

MINUTES OF THE BOARD OF DIRECTORS

April 4, 2019

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, April 4, 2019, 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 Directors Winkler and Musgrave, thus constituting a quorum. Also attending the meeting were: Ms. Christina Cole of Myrtle Cruz, Inc. ("MCI"), bookkeepers for the District; Messrs. Don Hays, Howard Wilhite and Michael Potter and Ms. Robin Secrest 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; 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.

CONSENT AGENDA

Director Stoebner first 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 Hoffmann, 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 March 7, 2019, as written; and 2) Pay Estimate No. 3 & Final, in the amount of \$6,248.20, to AIMS Companies for the Sanitary Sewer Cleaning & Televising Phase IV project.

REGULAR AGENDA

REVIEW AND DISCUSS AUDIT PROCESS AND PROCEDURE FOR REVIEW OF DISTRICT WATER/SEWER SERVICE RATES

Director Stoebner stated that this item would be deferred until the May Board meeting.

REVIEW AND DISCUSS PROCESS/PROCEDURES FOR ISSUANCE OF EMERGENCY NOTIFICATIONS, INCLUDING SCHEDULING OF SPECIAL BOARD MEETING, AND TAKE ANY NECESSARY ACTIONS ON SAME

Director Stoebner stated that the Board needs to work on a pre-approved statement to be included in the Standard Operating Procedures document for any future issues requiring a boil water notice or similar type notice to be sent to District residents. Director Stoebner recommended that a special Board meeting should be scheduled in May to review and discuss the District's emergency notification procedures and statement. The Board tentatively scheduled a special Board meeting on May 20th at 5:00 p.m. Director Stoebner stated that he would check with Directors Winkler and Musgrave on their availability for May 20th.

UPDATE ON PARK MATTERS

Director Stoebner next presented the park survey results that have been received so far. A copy of the survey results is attached hereto. Director Stoebner then reviewed the survey results with the Board and noted that a majority of residents want the walking trail extended and lit. Director Stoebner also stated that he has asked Mr. Allen DeJonge of 1190 Designs, website service provider for the District, to place the survey on the District's website for residents to complete. Director Stoebner pointed out that the online survey currently has required fields for a name and email address for anyone that is completing the survey. Director Stoebner suggested possibly removing the required fields so that the residents are able to remain anonymous. Mr. Abshire stated that the Board could consider requiring an address instead of a name to be able to validate that the resident actually lives in the District. Ms. Bobbitt suggested requiring a subdivision name be provided as part of the survey. Director Hoffmann stated that he concurs that the required name and address fields of the survey should be removed. Director Stoebner then stated that he will ask Mr. DeJonge to leave the survey on the District's website until the day before the May Board meeting. Ms. Secrest stated that she can add a message on the District's next water/sewer service bill to visit the District's website to complete the survey. Director Stoebner then asked if Classic Messaging, the District's emergency messaging service provider, should send out a message regarding the survey being on the District's website. Director Day stated that she would not mind receiving a text alert about the survey. Director Hoffmann stated that he would elect not to use Classic Messaging because he does not want District residents to think that the District will be sending out messages for non-emergency purposes. Director Stoebner then stated that he will let Mr. DeJonge know the Board's requested changes to the survey, and that it can go live on the District's website.

DISCUSS CONSULTANT EVALUATIONS, AND TAKE ANY NECESSARY ACTIONS ON SAME

Director Stoebner then stated that this item would be deferred until the May Board meeting.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bobbitt then reviewed with the Board the Tax Assessor/Collector's Report as of March 31, 2019, a copy of which is attached hereto. Ms. Bobbitt reported that the District has

collected 97.18% of its 2018 taxes to date. 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.

BOOKKEEPER'S REPORT

Ms. Cole then 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 the previous ten (10) months and the investment report for the current month.

