

MINUTES OF THE BOARD OF DIRECTORS

December 7, 2017

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, December 7, 2017, 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 Hoffman	Director

All members of the Board were present, except Director Musgrave, 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. Justin Abshire, P.E., of Jones|Carter Inc. ("Jones|Carter"), engineers for the District; Mr. Russell Wolff of Residential Recycling & Refuse of Texas ("RRRT"); Mr. Ron Brooks of Chesmar Homes, developer of the Country Lake Estates Village (the "CLEV"), Sections 1 and 2; and Ms. Robin S. Bobbitt and Mr. Josh Ellery, attorneys, 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 Hoffmann, 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 November 2, 2017, as written.

REGULAR AGENDA

REVIEW AND DISCUSS REQUEST FOR PRICE INCREASE FROM RESIDENTIAL RECYCLING AND REFUSE OF TEXAS, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Wolff then presented a price increase request letter to the Board, a copy of which is attached hereto. Mr. Wolff explained that due to increases in the cost of insurance, labor, maintenance and the negative effects from Hurricane Harvey, RRRT is requesting an increase of

\$0.42 per home per month for garbage and recycling services, consisting of \$0.30 for garbage service and \$0.12 for recycling service, for a total rate of \$14.42 per month per household for garbage and recycling services, as of January 1, 2018. Ms. Bobbitt then noted that according to the terms of the District's contract with RRRT, this increase request is not something that the Board is not contractually obligated to approve. Director Winkler then asked if the new rate will require an increase in the garbage and recycling rates that the District is currently charging District residents. Ms. Secrest stated that the District is currently charging District residents \$14.74 per month for garbage and recycling services and, therefore, the rate will not need to be increased in the District's Rate Order.

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 increase request from RRRT in the amount of \$0.42 per home per month consisting of \$0.30 for garbage service and \$0.12 for recycling service, effective January 1, 2018.

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 reminded the Board that a letter was received from an attorney representing Mr. Paul McDonald of 9.6 Kuykendahl, J.V. ("Kuykendahl JV"), requesting annexation of an unspecified tract of land that was originally a part of the 9.6-acre Kuykendahl JV property. Ms. Bobbitt explained that after conducting some research on the matter, it was determined that Mr. McDonald only owns a 1.25-acre tract of the original 9.6-acre tract of land. Ms. Bobbitt further explained that Mr. McDonald has made an offer to sell the 1.25-acre tract of land to the District for \$30,000 in exchange for which he would release the District from any obligations to annex the property under the Annexation and Real Property Dedication Agreement by and between the District and Kuykendahl JV. Extensive discussion ensued. It was noted that the 1.25-acre tract is on the Harris County tax rolls for \$5,000.

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 authorize Ms. Bobbitt to prepare and submit an offer to Mr. McDonald for the 1.25-acre tract of land, in the amount of \$8,000, and if necessary, to authorize her to negotiate with Mr. McDonald for the District's purchase of the tract.

UPDATE ON PROPOSED ENGAGEMENT OF PARKS CONSULTANT AND TAKE ANY NECESSARY ACTIONS ON SAME AND SCHEDULE JANUARY SPECIAL MEETING TO HEAR PROPOSAL PRESENTATIONS

Director Hoffmann then reported that he and Director Musgrave chose three (3) landscape architects from which to request proposals for the preparation of a parks master plan. Director Hoffmann further explained that the landscape architects are to submit their proposals to Ms. Bobbitt's office by no later than Friday, December 15, 2017. Ms. Bobbitt stated that she has already received one (1) proposal from Ms. Tara Klein of Four & One Landscape Architecture.

The Board then scheduled a special meeting on Wednesday, January 17, 2018 to hear presentations from the three (3) landscape architecture firms.

CONSIDER REQUEST FOR SPONSORSHIP PARTICIPATION IN COMMUNITY EARTH DAY ON APRIL 21, 2018 AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Bobbitt next reported that no additional information has been received regarding the sponsorship request.

ATTORNEY'S REPORT

Ms. Bobbitt then stated that she had nothing further to report.

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 the last day to file is Friday, February 16, 2018, at 5:00 p.m.

Ms. Bobbitt next reviewed the two (2) action items regarding the upcoming May 5, 2018 Directors Election. 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 appoint RBAP as the District's Designated Agent for the conduct of the upcoming Directors Election and to authorize the posting of the Notice of Deadline to File Application for Place on Ballot, in accordance with the provisions of the Texas Election Code.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bobbitt next reviewed with the Board the Tax Assessor/Collector's Report as of November 30, 2017, a copy of which is attached hereto. Ms. Bobbitt reported that the District has collected 7.50% of its 2017 taxes to date and has a 99.84% collection rate on the District's 2016 taxes.

