

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

April 21, 2016

The Board of Directors (the "Board") of Bilma Public Utility District (the "District") of Harris County, Texas, met in special session, open to the public, at the offices of Radcliffe Bobbitt Adams Polley PLLC, America Tower, 2929 Allen Parkway, Suite 3450, Houston, Texas 77019-7120, on Thursday, April 21, 2016, at 9:00 a.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

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Ms. Julie Williams of Rathmann & Associates, financial advisors for the District; Ms. Robin S. Bobbitt, attorney, Mr. Josh J. Ellery, law clerk, and Ms. Brooke T. Dold, 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.

Ms. Bobbitt introduced Mr. Ellery to the Board and stated that Mr. Ellery has been working at RBAP as a law clerk pending receipt of his results on the State Bar of Texas Bar exam.

BOND AGENDA

FINANCIAL ADVISOR'S REPORT REGARDING PROPOSED ISSUANCE OF THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2016 (THE "SERIES 2016 REFUNDING BONDS")

Ms. Williams reported that bid packets for the proposed sale and issuance of the Series 2016 Refunding Bonds had been distributed by the Placement Agent, Hilltop Securities Inc., to Chase Bank, Regions Bank, BB&T and Trustmark National Bank. Ms. Williams further explained that bids are to be submitted to the Pricing Committee on Tuesday, April 26, 2016.

ADOPT ORDER AUTHORIZING ISSUANCE OF SERIES 2016 REFUNDING BONDS (THE "BOND ORDER")

Ms. Bobbitt then explained that the Bond Order is the contract between the District and the bondholders, setting forth the covenants and terms of the Series 2016 Refunding Bonds. 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 adopt the Bond Order, wherein Directors Musgrave and Stoebner are designated as the Pricing Committee for the sale of the

Series 2016 Refunding Bonds and specifies a parameter of 8.00% minimum savings on the bonds to be refunded. A copy of the Bond Order is attached hereto.

APPROVE AND AUTHORIZE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT

Ms. Bobbitt next explained that the Term Sheet for the proposed issuance of the Series 2016 Refunding Bonds allows the purchaser to designate the Paying Agent for the bond issue. Ms. Bobbitt stated that the draft of the Paying Agent/Registrar Agreement is currently prepared for The Bank of New York Mellon Trust Company, N.A., and will be finalized following the April 26th pricing of the Series 2016 Refunding Bonds. 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 and to authorize execution of the Paying Agent/Registrar Agreement.

APPROVE ESCROW AGREEMENT WITH THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Ms. Bobbitt want on to explain that the proceeds of the Series 2016 Refunding Bonds will be used to refund \$3,360,000 of the District's Series 2009 Bonds and will be deposited into an escrow account pending the redemption of the \$3,360,000 Series 2009 Bonds on November 1, 2016. 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 to authorize execution of the Escrow Agreement, a copy of which is attached hereto.

APPROVE AND AUTHORIZE EXECUTION OF LETTER AND NOTICE OF REDEMPTION OF THE SERIES 2009 BONDS

Ms. Bobbitt next stated that the Series 2009 Bond Order required that the Paying Agent for such bonds be given 30 days' notice prior to redemption of any portion of such bonds. 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 Letter and Notice of Redemption to The Bank of New York Mellon Trust Company, N.A., a copy of which is attached hereto.

APPROVE AND AUTHORIZE EXECUTION OF ADDENDUM TO CONTRACT BETWEEN THE DISTRICT AND RATHMANN & ASSOCIATES, L.P. FOR FINANCIAL ADVISORY SERVICES FOR THE SERIES 2016 REFUNDING BONDS (THE "ADDENDUM")

Ms. Bobbitt then presented the Addendum from Rathmann & Associates, L. P. specifying a financial advisory services fee of 1.25% of the amount of the Series 2016 Refunding Bonds, a copy of which is attached hereto. Upon motion by Director Winkler, seconded by Director Musgrave, following discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Addendum.

APPROVE AND AUTHORIZE ALL OTHER DOCUMENTS AND AUTHORIZE ATTORNEY AND FINANCIAL ADVISOR TO TAKE ALL OTHER NECESSARY ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2016 REFUNDING BONDS.

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 all other documents and authorize the Attorney and Financial Advisor to take all other necessary actions in connection with the issuance of the Series 2016 Refunding Bonds.

APPROVE AND AUTHORIZE EXECUTION OF UPDATED ATTORNEY FEE AGREEMENT WITH RBAP

Ms. Bobbitt next presented and reviewed with the Board an updated Attorney Fee Agreement with RBAP. Ms. Bobbitt explained that the initial Attorney Fee Agreement was executed in 2004 and has remained on the Johnson Radcliffe Petrov Bobbitt PLLC letterhead and needs to be updated to reflect the RBAP letterhead. Ms. Bobbitt further explained that the Attorney Fee Agreement has been further updated to reflect a bond counsel fee of two percent (2%) of the amount of bonds issued, and the RBAP hourly rates for the personnel that work on District matters has been updated with slightly increased rates. Director Winkler then asked that the proposed Attorney Fee Agreement be amended to include a statement that in the event that outside counsel is needed by the District, RBAP will obtain approval from the Board in advance of retaining any such services on behalf of the District. Ms. Bobbitt responded that she would revise the proposed agreement to reflect such statement. Ms. Bobbitt stated that she needed to go to her office to obtain the information regarding the hourly rate changes and suggested that the Board proceed with the next item on the agenda in her absence.

DISCUSS ADOPTING AN AMENDED RATE ORDER

Ms. Bobbitt next reminded the Board that at the April 7th meeting, the Board had discussed whether to amend Section 3.03 of the District's Rate Order to reflect the new cost per connection for garbage collection services which becomes effective on May 1, 2016, but then an action item for such matter was not included on the meeting agenda. Director Winkler suggested that there was no reason to change the current amount of \$11.74 per connection in Section 3.03. Further discussion ensued. 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 retain the garbage collection service rate of \$11.74 per connection and thereby not amend the District's Rate Order. Ms. Bobbitt stated that Mr. Ellery will prepare a letter to Hays to convey the Board's decision on the matter and to instruct Hays not to make any changes to the customer billing statements for garbage collection services.

APPROVE AND AUTHORIZE EXECUTION OF UPDATED ATTORNEY FEE AGREEMENT WITH RBAP (CONTINUED)

Ms. Bobbitt then briefly reviewed the proposed changes in the RBAP hourly rates, as follows: 1) Ms. Bobbitt's rate was increasing from \$310 to \$325; 2) Mr. Polley's rate was

increasing from \$215 to \$275; 3) Mr. Barner's rate was increasing from \$220 to \$230; and 4) Ms. Dold's rate was increasing from \$160 to \$170.

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 and authorize execution of the updated RBAP Attorney Fee Agreement, effective May 1, 2016, a copy of which is attached hereto.

MISCELLANEOUS MATTERS

Concerning the appointment of a new director, Ms. Dold informed the Board that she will send out the applications that are received on April 25th for the Board to review at the May 5th meeting. The Board then discussed when they will make the decision on the appointment of the new director. The Board concurred that they would like to make the decision prior to the Board's regular June 2nd meeting and asked that a special meeting be scheduled for Thursday, May 27, 2016, at 8:00 a.m., at the Spring Creek Oaks Clubhouse II.

NEXT MEETING

Director Stoebner reminded the Board that the Board's regular meeting will be on Thursday, May 5, 2016, at the Spring Creek Oaks Clubhouse II, 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 June, 2016.


Secretary, Board of Directors