Ms. Cole next presented the draft budget for the fiscal year ending May 31, 2020. Ms. Cole asked that the District's consultants review the draft budget and provide any comments to her prior to the Board's May meeting. Ms. Bobbitt noted that the budget must be adopted at the Board's May meeting. Mr. Abshire stated that the capital expenditures line item needs to be increased to \$1,550,000 in accordance with the District's Capital Improvement Plan ("CIP") and the prior discussions the Board has had. Ms. Cole stated that she would update such line item.

Upon motion by Director Day, seconded by Director Hoffmann, 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 February 15, 2019 to March 14, 2019, a copy of which is attached hereto. Mr. Potter reported that there are currently 1,818 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 97.54%, that 101 delinquent notices were mailed during the month, and that five (5) 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 two (2) items over budget during the past month, including: 1) \$10,000 for the Waffle House water tap; and 2) \$26,175.70 for the installation of the main disconnect switch on the incoming power line at Water Plant No. 1.

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

Director Stoebner then asked if the special projects line item on the District operations expenses listed in the Operator's report is the same as the extraordinary expenses line item that was recently added to the District's budget. Mr. Potter responded that the special projects item is the same as the extraordinary expense line item on the District's budget.

Mr. Potter next requested approval for the District-wide flushing and the bi-annual siphon inspections. Director Stoebner asked how long the flushing process would take. Mr. Potter stated that the flushing should take a few days once it is started. Director Stoebner then asked if the flushing notice signs will be put out in the District. Mr. Potter confirmed that the flushing notice signs will be put out.

Ms. Secrest then stated that additional information regarding the rates currently being charged to the Ponderosa Volunteer Fire Department and the water meter upcharge discrepancy is included in the Operator's Report.

Mr. Hays next reported that the transition of Hays to the new owners has exceeded expectations and gone smoothly. Mr. Hays stated that the impact has been almost unnoticeable. Mr. Hays further stated that he is optimistic about what is to come for the future of Hays. Mr. Hays then noted that he will continue in his current role for the next two (2) months and then transition to a part-time position on June 1st.

Director Stoebner then asked if Mr. Wilhite had talked to Dr. Janet Palmer, the resident who had attended the Board meeting several months ago, regarding additional water sampling at her residence pursuant to the boil water notice that occurred in January. Mr. Wilhite stated that he had discussed the matter with her and that she was satisfied with the outcome. Mr. Wilhite noted that after speaking with her, Dr. Palmer opted to not have her residence tested.

Director Hoffmann next asked if the lift station fence proposal had been obtained. Mr. Potter stated that he does not have anything to report regarding the fence proposal.

Mr. Potter then reminded the Board that he had previously handed out the proposal for video surveillance equipment at the District's facilities. Director Stoebner stated that this item would be deferred until the May Board meeting.

Upon motion by Director Day, seconded by Director Hoffmann, 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; and 3) authorize the district-wide flushing and bi-annual siphon inspection.

ENGINEER'S REPORT

Mr. Abshire then presented the Engineer's Report, a copy of which is attached hereto. Mr. Abshire first reported that the District's CIP has been updated to identify the individual District facilities and to provide historical information. Mr. Abshire then reviewed the updated CIP with the Board, a copy of which is attached hereto. Director Hoffmann asked about the sanitary sewer rehabilitation line item listed in the CIP. Mr. Abshire reminded the Board that the recent Sanitary Sewer Cleaning & Televising project identified a concrete pipe that needs to be lined as well as some manhole rehabilitation work that is needed. Mr. Abshire explained that the Board had authorized Hays to perform the minor manhole repairs and have a contractor line the concrete pipe. Mr. Abshire noted that he is currently working with Hays to schedule the manhole repairs. Mr. Abshire then stated that he added the La Boucherie storm sewer extension for reimbursement in the 2020-2021 timeframe. Discussion ensued regarding various CIP projects.

Mr. Abshire went on to report that the application for the proposed reclaimed water use project is being finalized, and that he is coordinating with RBAP to prepare the end user

agreements for Terranova West Municipal Utility District ("Terranova") and Spring Creek Oaks Community Improvement Association ("SCOCIA").

