's bookkeeper.

### UPDATE ON PROPOSED ENGAGEMENT OF PARK CONSULTANT AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Bobbitt next reported that she will be finalizing an email to Ms. Tara Klein with Four and One Landscape Architecture and Mr. Michael Murr with Murr, Incorporated, with the Board's additional questions regarding their experience and services. Ms. Bobbitt further stated that she would send the email to the Board for their review prior to it being sent to Ms. Klein and Mr. Murr. Ms. Bobbitt added that she would send an email to Mr. Bryan Janhsen with Knudson LP informing him of the Board's decision to move forward with other landscape architect firms.

### TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bobbitt next reviewed with the Board the Tax Assessor/Collector's Report as of January 31, 2018, a copy of which is attached hereto. Ms. Bobbitt reported that the District has collected 89.99% of its 2017 taxes to date.

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

### RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION FOR 2018 TAX YEAR (THE "TAX EXEMPTION RESOLUTION")

Ms. Bobbitt then explained 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 Exemption Resolution had been prepared to reflect adoption of these same exemptions for the 2018 tax year. 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 adopt the Tax Exemption Resolution, 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 2018 tax year. A copy of the Tax Exemption Resolution is attached hereto.

RESOLUTION IMPLEMENTING PENALTY ON 2017 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 2017 real property taxes that remain delinquent as of July 1, 2018 and an additional 20% penalty on 2017 personal property taxes that remain delinquent as of April 1, 2018, 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 Winkler, 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 2017 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto.

DEVELOPER'S REPORT

Mr. Brooks then gave a brief report regarding the status of home sales in CLEV.

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 Winkler, 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.

AUTHORIZE ATTENDANCE AT ASSOCIATION OF WATER BOARD DIRECTORS-TEXAS ("AWBD") ANNUAL CONFERENCE IN SAN ANTONIO, TEXAS, JUNE 21-23, 2018

Ms. Bobbitt then reported that registration for the AWBD Annual Conference will begin on February 21<sup>st</sup> at 10:00 a.m. 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 attendance at the AWBD Annual Conference.

ENGINEER'S REPORT

Mr. Casey then presented the Engineer's Report, a copy of which is attached hereto. Mr. Casey reported that the Bond Application Report (the "BAR") for the District's proposed tenth (10<sup>th</sup>) bond issue has been submitted to the District's consultants for review. Mr. Casey further reported that Jones|Carter expects to submit the BAR to the Texas Commission on Environmental Quality (the "TCEQ") by the end of February. Mr. Casey then requested adoption of the Resolution Authorizing Application to the TCEQ for Approval of Project and Tenth Issue of Bonds (the "Bond Resolution"), a copy of which is attached hereto.

Mr. Casey next reported that the Board of Terranova West Municipal Utility District met at the end of January, but that Jones|Carter has not yet heard from them regarding the Reclaimed Water Feasibility Study that was previously submitted to them for review and consideration.

Mr. Casey then reported that C&C Water Services had completed the camera survey of Water Well No. 1 on January 5th. Mr. Casey further reported that based on the camera survey, it has been confirmed that Water Well No. 1 is not in a deteriorated condition and that the required letter has been submitted to the TCEQ.

Mr. Casey next requested authorization for Jones|Carter to update the District's Emergency Preparedness Plan pursuant to TCEQ rules.

Director Winkler then asked if there are any updates on the proposed Waffle House development. Mr. Casey reported that to his knowledge, there has been no new information received on such development.

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 Engineer's Report; 2) adopt the Bond Resolution; 3) authorize submittal of the BAR to the TCEQ; and 4) authorize Jones|Carter to update the District's Emergency Preparedness Plan

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

Ms. Bobbitt then stated that this item would be deferred until the March Board meeting.

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

Ms. Bobbitt next reported that she last spoke with the attorney representing Mr. Paul McDonald of 9.6 Kuykendahl, J.V. ("Kuykendahl JV") regarding Mr. McDonald's request of \$30,000 for the District to purchase the 1.250-acre tract of land after the Board's January 4<sup>th</sup> meeting. Ms. Bobbitt went on to report that she informed Mr. McDonald's attorney that the original agreement is no longer enforceable due to the fact that Mr. McDonald no longer owns the entire 9.6-acre tract referenced in the original agreement. Ms. Bobbitt noted that she has not received any further communication on the matter.

ATTORNEY'S REPORT

Ms. Bobbitt then stated that the AWBD Spring Breakfast will be held on April 20<sup>th</sup> and will review the impact of Hurricane Harvey on the Houston area and include an overview of a special report/study on the impact that AWBD has commissioned.