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.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Bobbitt then reviewed the Delinquent Tax Attorney's Report with the Board, a copy of which is attached hereto. Ms. Bobbitt noted that there is no action required on the Delinquent Tax Attorney's Report.

DEVELOPER'S REPORT

Mr. Brooks next reported that since January 2017 there have been 41 new starts, 39 sales and 44 closings in CLEV. Mr. Brooks also stated that since initiating homebuilding in the

District, there have been 100 starts, 88 sales and 78 closings. Mr. Brooks added that the average sales price for a home in CLEV is around \$296,000.

Mr. Brooks exited the meeting at this time.

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 six (6) months and the investment report for the month.

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 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 October 14, 2017 to November 15, 2017, a copy of which is attached hereto. Mr. Potter reported that currently, there are 1,777 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 90.15%, that 91 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 four (4) items over budget during the past month, including: 1) \$5,100 for a motor replacement; 2) \$3,400 for the clean out of the chlorine contact basin; 3) \$5,077.40 for disposal of 109,000 gallons of digested sludge; and 4) \$370 for the annual siphon inspections in Country Lake Estates.

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

Mr. Potter then reported that an email was received from a District resident requesting an adjustment on their water bill due to a main line water leak that has since been repaired. Mr. Potter further noted that another letter was received from a District resident requesting a refund of late fees and a reconnection fee due to a missed payment. A brief discussion of such requests then ensued.

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 Operator's Report, authorize the termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order, and to deny the two (2) customer requests for bill adjustments.

ENGINEER'S REPORT

Mr. Abshire then presented the Engineer's Report, a copy of which is attached hereto. Mr. Abshire first reminded the Board that they had authorized Jones|Carter to move forward with preparation of a Bond Application Report last month, but had not determined what projects to include in the proposed bond issue. Mr. Abshire then reviewed the bond issue requirement summary with the Board, a copy of which is attached hereto. Mr. Abshire noted that Ms. Julie Williams of Rathmann & Associates, L.P., financial advisor for the District, has confirmed that any of the three (3) bond issue options would not require an increase in the District's debt tax rate. Further discussion ensued regarding the various bond issue options. 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 ratify preparation of the Bond Application Report and approve option C from the bond issue requirement summary, which option includes reimbursement for Country Lake Estates Village utilities and detention pond land; Wastewater Treatment Plant improvements, including additional clarifier, existing clarifier rehabilitation work and Motor Control Center replacement; diesel generator replacement; and non-potable water system replacement, along with non-construction costs for a total estimated bond issue requirement of \$7,045,000.

Ms. Bobbitt exited the meeting at this time.

Mr. Abshire next reviewed the Reclaimed Water Feasibility Study (the "Study") with the Board, a copy of which is attached hereto. Mr. Abshire reported that the total cost for the District to construct a reclaimed water system would be approximately \$1,600,000, plus yearly operational costs. Mr. Abshire noted that he has provided a copy of the Study to Terranova West Municipal Utility District. No further action was taken on this matter by the Board at this time.

Mr. Abshire then requested authorization for Jones|Carter to coordinate with a contractor to televise Water Well No. 1, at an estimated cost of \$2,000. Mr. Abshire explained that the Texas Commission on Environmental Quality requires all public water wells that are not in use to be tested every five (5) years to prove they are in a non-deteriorated condition.

Mr. Abshire next presented an updated hourly rate schedule for Jones|Carter for 2018, a copy of which is attached hereto. Mr. Abshire noted that the rates for he and Mr. Shackelford are not increasing for 2018, but that a few of the rate categories have changed.

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 Engineer's Report and authorize Jones|Carter to coordinate with a contractor to televise Water Well No. 1, at an estimated cost of \$2,000.

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

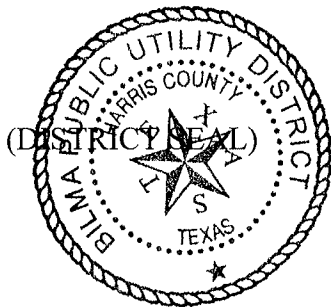
Mr. Ellery then stated that this item would be deferred until the next Board meeting.

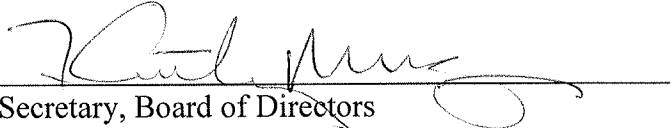
NEXT MEETING

Director Stuebner then reminded the Board that the next regular meeting will be held on Thursday, January 4, 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 4th day of January, 2018.




Secretary, Board of Directors