Mr. Abshire next reported that the design work for the Wastewater Treatment Plant ("WWTP") Improvements Project is continuing. Mr. Abshire added that he anticipates being ready to submit the design for initial agency reviews in May.

Mr. Abshire then reported that design work has also begun for the Water Plant Improvements Project. Mr. Abshire noted that Jones|Carter does not plan to advertise the project for bid until later this year to allow the work to occur during the 2019/2020 winter months when water usage is low.

Mr. Abshire also reported that Storm Water Solutions ("SWS"), the District's stormwater maintenance contractor, has prepared a renewal application to renew the District's Storm Water Quality Feature Permits for Country Lake Estates ("CLE"), Section 2. Mr. Abshire requested authorization to submit the renewal application for approval.

Mr. Abshire next reported that the District's Water Conservation Plan (the "WCP") and Drought Contingency Plan (the "DCP") are required to be updated and submitted to the Texas Commission on Environmental Quality (the "TCEQ") by May 1st. Mr. Abshire requested authorization to update and submit the WCP and DCP to the TCEQ. Ms. Bobbitt noted that the North Harris County Regional Water Authority (the "Authority") recently adopted an updated DCP, but that such plan did not include any changes since the City of Houston's DCP did not change. Ms. Bobbitt stated that the District's DCP is required to follow and be as stringent as the Authority's DCP.

Mr. Abshire then reported that he is working with the La Boucherie engineers on the plan review process. Mr. Abshire explained that the plans have been split into plans for the public facilities and plans for the private facilities. Mr. Abshire further noted that La Boucherie will need to obtain the necessary easements and pipeline encroachment agreement before construction can begin.

Mr. Abshire next reminded the Board that an updated Professional Services Agreement ("PSA") for Jones|Carter was presented at the March Board meeting. Mr. Abshire stated that this item could be deferred until the May Board meeting when the entire Board is present. Director Hoffmann stated that he would like more time to review the proposed PSA.

Upon motion by Director Day, seconded by Director Hoffmann, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the Engineer's Report; 2) authorize submittal of the renewal application for the Storm Water Quality Feature Permits for CLE, Section 2; and 3) authorize updating and submittal of the WCP and DCP to the TCEQ.

DISCUSS AMENDMENT TO DISTRICT'S RATE ORDER REGARDING COMMERCIAL AND RESIDENTIAL ACCOUNTS, METER UPCHARGE, AND CONSIDER ADOPTION OF SAME

Director Stoebner stated that this item would be deferred until the May Board meeting.

DISCUSS SCHEDULING OF AUTHORITY'S MOBILE TEACHING LAB

Director Stoebner then reported that he has scheduled the Authority's mobile teaching lab to be in the District on July 4th. Director Stoebner stated that he would follow up with Ms. Barbara Payne on the details for the event.

REVIEW AND DISCUSS RECLAIMED WATER SUPPLY COST SHARING AGREEMENT WITH TERRANOVA FOR RECLAIMED WATER PROJECT AND PROPOSED USER AGREEMENTS RELATED TO SAME

Ms. Bobbitt reported that she is in the process of revising the Cost Sharing Agreement and User Agreements to reflect Terranova as both a user and provider of the reclaimed water.

ATTORNEY'S REPORT

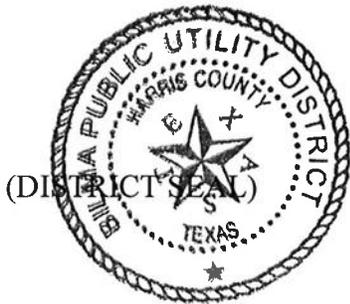
Ms. Bobbitt then distributed to each Board member a copy of RBAP's April Legislative Update memorandum for the 86th Legislative Session and reviewed it with the Board. A copy of the memorandum is attached hereto.

NEXT MEETING

Director Stoebner then reminded the Board that the next regular meeting will be held on Thursday, May 2, 2019, 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 2nd day of May, 2019.



Assistant Cynthia Duke Day
Secretary, Board of Directors