## SUPPLEMENTAL NOTICE OF PUBLIC MEETING

Ms. Bobbitt next informed the Board that the terms of Directors Winkler, Musgrave and Hoffmann expire in May 2018 and noted that the first day for filing an Application for Place on the May 5, 2018 Ballot is Wednesday, January 17, 2018 and that the last day to file is Friday, February 16, 2018, at 5:00 p.m.

Ms. Bobbitt then requested adoption of the Order Calling Directors Election. 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 adopt the Order Calling Directors Election, a copy of which is attached hereto.

Ms. Bobbitt next asked the Board to set a date between the 3<sup>rd</sup> through the 11<sup>th</sup> day after the May 5, 2018 election in order to canvass the election. The Board concurred to hold the canvassing meeting on Friday, May 11<sup>th</sup> at 9:30 a.m. Ms. Bobbitt noted that such meeting would not be needed if no election is held.

## OPERATOR'S REPORT

Mr. Potter then presented and reviewed the Operator's Report with the Board for the period of December 15, 2017 to January 17, 2018, a copy of which is attached hereto. Mr. Potter reported that currently, there are 1,784 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 94.24%, that 98 delinquent notices were mailed during the month, and that seven (7) 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 eight (8) items over budget during the past month, including: 1) \$2,300 for a water well survey; 2) \$4,700 for mainline repairs and fire hydrant work; 3) \$1,400 for water meters; 4) \$4,569.56 for the disposal of 98,000 gallons of sludge; 5) \$4,000 for water and sewer tap costs; 6) \$8,283.25 for inspections/repairs at the Sewage Treatment Plant and Windy Pines Lift Station; 7) \$9,051.48 for annual generator maintenance; and 8) \$1,960.95 for cleaning of the Windy Pines Life Station wet well. Director Winkler then expressed his concern that the operations expenses will not come in on budget for the current fiscal year ending May 31, 2018. Mr. Potter responded that the Wastewater Treatment Plant expense amount will likely be over budget, but that every other expense category should come in on budget or only slightly over budget.

Director Winkler next asked if Hays had looked at what would happen to the District's facilities if the District ever received more flood water than what was received during Hurricane Harvey. Mr. Potter stated that he has not looked into such possibility. Director Winkler then requested that Hays and Jones|Carter work together to review and investigate the possible effects of high water inundating the District's facilities.

Mr. Potter next reported that two (2) 3/4-inch (3/4") meters are due for replacement during the next month.

Ms. Secrest then reported that the resident at 6102 Post Oak Court has had extremely high water usage during the previous month that is most likely due to a leak of some sort. Ms. Secrest explained that the resident's meter was read on January 17<sup>th</sup> and that the resident was called on January 19<sup>th</sup> regarding the high usage. Ms. Secrest went on to explain that the meter read was verified on January 22<sup>nd</sup> and at that time, the water meter was spinning, including a severe leak somewhere on the property. Ms. Secrest further reported that the resident was called again on January 25<sup>th</sup> and the meter was checked again on January 31<sup>st</sup> at which point the meter was found to still be spinning. Ms. Secrest stated that a Hays technician was able to speak with the resident in person and that the technician informed the resident that he must have a leak on his property, but that to date, it does not appear that anything has been done to repair the leak. Ms. Secrest added that the resident's bill is current at this time, but that service will be terminated if the full amount of \$4,163 is not paid after the next billing cycle. Director Stoebner requested that a Hays representative try to contact the resident every day at his home to further inform him of the issue. Ms. Secrest stated that she will go by residence again this afternoon after the Board meeting.

Mr. Potter next reported that a request was received from a District resident at 19226 Country Hills Court requesting the waiver of the additional deposit and termination fee, in the amount of \$175. The Board then determined that the termination fee and payment of the additional deposit cannot be waived. Ms. Secrest then requested authorization to offer the resident a three (3) month payment plan for his outstanding balance.

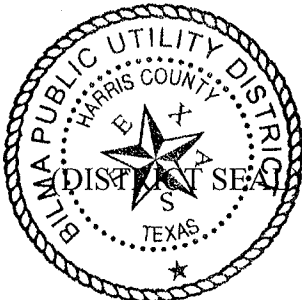
Upon motion by Director Winkler, seconded by Director Musgrave, after full discussion and the question being put to the Board, the Board voted unanimously to approve the following items: 1) the Operator's Report; 2) authorize the termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order; 3) approve the three (3) month payment plan for the resident at 19226 Country Hills Court; and 4) authorize Hays and Jones|Carter to review the possible impact of flood waters on the District's facilities.

#### NEXT MEETING

Director Stoebner then reminded the Board that the next regular meeting will be held on Thursday, March 1, 2018, 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 1<sup>st</sup> day of March, 2018.



  
Secretary, Board of Directors