

MINUTES OF THE BOARD OF DIRECTORS

August 1, 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, August 1, 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 Director Winkler, thus constituting a quorum. Also attending the meeting were: Ms. Christina Cole of Myrtle Cruz, Inc. ("MCI"), bookkeepers for the District; Mr. Mike Potter and 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; Mr. Randy Kerth of Segue Real Estate Group; and Ms. Monica Garza, 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 next 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 Day, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of July 11, 2019, as written.

REGULAR AGENDA

UPDATE ON PARK MATTERS, INCLUDING HEAR FROM REAL ESTATE AGENT REGARDING POTENTIAL IMPACT ON DISTRICT ASSESSED VALUES WITH THE ADDITION OF PARK FACILITIES, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Kerth first explained that adding amenities along the trails within the District, such as hydration stations and mile markers along the trails in the District, would add value to the District. Mr. Kerth further stated that doing something to disguise the Wastewater Treatment

Plant (the “WWTP”) would also be beneficial. Director Hoffmann asked if there are specific amenities that potential residents look for when searching for a home. Mr. Kerth responded that Spring Creek Oaks already has two (2) clubhouses, two (2) pools, sports fields and parks. Mr. Kerth recommended potentially adding another park and a splash pad to the District park amenities.

Mr. Kerth exited the meeting at this time.

UPDATE FROM RESIDENTIAL RECYCLING & REFUSE OF TEXAS, INC. REGARDING RECYCLING AND SOLID WASTE COLLECTION SERVICES, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. von Meier reported that since the July Board meeting, RRRT has done an audit of their accounts and realized that they are losing approximately \$120,000 annually on the District’s account, including garbage and recycling services. Mr. von Meier further explained that RRRT has collected approximately 111 to 113 tons of trash within the District, which is double the amount that was expected when the District entered into the current contract with RRRT. Mr. von Meier added that the current cost to the District for garbage collection service is \$11.30 per home and the breakeven cost would be \$16.10 per home. Mr. Wolff stated that he would like to make it clear that RRRT is committed to honoring its contract with the District, but that he wanted to make the Board aware of the issue to see if an arrangement could be made to provide some relief to RRRT. Mr. von Meier stated that RRRT is not asking for the entire increase to meet the breakeven point, but that RRRT would like to see if the District would be willing to meet somewhere in the middle regarding an increase. Director Day asked when the current contract expires. Ms. Garza stated that the current contract expires in April 2021. Extensive discussion then ensued regarding the contract and potential price increase with RRRT. Ms. Garza asked that RRRT submit a written price increase request, as required by the current contract terms, for the Board to consider at the September Board meeting.

CONSIDER AUTHORIZATION OF SOLICITATION OF BIDS FOR RECYCLING AND SOLID WASTE COLLECTION SERVICES

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

APPROVE STANDARD OPERATING PROCEDURES FOR DISTRICT EMERGENCY EVENTS

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

REVIEW AND APPROVE UPDATED EMERGENCY RESPONSE PLAN

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

REVIEW AND APPROVE EMERGENCY ACTION PLAN (THE "EAP") FOR PRESIDENT

Ms. Miller next reminded the Board that the EAP for the Board President had been previously distributed to the Board to review prior to the meeting. Ms. Miller stated that the Board needs to determine the maximum amount of emergency expenditures the President is authorized to approve. Director Day asked if the EAP could be combined with the existing Maintenance and Repair Policy. Ms. Miller stated that the two (2) policies could be combined into one (1) policy. Director Day suggested \$10,000 would be an acceptable amount to reflect in the combined policy. Director Musgrave suggested including a provision in case the Board President is unable to be contacted in the event of an emergency. Ms. Garza stated that RBAP would revise the policy and send it out to the Board prior to the September Board meeting and that such item would be placed on the meeting agenda.

DISCUSS MEETING WITH NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (THE "AUTHORITY") REGARDING COMMUNICATION AND WATER QUALITY ISSUES

