

MINUTES OF THE BOARD OF DIRECTORS

November 1, 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, November 1, 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 Hoffmann	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. ("MCI"), bookkeepers for the District; Mr. Michael Potter and Ms. Robin Secrest of Hays Utility South Corporation ("Hays"), operators for the District; Messrs. Justin Abshire, P.E., of Jones|Carter, Inc. ("Jones|Carter"), engineers for the District; Mr. Ron Brooks of Chesmar Homes ("Chesmar"), developer of the Country Lake Estates Village ("CLEV"), Sections 1 and 2; and Ms. Robin S. Bobbitt, attorney, 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 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 October 4, 2018, as written.

BOND AGENDA

UPDATE ON STATUS OF CLOSING AND DELIVERY OF THE DISTRICT'S \$7,160,000 WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX BONDS, SERIES 2018 (THE "SERIES 2018 BONDS")

Ms. Bobbitt then reported that the Series 2018 Bonds successfully closed on October 18th. Ms. Bobbitt also reported that the Texas Commission on Environmental Quality (the "TCEQ") held the pre-purchase inspection for CLEV Sections 1 and 2 on October 24th, which were required prior to the District reimbursing Chesmar for the water, sewer and drainage facilities with the Series 2018 bond proceeds. Ms. Bobbitt stated that the TCEQ issued the pre-purchase

approval letter on October 29th.

REGULAR AGENDA

HEAR SPRING CREEK OAKS COMMUNITY IMPROVEMENT ASSOCIATION'S ("SCOCIA") PROPOSED BEAUTIFICATION PLAN FOR AREA SURROUNDING THE SEWAGE TREATMENT PLANT SITE AND TAKE ANY NECESSARY ACTIONS ON SAME

Director Stoebner stated that this item will be deferred until the SCOCIA representatives can attend the Board meeting.

REVIEW AND DISCUSS PROPOSED REVISIONS TO THE DISTRICT'S RATE ORDER, AND TAKE ANY NECESSARY ACTIONS ON SAME

The Board then discussed the proposed revisions to the District's Rate Order regarding Public Space User rates. Director Winkler suggested that the District consider an escalating rate scale to implement over time for Public Space Users. Mr. Abshire noted that once the SCOCIA is using reused water from the District's proposed water reuse project, then SCOCIA's water costs should be reduced.

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 a Public Space user rate of \$1.76 per 1,000 gallons of water for the first 800 gallons of water used, and \$2.25 per 1,000 gallons of water for any amount over 800 gallons of usage, with such rate to become effective on January 15, 2019.

UPDATE ON PARK MATTERS

Ms. Bobbitt next reported that Ms. Tara Klein of Four & One Landscape Architecture will be ready to present the draft of the master park plan to the Board in December. Ms. Bobbitt stated that Ms. Klein can meet on December 6th or December 13th. Ms. Bobbitt further stated that her office will check with Director Musgrave on his availability for the meeting with Ms. Klein and coordinate the meeting date and time with Ms. Klein and the Board.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bobbitt next reviewed with the Board the Tax Assessor/Collector's Report as of October 31, 2018, a copy of which is attached hereto. Ms. Bobbitt reported that the District has collected 2.47% of its 2018 taxes to date. Upon motion by Director Hoffmann, seconded by Director Winkler, 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 reported that the Delinquent Tax Attorney had sent out a letter, as requested by Director Stoebner, to the District resident at 19506 Country Breeze Court regarding

updating the service termination door hanger procedures. Ms. Bobbitt further stated that there is no Delinquent Tax Report this month.

DEVELOPER'S REPORT

Mr. Brooks reported that to date, there have been 135 home starts in CLEV and that there are only 5 vacant lots remaining.

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 five (5) months and the investment report for the current month.

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 Bookkeeper's Report and authorize execution and payment of the checks reflected therein.

Mr. Brooks exited the meeting at this time.

