

MINUTES OF THE BOARD OF DIRECTORS

July 11, 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, July 11, 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 thus constituting a quorum. Also attending the meeting were: Ms. Christina Cole of Myrtle Cruz, Inc. ("MCI"), bookkeepers for the District; Ms. Robin Secrest of Hays Utility South Corporation ("Hays"), operators for the District; Messrs. Justin Abshire, P.E., and Ryan Schilhab, E.I.T., of Jones|Carter, Inc. ("Jones|Carter"), engineers for the District; Messrs. Hans von Meier and Russell Wolff, of Residential Recycling & Refuse of Texas ("RRRT"), garbage and recycling contractor for the District; and Ms. Monica Garza, attorney, Ms. Alison Miller, paralegal and Ms. Marissa Paltz, legal secretary, 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

Director Stoebner first introduced Mr. von Meier to the Board. Director Musgrave stated that he has heard comments from several District residents that recyclables from the District are going straight to a landfill and not being recycled. Mr. von Meier explained that RRRT was receiving \$33 per ton for recycled materials a year ago, but now RRRT is being charged \$55 per ton for recycled materials. Mr. von Meier then stated that RRRT is losing money in every community that RRRT serves for recycling due to the fact that RRRT has been subsidizing the recycling costs. Mr. von Meier further stated that RRRT will continue to provide recycling services to its customers, but that they will most likely be requesting a recycling service fee increase in the near future. Mr. von Meier went on to explain that a reason for the increase in recycling prices is due to China banning the import of recyclables. Mr. von Meier noted that recycling prices will most likely continue to rise and there might be a point in the future when a recycling program does not make financial sense. Mr. von Meier then stated that he will be happy to provide the recycling waybills at the next Board meeting so that the Board can review the recycling costs. Mr. von Meier also invited the Board to tour the recycling facilities located at Highway 610 at Irvington. Mr. Wolff then reiterated that all of the recyclable materials that RRRT picks up are recycled because of the subsidies that RRRT pays to the recycling facility. Mr. von Meier noted that Styrofoam is not recyclable and anything put out for recycling pickup

in a black trash bag will not be recycled due to safety issues. Director Winkler asked if RRRT could provide recycling guidelines that the District could provide to its residents. Mr. Wolff stated that he would provide the recycling information and guidelines to Director Stuebner. Director Winkler then asked what the recycling industry is looking at for the future and if the recycling industry has any plans to partner with the chemical industry. Mr. von Meier stated that there is not an opportunity to partner with another industry, as the recyclable materials go to a single sort recycling facility. Mr. Wolff then stated that there is not currently an indication of where the recycling industry will end up, but that recyclables are currently being sold at a cost of \$55 per ton. Mr. Wolff added that he does not think the cost will stay that high, but that he does not know how much the cost might decrease. Director Hoffmann then stated that the District needs to be mindful of any negative impact regarding recycling services because if the District residents think it is costing them more money to recycle, then they are likely to stop recycling altogether. Mr. von Meier stated that, overall, the District has very high participation by residents in the recycling program. Director Winkler then noted that there have been several missed garbage pickups and asked if the trucks are being overloaded. Mr. von Meier stated that it has been a tough summer for the garbage truck drivers due to the heat. Mr. Wolff further stated that a new driver was recently placed on the District's garbage route and it has taken him a little longer than normal to learn the route. Mr. Wolff noted that he will be keeping a closer eye on the new driver.

Mr. von Meier and Mr. Wolff then exited the meeting.

CONSENT AGENDA

Director Stuebner next reviewed with the Board the items reflected on the Consent Agenda. Director Stuebner 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 Day, 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 June 6, 2019, and the special meeting of June 10, 2019, as written; and 2) approve and authorize execution of the contract with T. Gray Utility & Rehab Co., LLC, ("T. Gray") in the amount of \$80,138, for the 2019 Sanitary Sewer and Manhole Rehabilitation project.

REGULAR AGENDA

REVIEW AND DISCUSS PROPOSED COMMUNICATION PLAN AND TAKE ANY NECESSARY ACTIONS ON SAME

Director Stuebner stated that this item would be deferred until the August Board meeting.

APPROVE STANDARD OPERATING PROCEDURES FOR DISTRICT EMERGENCY EVENTS

Director Stuebner next stated that this item would be deferred until the August Board meeting.

REVIEW AND APPROVE UPDATED EMERGENCY RESPONSE PLAN ("ERP")

Director Stoebner then stated that this item would be deferred until the August Board meeting. Ms. Secrest stated that she would be sending additional revisions to RBAP to be incorporated into the ERP

UPDATE ON PARK MATTERS

Director Musgrave then reported that he had met with Ms. Tara Klein of Four and One Landscape Architecture, landscape architect for the District, and that she was impressed by the responses received from District residents on the park survey. Director Musgrave then reported that Ms. Klein's recommendation is for the District to move forward with a park bond election. Director Stoebner asked if a certain percentage of District residents would need to vote in a park bond election in order for the election to pass. Ms. Garza stated that the election would pass or fail based on the majority of voters that cast votes in the election. Director Musgrave then stated that if the Board is considering holding a park bond election on the November 5, 2019 uniform election date, then it needs to be scheduled.

