

MINUTES OF THE BOARD OF DIRECTORS

January 4, 2018

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, January 4, 2018, 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, 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., and Mr. Ryan Casey, E.I.T., of Jones|Carter Inc. ("Jones|Carter"), engineers for the District; Mr. Allen DeJonge of 1190 Designs, website consultant; Mr. Ruben Gonzalez and Ms. Peggy Winters, of Harris County Municipal Utility District No. 24; 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.

HEAR PRESENTATION FROM ALLEN DEJONGE WITH 1190 DESIGNS REGARDING WEBSITE SERVICES, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. DeJonge first presented and reviewed a proposal for District website design and maintenance services, a copy of which is attached hereto. Mr. DeJonge stated that 1190 Designs keeps up to date on all website compliance requirements, including the Americans with Disabilities Act. Mr. DeJonge also stated that 1190 Designs offers custom website design as well as drone videos of the District. Mr. DeJonge then reviewed the various monthly website maintenance options and detailed the different additional add-on items that are available. Director Musgrave asked if Mr. DeJonge could provide an example of a website that 1190 Designs has created for another utility district. Mr. DeJonge stated that Harris County Municipal Utility District ("HCMUD") No. 501 is a good example of a standard layout design and that HCMUD No. 165 is a good example of a custom layout design. Director Musgrave then asked if the proposed website would be mobile friendly. Mr. DeJonge responded that all of 1190 Design's websites are mobile friendly. The Board then concurred to review Mr. DeJonge's proposal for website design and maintenance services and further discuss said proposal at the special Board meeting scheduled for Wednesday, January 17, 2018.

Mr. DeJonge exited the meeting at this time.

CONSENT AGENDA

Director Stoebner then 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 approve the minutes of the regular meeting of December 7, 2017, and the special meeting of December 8, 2017, as written.

REGULAR AGENDA

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

Director Stoebner then recognized Ms. Winters who stated that HCMUD No. 24 had previously sent a letter to the District requesting the District's participation in the Community Earth Day event that is being planned for April 21, 2018. Ms. Winters went on to explain that this is the third year that the event is being held, and that HCMUD No. 24 is partnering with several other organizations to organize the event. Mr. Gonzalez next stated that the purpose of the event is to be proactive in conservation efforts and bring the community together while educating the public about water conservation. Ms. Winters then reviewed the working agenda of the event with the Board. Ms. Bobbitt asked if there was something specific that HCMUD No. 24 was looking for regarding the participation of the District in the event. Ms. Winters responded that if the District is interested in participating, they would be sharing in the expenses of the event and also be assisting with set-up and other activities on the day of the event. Director Musgrave asked what the turnout was for the two (2) previous events. Ms. Winters explained that the first event was moved indoors due to bad weather and the second event was rescheduled due to rain, and had an attendance rate of approximately 75 people. Ms. Winters then stated that she will need to know soon if the District would like to participate in the event since the promotional items will need to be printed. The Board then concurred to further discuss sponsorship of the Community Earth Day Event at the Board's special meeting scheduled for January 17th.

Ms. Winters and Mr. Gonzalez then thanked the Board for their time and exited the meeting.

Further discussion regarding the District's possible participation in the Community Earth Day event then briefly ensued.

OPERATOR'S REPORT

Mr. Potter then presented and reviewed the Operator's Report with the Board for the period of November 15, 2017 to December 15, 2017, a copy of which is attached hereto. Mr. Potter reported that currently, there are 1,780 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 93.02%, that 84 delinquent notices were mailed during the month, and that four (4) accounts were cut-off for non-payment

of water/sewer service fees. Mr. Potter then stated that the District interconnects and storm sewer outfalls have been inspected, but that no leaks have been located that would cause the lower than normal water accountability percentage. Mr. Potter further stated that he would continue to keep an eye on anything that would be causing a water loss issue.

Concerning the District's Operations List, Mr. Potter reported that there had been four (4) items over budget during the past month, including: 1) \$4,927.43 for various maintenance and repair items at the District's Water Plants facilities; 2) \$7,439.83 for various maintenance and repair items at the District's Wastewater Treatment Plant ("WWTP"); 3) \$4,323.88 for various maintenance and repair items for the District's sanitary sewer collection system; and 4) \$2,092.20 for cleaning of the WWTP lift station wet well.