OPERATOR'S REPORT

Mr. Potter then presented and reviewed the Operator's Report with the Board for the period of September 16, 2018 to October 15, 2018, a copy of which is attached hereto. Mr. Potter reported that there are currently 1,812 connections in the District. Mr. Potter further reported that the District's water accountability for the month was 95.36%, that 96 delinquent notices were mailed during the month, and that no 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) \$22,000 for fine screen repairs and blower starters at the Wastewater Treatment Plant (the "WWTP"); 2) \$33,896.75 CLEV Section 1 and 2 repairs and repairs of fine screen no. 2 at the WWTP; and 3) \$2,053.24 for cleaning of the WWTP.

Mr. Potter next reported that three (3) 3/4-inch (3/4") meters and one (1) one-inch (1") meter are due for replacement during the next month.

Mr. Potter also reported that he would be invoicing Harris County Municipal Utility District No. 275 for their recent interconnect usage.

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 following items: 1) the Operator's Report; and 2) authorize the termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

ENGINEER'S REPORT

Mr. Abshire then presented the Engineer's Report, a copy of which is attached hereto. Mr. Abshire reported that the Sanitary Sewer Cleaning & Televising Phase IV project is nearing completion.

Mr. Abshire went on to report that the preparation of the Texas Commission on Environmental Quality (the "TCEQ") permit for the proposed reclaimed water use project is being finalized. Mr. Abshire stated that JCI is working with RBAP on the necessary user agreements that need to be included with the application and that a strategy meeting with Terranova West Municipal Utility District ("Terranova") will be scheduled soon.

Upon motion by Director Hoffmann, seconded by Director Winkler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

AUTHORIZE SUBMISSION OF REQUEST TO NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY FOR AN ALTERNATIVE WATER USE INCENTIVE AGREEMENT AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Bobbitt stated that this item would be deferred at this time.

REVIEW AND APPROVE COST SHARING AGREEMENT WITH TERRANOVA FOR RECLAIMED WATER PROJECT

Ms. Bobbitt next stated that this item would be deferred until after the strategy meeting is held with Terranova.

SCHEDULE ANNUAL TOUR OF DISTRICT FACILITIES

The Board then concurred to schedule the annual tour of District facilities for Friday, November 30th at 9:00 a.m.

DISCUSS CYBER LIABILITY INSURANCE COVERAGE, AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Bobbitt then reviewed the District's options for cyber liability insurance coverage through Arthur J. Gallagher & Co. ("AJG"), the District's insurance broker, a copy of which is attached hereto. Ms. Secrest then stated that AVR, Hays' billing service provider, carries cyber liability coverage up to \$2,000,000 and that Hays also carries cyber liability coverage up to \$1,000,000. The Board then requested that Ms. Kimberly Courte with AJG attend the next Board meeting to further discuss the cyber liability insurance coverage options available to the District.

UPDATED ATTORNEY FEE AGREEMENT

Ms. Bobbitt next presented and reviewed with the Board an updated Attorney Fee Agreement with RBAP. Ms. Bobbitt explained that the Attorney Fee Agreement has been

updated to include modest increases in the hourly rates for the personnel that work on District matters. Ms. Bobbitt noted that RBAP's hourly rates have not been increased since 2016. Ms. Bobbitt then briefly reviewed the proposed changes in the RBAP hourly rates, as follows: 1) Ms. Bobbitt's rate to increase from \$325 to \$335; 2) Mr. Polley's rate to increase from \$275 to \$300; Ms. Garza's rate to increase from \$185 to \$200; and 4) Ms. Miller's rate to increase from \$120 to \$175.

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 updated RBAP Attorney Fee Agreement, effective November 1, 2018, a copy of which is attached hereto.

NEXT MEETING

Director Stoebner then reminded the Board that the next regular meeting will be held on Thursday, December 6, 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 6th day of December, 2018.




Secretary, Board of Directors