Director Musgrave that he had met with Ms. Julie Williams of Rathmann & Associates, L.P., financial advisor for the District, regarding funding for the park plan. Director Musgrave stated that Ms. Williams had prepared an analysis that showed a park bond election in the amount of approximately \$5 million could be held without negatively impacting the District's tax rate. Ms. Garza then stated that if the Board would like to move forward with a park bond election, the election would need to be called at the August 1st Board meeting. Director Musgrave stated that Ms. Williams is available to attend the August Board meeting or a special meeting any time after next week. Discussion ensued regarding the various park plan options and sources of funding.

Director Day stated that she is in favor of moving forward with the park plan and with a park bond election. Director Winkler stated that he is not currently in favor of the park plan and that he would like to see more details and information for the park plan before making a decision. Director Winkler also suggested reaching out to a real estate broker that is familiar with the District to further assess the best use of the property available. Director Stoebner stated that he can provide contact information for a real estate broker to Director Musgrave.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Garza then reviewed with the Board the Tax Assessor/Collector's Report as of June 30, 2019, a copy of which is attached hereto. Ms. Garza reported that the District has collected 98.77% of its 2018 taxes to date. Upon motion by Director Day, seconded by Director Winkler, 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.

OPERATOR'S REPORT

Ms. Secrest then presented and reviewed the Operator's Report with the Board for the period of May 15, 2019 to June 14, 2019, a copy of which is attached hereto. Ms. Secrest reported that there are currently 1,819 connections in the District. Ms. Secrest further reported

that the District's water accountability for the month was 96.67%, that 107 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, Ms. Secrest reported that there had been four (4) items over budget during the past month, including: 1) \$1,400 for annual chlorine equipment maintenance at Water Plant No. 2; 2) \$4,945.12 for the disposal of 107,000 gallons of sludge; 3) \$21,015.70 to install a new automatic transfer switch at Water Plant No. 1; and 4) \$3,443.30 to clean the Kuykendahl Lift Station.

Ms. Secrest next reported that ten (10) 3/4-inch (3/4") meters are due for replacement during the next month.

Ms. Secrest then presented a list of uncollectable accounts from 2018 to the Board, in the amount of \$901.63. Ms. Secrest requested Board authorization to write-off such accounts.

Regarding the proposal for surveillance equipment at the District's facilities, Ms. Secrest reported that Director Winkler provided the contact information for an additional security company to Mr. Potter for obtaining a cost estimate. Ms. Secrest stated that such additional proposal would be presented at the August Board meeting.

Ms. Secrest next reported that in preparation for possible heavy rains from Hurricane Barry, all of the District's emergency generator tanks have been topped off and are ready for use.

Director Stoebner then reported that he had previously asked Hays to look into two (2) asphalt repairs and three (3) sinkhole repairs on the Hike & Bike Trail and to provide cost estimates for such repairs. Ms. Secrest stated that cost of the repairs on the Hike & Bike Trail would be approximately \$3,800 to \$4,000. Ms. Secrest further stated that Hays has already started moving forward with the sinkhole repairs with authorization from Director Stoebner.

Director Musgrave next asked about the decimal error in the District's 2018 Consumer Confidence Report ("2018 CCR"). Ms. Secrest stated that it was Hays' error, and that the 2018 CCR has been corrected, printed and redistributed at Hays' cost.

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 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) authorize the repairs to the Hike & Bike Trail; and 4) authorize the write-off of uncollectable accounts in the amount of \$901.63.

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 twelve (12) months and the investment report for the current month.

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 Bookkeeper's Report and authorize execution and payment of the checks reflected therein.

ENGINEER'S REPORT

Mr. Abshire then presented the Engineer's Report, a copy of which is attached hereto. Mr. Abshire reported that he is ready to submit the Reclaimed Water Permit Application to the Texas Commission on Environmental Quality for approval once the user agreements have been finalized. Ms. Garza stated that Ms. Bobbitt is working to finalize the user agreements with Terranova West Municipal Utility District.

Mr. Abshire next reported that the design work for the Wastewater Treatment Plant Improvements Project is wrapping up. Mr. Abshire added that he anticipates being ready to submit the design for initial agency reviews at the end of the month.

Mr. Abshire then reported that design work continues for the Water Plant Improvements Project. Mr. Abshire stated that he will be requesting authorization to advertise for bids for the project at the August Board meeting.