Mr. Potter next reported that five (5) 3/4-inch (3/4") meters are due for replacement during the next month.

Ms. Secrest then reported that during an internal audit of the District's accounts, a sewer-only account was discovered for an address that is not located within the District and that has been billed for sewer services in error for 116 months. Ms. Secrest further explained that the account belongs to Harris County Water Control and Improvement District ("HCWCID") No. 156, but that the customer has been paying both the District and HCWCID No. 156. Ms. Secrest stated that the District will need to issue a refund to the customer in the amount of \$2,219.51. Ms. Secrest further stated that the billing provider is still investigating the matter to determine how the account was being billed by the District. A brief discussion then ensued regarding how the erroneous bill could go on for so long without being detected.

Ms. Secrest next reported that a request was received from a District resident at 5411 Winding Ridge Drive to waive the deposit and disconnect fees that he was recently charged due to non-payment of his water bill, in the total amount of \$175. Ms. Secrest noted that the customer's payment history is attached to the Operator's Report, and that the customer has been late on the payment of his water bill 53 times out of 56 bills.

Ms. Secrest next reported that another request was received from a District resident at 16931 Butteroak Drive to waive the late fees from a high water bill due to a toilet leak. Ms. Secrest explained that the customer has since located and fixed the toilet leak. Ms. Secrest also stated that the District typically grants a three (3) month payment plan, but suggested the Board grant a five (5) month payment plan to this customer in light of the large bill amount.

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 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; 3) approve the payment of a refund to the resident in HCWCID No. 156, in the amount of \$2,219.51; 4) deny the waiver of late payment penalty and reconnection fees for the resident of 5411 Winding Ridge Drive; and 5) authorize a five (5) month payment plan for the resident of 16931 Butteroak Drive.

UPDATE ON PROPOSED ENGAGEMENT OF PARKS CONSULTANT AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Bobbitt then stated that her office has received proposals for the preparation of community master plan from Ms. Tara Klein of Four & One Landscape Architecture, Mr. Michael Murr of Murr Incorporated, and Mr. Brian Janhsen of Knudson LP. Ms. Bobbitt reminded the Board that a special meeting is scheduled for Wednesday, January 17, 2018 to hear presentations from the three (3) landscape architecture firms. Ms. Bobbitt further stated that she would send the proposals to the Board tomorrow for their review prior to the January 17th meeting.

REVIEW AND ACKNOWLEDGE RECEIPT OF MUNICIPAL SECURITIES RULEMAKING BOARD ("MSRB") RULE G-10 FROM RATHMANN AND ASSOCIATES

Ms. Bobbitt then presented an email from Rathmann and Associates in connection with the implementation of MSRB Rule G-10, effective October 13, 2017, a copy of which is attached hereto. Ms. Bobbitt stated that MSRB Rule G-10 now requires the District's Financial Advisor to annually provide, in writing, the following items of information: (1) a statement that it is registered with the U.S. Securities and Exchange Commission and the MSRB; (2) the MSRB's website address; and (3) a statement as to the availability to the District of an investor brochure on the MSRB's website that describes the protections provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bobbitt next reviewed with the Board the Tax Assessor/Collector's Report as of December 31, 2017, a copy of which is attached hereto. Ms. Bobbitt reported that the District has collected 53.96% of its 2017 taxes to date.

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 Tax Assessor/Collector's Report and the checks reflected therein.

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 seven (7) months and the investment report for the month.

Ms. Cole then presented a proposed revised budget for the fiscal year ending May 31, 2018 that reflects increases in the North Harris County Regional Water Authority ("NHCRWA") pumpage fee/surface water income and expense amounts and also increases operation and maintenance expenses due to emergency management and cleanup expenses incurred due to Hurricane Harvey. It was noted that the District currently has an 88% collection rate for NHCRWA fees after taking the District's capital credit amounts into account. Ms. Bobbitt reminded the Board that the District does not currently collect 100% of the pumpage fees/surface water paid to the NHCRWA from District residents. Ms. Bobbitt added that the

Board can likely expect the NHCRWA to increase its pumpage fees/surface water in \$0.50 increments for the next several years. Ms. Bobbitt also stated that the NHCRWA will be having a Directors Workshop in February to review and explain the NHCRWA's Capital Improvement Plan. Ms. Bobbitt encouraged the Board to attend the workshop and stated that she would send out the workshop date as soon as it becomes available.