Director Stoebner next stated that he and Director Winkler had met with Mr. Mark Evans and Mr. Jun Chang with the Authority. Director Stoebner reported that the Authority had stated that it was blindsided by the water taste and odor complaints that were received last month. Director Stoebner also reported that the Authority has had a conversation with Inframark, operator for the Authority, regarding being more forthcoming with water quality issues and customer complaints in the future. Director Stoebner further reported that the Authority will now be getting daily customer complaint logs from Inframark in addition to the daily pumpage reports the Authority already receives. Director Stoebner added that Inframark will also be performing daily taste and odor tests on the water supply. Director Stoebner further stated that, in the future, Hays should receive notifications from the Authority regarding water quality issues much sooner so that the District can notify its residents.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Garza then reviewed with the Board the Tax Assessor/Collector's Report as of July 31, 2019, a copy of which is attached hereto. Ms. Garza reported that the District has collected 99.04% of its 2018 taxes to date. Ms. Garza also presented a list of uncollectable tax accounts to the Board and explained that Wheeler & Associates, Inc. is requesting that the uncollectable accounts be removed from the District's tax roll. 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 Tax Assessor/Collector's Report and the checks reflected therein and to authorize removal of the uncollectable tax accounts from the District's tax roll.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Garza next presented the Delinquent Tax Attorney's Report to the Board, a copy of which is attached hereto. Ms. Garza noted that the 2018 delinquent tax accounts had been added to the report. Ms. Garza then explained that, with the Board's approval, service termination notices would be sent out later this week and that a hearing on the delinquent tax account service terminations would be held at the Board's September 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 Delinquent Tax Attorney's Report, including authorizing the issuance of the service termination notices to the 2018 delinquent accounts.

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 two (2) months and the investment report for the current month. Director Stoebner asked about the net surplus/loss table on the budget. Ms. Cole stated that she would check with Ms. Mary Jarmon regarding such matter.

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 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 June 14, 2019 to July 16, 2019, a copy of which is attached hereto. Mr. Potter reported that there are currently 1,819 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 93.59%, that 107 delinquent notices were mailed during the month, and that nine (9) 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 three (3) items over budget during the past month, including: 1) \$3,000 for the 2018 Consumer Confidence Report; 2) \$8,612.75 to repair Lift Pump No. 2 at the Country Meadow Lift Station; and 3) \$1,854.75 for a bottom clean of the WWTP Lift Station.

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

Ms. Secrest then reported that a customer letter was received from the resident at 4206 Countrypark Drive regarding a bill adjustment request. Ms. Secrest explained that the resident had a high water bill due to someone breaking his sprinkler system vacuum breaker line. Ms. Secrest stated that the resident's average usage puts him in billing tier No. 3 of the District's Rate Order, and that the bill in question was billed at billing tier No. 4. Ms. Secrest suggested adjusting the resident's bill down to his average billing tier, which would give him a credit of \$14.

Mr. Potter next reported that he is in the process of obtaining an additional cost estimate for the video surveillance equipment. Mr. Potter stated that such additional proposal would be presented at the September Board meeting.

Upon motion by Director Musgrave, seconded by Director Hoffmann, 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; and 3) approve a \$14 credit for the resident at 4206 Countrypark Drive, as outlined above.

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 (the "Reclaimed Water Permit") to the Texas Commission on Environmental Quality (the "TCEQ") 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 ("MUD").

Mr. Abshire next reported that the plans for the WWTP Improvements project should be submitted for initial agency reviews in the next two (2) weeks. Mr. Abshire further explained that construction for the WWTP Improvements project will likely overlap with the construction of the WWTP Reclaimed Water System. Mr. Abshire suggested authorizing design of the WWTP Reclaimed Water System and Distribution Line and postponing construction of the WWTP Improvements project for a short period of time so that the two (2) projects could be combined. Mr. Abshire further explained that a benefit of combining the projects would be that the increased contract amount would open up the bidding process to a larger group of contractors and better pricing potentially be achieved. Mr. Abshire noted that he is asking for Board approval to combine the two (2) projects, subject to Terranova West MUD's concurrence and the availability of funding. Mr. Abshire added that if the Board approves combining the two (2) projects, then design would begin on the WWTP Reclaimed Water System before approval of the Reclaimed Water Permit is received from the TCEQ. Mr. Abshire added that Jones|Carter does not see issue with this and that Jones|Carter would not proceed with construction until TCEQ approval of such permit is received. Mr. Abshire also stated that the current schedule shows that the project would be ready to bid in January 2020. Director Stoebner asked if the WWTP Reclaimed Water System would be brought online at the same time as the WWTP Improvements project. Mr. Abshire stated that if the projects are not combined, he does not recommend moving forward with the WWTP Reclaimed Water System until the WWTP Improvements project is completed. Extensive discussion then ensued regarding combining the WWTP Improvements project and the WWTP Reclaimed Water System into one (1) construction project.