Mr. Abshire next reported that a pre-construction meeting will be scheduled with T. Gray in regards to the 2019 Sanitary Sewer and Manhole Rehabilitation project.

Mr. Abshire next reported that La Boucherie received civil site plan approval from Harris County, but that Jones|Carter has not heard anything further from La Boucherie's engineer. Director Hoffmann asked if there is a timeframe to move forward once the plan approvals have been received. Mr. Abshire stated that the approvals are typically good for approximately one (1) year.

Mr. Abshire next presented the proposed updated Professional Services Agreement ("PSA") for Jones|Carter which has been revised as per the discussion at the June Board meeting. Mr. Abshire explained that the District will not be responsible for paying any portion of a project that is designed, but not constructed. Ms. Garza stated that RBAP has reviewed the PSA and is in agreement with the revisions. A copy of the updated PSA is attached hereto.

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; and 2) approve and authorize execution of the updated PSA for Jones|Carter, a copy of which can be found in the District's files

DISCUSS CONSULTANT EVALUATIONS, AND TAKE ANY NECESSARY ACTIONS ON SAME

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

REVIEW AND APPROVE PROPOSED RENEWAL OF INSURANCE COVERAGES WITH ARTHUR J. GALLAGHER & CO., AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Garza reported that the insurance renewal proposal has not yet been received, and this item would be deferred until the August Board meeting.

AUTHORIZE ATTENDANCE AT ASSOCIATION OF WATER BOARD DIRECTORS - TEXAS ("AWBD") MID-WINTER CONFERENCE IN DALLAS, TEXAS ON JANUARY 17-19, 2020

Upon motion by Director Hoffmann, seconded by Director Winkler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize attendance at the AWBD Mid-Winter Conference in Dallas, Texas on January 17-19, 2020.

REVIEW AND AUTHORIZE EXECUTION OF INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT TO SPONSOR WATERWISE PROGRAM AT KUEHNLE ELEMENTARY SCHOOL

Ms. Garza next reviewed the proposed Interlocal Agreement for the sponsorship of the WaterWise Program at Kuehnle Elementary School for the 2019-2020 school year (the "Program"). Ms. Garza stated that the Interlocal Agreement contemplates the sponsorship of up to 175 students in an amount not to exceed \$6,380.50 during the 2019-2020 school year. 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 and authorize execution of the Interlocal Agreement, a copy of which is attached hereto.

REVIEW AND APPROVE ARBITRAGE REBATE AND YIELD RESTRICTION COMPLIANCE REPORT ("ARBITRAGE COMPLIANCE REPORT") PREPARED BY ARBITRAGE COMPLIANCE SPECIALISTS ("ACS")

Ms. Garza then briefly reviewed the annual Arbitrage Compliance Report, a copy of which is attached hereto. Ms. Garza explained that ACS had found the District to be in full compliance and in good standing with all arbitrage requirements. 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 accept and acknowledge receipt of the Arbitrage Compliance Report.

REVIEW AND APPROVE POST-ISSUANCE TAX-EXEMPT DEBT COMPLIANCE POLICY CHECKLIST ("PICP CHECKLIST")

Ms. Garza next reviewed the PICP Checklist with the Board, a copy of which is attached hereto. Ms. Garza noted that ACS, along with the various consultants of the District, have reviewed and completed the necessary sections of the PICP Checklist. 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 PICP Checklist.

ATTORNEY'S REPORT

Ms. Garza then reviewed with the Board the 86th Legislative Session Update memorandum, a copy of which is attached hereto. Ms. Garza encouraged the Board to contact RBAP if they have any questions regarding the bills which were passed.

MISCELLANEOUS MATTERS

Director Stoebner next presented a written notice prepared by the North Harris County Regional Water Authority (the "Authority") for distribution to District residents addressing the recent taste and odor inquiries concerning drinking water in the District, a copy of which is attached hereto. Director Stoebner stated that he has had the notice posted on the District's website. Director Stoebner added that he would like to schedule a meeting with Authority representatives and Director Winkler regarding water quality issues and communication issues.

NEXT MEETING

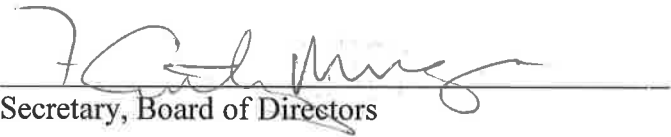
Director Stoebner then reminded the Board that the next regular meeting will be held on Thursday, August 1, 2019, at the Spring Creek Oaks Clubhouse II, 6002 Bur Oak, Spring, Texas 77379, at 5:00 p.m.

There being no further business to come before the Board, the meeting was adjourned..

PASSED, APPROVED AND ADOPTED this 1st day of August, 2019.

(DISTRICT SEAL)




Secretary, Board of Directors