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 approve the Bookkeeper's Report, authorize execution and payment of the checks reflected therein and approve the proposed budget amendments.

ENGINEER'S REPORT

Mr. Abshire then presented the Engineer's Report, a copy of which is attached hereto. Mr. Abshire first reported that the Bond Application Report (the "BAR") is undergoing final review, and will be sent out to the District's consultants within the next week for review and comment. Mr. Abshire stated that the BAR will be presented at the Board's February meeting for approval.

Mr. Abshire next reported that the Reclaimed Water Feasibility Study is being presented to the Terranova West Municipal Utility District Board at their January meeting. Ms. Bobbitt then reported that the NHCRWA reuse credit amount is going to be increased for reuse projects at the NHCRWA's January meeting.

Mr. Abshire then reported that C&C Water Services will complete a camera survey of Water Well No. 1 within the next week. Mr. Abshire reminded the Board that the camera survey satisfies the Texas Commission on Environmental Quality's requirement of testing a public water well that is not in service every five (5) years to prove that the well is not in a deteriorated condition.

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 Engineer's Report.

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

Ms. Bobbitt then stated that this item would be deferred until the February Board meeting.

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 reported that a response was received from the attorney representing Mr. Paul McDonald of 9.6 Kuykendahl, J.V. ("Kuykendahl JV") to the District's offer to purchase Mr. McDonald's 1.25-acre tract of land. Ms. Bobbitt stated that Mr. McDonald rejected

the District's offer of \$8,000, and is again requesting \$30,000 for the District to purchase 1.250-acre tract of land and to release the District from any obligation to annex the property. Ms. Bobbitt noted that she has not had the opportunity to submit the maximum counter-offer previously authorized by the Board. Further discussion then ensued regarding the District's possible purchase of the 1.25-acre tract of land.

Ms. Bobbitt then stated that she would contact Mr. McDonald's attorney regarding the offer, and report back on the issue at the January 17th special Board meeting.

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

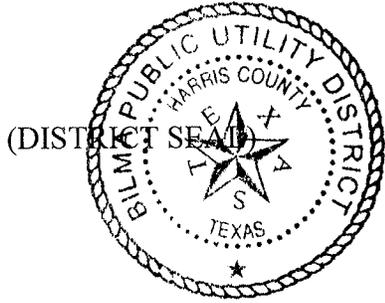
Ms. Bobbitt next reviewed the two (2) action items regarding the upcoming May 5, 2018 Directors Election. Ms. Bobbitt reminded the Board that they had previously designated the Klein Volunteer Fire Department Station 7, at 5518 Winding Ridge Drive, Spring, Texas in the SCO subdivision, as the polling location for early voting and as Polling Place No. 1 on Election Day, and the Country Lake Estates Clubhouse, at 4120 Countrypark Drive, Spring, Texas was used as Polling Place No. 2 on Election Day. Director Stoebner stated that he would check on the availability of the Klein Volunteer Fire Department for the May 5, 2018 election. Director Hoffmann stated that he would check on the availability of the Country Lake Estates Clubhouse on such date. Ms. Bobbitt also reviewed the list of election clerks that were used in 2014 and stated that RBAP would check on their availability for the upcoming election. Ms. Bobbitt further stated that in the event of an election, the District will need to lease voting equipment from ES&S. Ms. Bobbitt explained that the Board will need to approve a contract with ES&S in case an election is held, and then the contract will become void if an election is not held. Ms. Bobbitt then presented a quote from ES&S in the amount of \$8, 409 for the rental of two (2) voting machines. 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 contract with ES&S for the rental of voting machines.

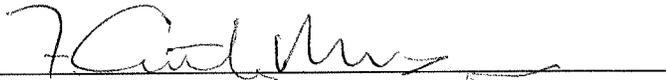
NEXT MEETING

Director Stoebner then reminded the Board that the special meeting will be held on Wednesday, January 17, 2018 at 5:00 p.m., and that the next regular meeting will be held on Thursday, February 1, 2018, with both meetings to be held 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 February, 2018.




Secretary, Board of Directors