Mr. Abshire then requested authorization to advertise for bids for the Water Plant Improvements project. Mr. Abshire stated that he will bring the bid tabulation to the Board at the September Board meeting.

Mr. Abshire next reported that La Boucherie has not yet received all plan approvals from Harris County. Mr. Abshire requested authorization to advertise for bids for the public storm sewer extension to serve La Boucherie contingent upon all plan approvals being received. Mr. Abshire also stated that La Boucherie will need to deposit \$21,000 with the District before construction can begin. Mr. Abshire noted that all of the specific details regarding the required deposit and the project construction will be included in the Financing Agreement with La Boucherie.

Mr. Abshire next reported that T. Gray Utilities & Rehab, Co., LLC expects to mobilize on the 2019 Sanitary Sewer and Manhole Rehabilitation project this week.

Mr. Abshire then presented an exhibit depicting various upcoming Harris County Flood Control District ("HCFCD") repairs in the District's area, a copy of which is attached hereto. Mr. Abshire reported that HCFCD is allocating funding to different repair projects which have been summarized for the District. Mr. Abshire stated that he is trying to obtain a better schedule for each project and that he will continue to update the Board on the progress of the repair projects.

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; 2) authorize Jones|Carter to combine the WWTP Reclaimed Water System project with the WWTP Improvements project and proceed with design of the WWTP Reclaimed Water System, upon concurrence with Terranova West MUD; 3) authorize advertisement for bids for the 2019 Water Plant Improvements project; and 4) authorize advertisement for bids for the Public Storm Sewer Extension to serve La Boucherie, upon receipt of the required deposit from the developer.

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

Ms. Garza reported that Ms. Bobbitt is working on additional revisions to and finalizing the Cost Sharing Agreement and User Agreements based on the combining of the Reclaimed Water System Project and the WWTP Improvements project and the revised/updated information provided by Jones|Carter.

DISCUSS CONSULTANT EVALUATIONS, AND TAKE ANY NECESSARY ACTIONS ON SAME

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

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

Ms. Garza then explained that RBAP had received an insurance renewal proposal from Gallagher, the District's current insurance broker, a copy of which was previously distributed to the Board and is attached hereto. Ms. Garza noted that the 2019-2020 premium amount had increased from \$23,942 in 2018-2019 to \$26,445, due to an increase in the value of the District's facilities by \$2,005,000, as provided to Gallagher by the District's engineers. Ms. Garza added that the current insurance coverages expire on August 30, 2019 and, therefore, the Board must take action on the renewal proposal at this evening's meeting. 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 and authorize execution of the insurance renewal proposal from Gallagher.

ATTORNEY'S REPORT

Ms. Garza then reported that RBAP will be hosting a Cyber Security Seminar on Saturday, September 14th at 10:00 a.m. at the Hyatt Regency Intercontinental Hotel. Ms. Garza stated that additional information on the seminar will be sent out in the near future.

SUPPLEMENTAL MEETING NOTICE

Director Stoebner next noted that Director Winkler could not be at today's meeting, but has indicated that he is not in favor of a Park Bond Election, but that the Board needs to decide whether or not to call a Park Bond Election for November 5, 2019. Director Day asked if a dollar amount for the Park Bond Election has been determined. Director Musgrave stated that the maximum amount of bonds that can be issued at any one time is 1% of the District's assessed valuation, but that a total authorization amount has not yet been determined. Director Musgrave stated his opinion is to let the voters decide if they are in favor of park bonds or not. Extensive discussion regarding the potential Park Bond Election ensued.

Ms. Garza then explained that the District is required to appoint a Designated Agent and post notice of the designation. Ms. Garza noted that RBAP typically serves as the Designated Agent. Ms. Garza then presented the District's Order Calling Park Bond Election for the Board's adoption. Ms. Garza also stated that the District will be able to contract with Harris County (the "County") to administer the election, but a contract with the County has not yet been received. Upon motion by Director Musgrave, seconded by Director Hoffmann, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) appoint RBAP as the Designated Agent; and 2) adopt the Order Calling Park Bond Election for the November 5, 2019 Park Bond Election, a draft copy of which is attached hereto.

Ms. Garza next stated that the Board will need to choose a date for canvassing the November 5, 2019 Park Bond Election. The Board concurred to choose November 18th at 9:00 a.m. to canvass the November 5, 2019 Park Bond Election.

NEXT MEETING

Director Stoebner then reminded the Board that the next regular meeting will be held on Thursday, September 5, 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 5th day of September, 2019.




Secretary, Board of Directors