

MINUTES OF THE BOARD OF DIRECTORS

July 5, 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, July 5, 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. ("MCI"), bookkeepers for the District; Mr. Michael Potter and Ms. Robin Secrest of Hays Utility South Corporation ("Hays"), operators for the District; Mr. Justin Abshire, P.E., of Jones|Carter, Inc. ("Jones|Carter"), engineers for the District; Mr. Ron Brooks of Chesmar Homes, developer of the Country Lake Estates Village ("CLEV"), Sections 1 and 2; and Ms. Robin S. Bobbitt and Ms. Monica Garza, attorneys, 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 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. Ms. Bobbitt noted that the minutes of the special meeting of June 20, 2018 were not yet ready for approval. 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 minutes of the regular meeting of June 7, 2018, as written.

REGULAR AGENDA

UPDATE ON STATUS OF NEW LEASE WITH HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 16 ("HCESD NO. 16") (KLEIN VOLUNTEER FIRE DEPARTMENT ("KVFD")) IN CONNECTION WITH FIRE STATION IMPROVEMENTS, AND APPROVE/AUTHORIZE FINALIZATION AND EXECUTION OF SAME

Ms. Bobbitt reported that she has prepared a draft of the proposed Lease Agreement, (the "Lease"), and then reviewed the details of the Lease with the Board. Ms. Bobbitt noted that the Lease contains a 10 year term, with no option to extend the Lease for an additional 10 years and includes the same legal terms as the previous lease with KVFD. Ms. Bobbitt went on to explain that she will forward the Lease to Mr. Ira Coveler of Coveler & Peeler, P.C., attorney for HCESD No. 16, for his review and comment. Ms. Bobbitt also stated that she will bring any substantive changes that Mr. Coveler proposes to the Lease back to the Board for review.

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 and authorize execution of the Lease, subject to review by Mr. Coveler.

UPDATE ON PARK MATTERS

Ms. Bobbitt next reported that she has been working on revising the proposed Service Agreement with Four and One Landscape Architecture for preparation of a conceptual master park plan for the District. Ms. Bobbitt stated that she has briefly discussed the revisions with Ms. Tara Klein. Ms. Bobbitt further stated that she will work on getting the proposed Service Agreement finalized with Ms. Klein.

REVIEW AND APPROVE PROPOSED RENEWAL OF INSURANCE COVERAGES WITH ARTHUR J. GALLAGHER & CO ("GALLAGHER")

Ms. Bobbitt stated that this item will be deferred to the August Board meeting since the renewal proposal has not yet been received from Gallagher.

AUTHORIZE ATTENDANCE AT ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") MID-WINTER CONFERENCE IN AUSTIN, TEXAS ON JANUARY 25-26, 2019 AND FALL SEMINAR ON TUESDAY, OCTOBER 30, 2018

Ms. Bobbitt next informed the Board that the AWBD Fall Seminar will be held on Tuesday, October 30, 2018, at a yet to be determined location and that the 2019 Mid-Winter Conference will be held in Austin, Texas, on January 25-26, 2019, at the Omni Hotel. 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 authorize members of the Board to attend both events.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bobbitt then reviewed with the Board the Tax Assessor/Collector's Report as of June 30, 2018, a copy of which is attached hereto. Ms. Bobbitt reported that the District has collected 98.7% of its 2017 taxes to date. Ms. Bobbitt added that approval of service terminations for non-payment of delinquent tax accounts will be considered at the Board's August meeting. 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 approve the Tax Assessor/Collector's Report and the checks reflected therein.

DEVELOPER'S REPORT

Mr. Brooks reported that to date, there have been 128 home starts and that 12 vacant lots remain in CLEV.

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 the previous month and the investment report for the month.

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 of May 15, 2018 to June 15, 2018, a copy of which is attached hereto. Mr. Potter reported that there are currently 1,804 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 96.26%, that 78 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, Mr. Potter reported that there had been two (2) items over budget during the past month, including: 1) \$5,341.58 for disposal of 115,000 gallons of digested sludge; and 2) \$6,680.18 for cleaning of the Sewage Treatment Plant and the Windy Pines lift stations.

Mr. Potter next reported that seven (7) 3/4-inch (3/4") meters are due for replacement during the next month.

Mr. Potter next presented a list of uncollectable accounts to the Board, in the amount of \$177.50. Mr. Potter requested Board authorization to write-off such accounts.

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 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; and 3) write-off of the uncollectable accounts totaling \$177.50.

ENGINEER'S REPORT

Mr. Abshire then presented the Engineer's Report, a copy of which is attached hereto. Mr. Abshire reported that the Bond Application Report (the "BAR") for the District's proposed tenth (10th) bond issue has been approved by the Texas Commission on Environmental Quality (the "TCEQ"), and that the TCEQ's order approving the bond issue has been received.

Mr. Abshire next reported that he has scheduled a meeting with Terranova West Municipal Utility District, as per their request, on July 17th to discuss the proposed reclaimed water project and that Director Stoebner will also be attending such meeting.

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 Engineer's Report.

ATTORNEY'S REPORT

Ms. Bobbitt reported that she had nothing to report on the 9.6 Kuykendahl J.V. matter.

Ms. Bobbitt then reported that she has spoken with Ms. Julie Williams of Rathmann & Associates, L.P., financial advisor for the District, regarding a schedule for the sale of the District's tenth (10th) series of bonds. Ms. Bobbitt went on to report that Ms. Williams will distribute the Preliminary Official Statement for the proposed bond issue to the Board and the consultants prior to the August Board meeting, which will need to be approved at the August Board meeting. Ms. Bobbitt further stated that bonds are anticipated to be sold at the September Board meeting, and that closing will occur approximately 30 days later.

MISCELLANEOUS MATTERS

Director Stoebner then stated that after attending an ethics presentation at the AWBD Annual Conference, he started thinking about adopting a District policy regarding his authority as the President of the Board to authorize Jones|Carter, Hays and other District consultants to handle small District issues that arise between Board meetings. Mr. Abshire stated that these instances are usually only a few hours of work, and that he would bring anything more extensive or costly to the Board for approval. Director Winkler asked if there is anything specific in the agreements with Jones|Carter and Hays to allow Director Stoebner to approve work items outside of a Board meeting. Ms. Bobbitt explained that such authorization language is not typically included in professional services agreements. Director Day asked if there is any liability to Director Stoebner if he authorizes work items outside of a Board meeting and without the concurrence of the Board. Ms. Bobbitt responded that Director Stoebner would be covered by the District's directors and officers liability policy as long as he is acting within the scope of his authority as a director. Ms. Bobbitt went on to explain that many utility districts have adopted a policy that limits the scope/amount of what a President can authorize. Director Winkler stated that he would like to consider a policy that can be renewed each year that would protect the Board President and address this issue. Ms. Bobbitt stated that the item can be discussed and considered at the September Board meeting since Director Stoebner will not be in attendance at the August Board meeting.

Director Winkler then stated that he would like to revisit the adoption of a duty to defend policy for the Board. Ms. Bobbitt stated that she would add the item to the September agenda, and also review the District's directors and officers liability policy with regard to such matter.

NEXT MEETING

Director Stoebner then reminded the Board that the next regular meeting will be held on Thursday, August 2, 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 2nd day of August, 2018.




Secretary, Board of Directors