

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
June 21, 2016

THE STATE OF TEXAS §
COUNTY OF HARRIS §
BRIDGESTONE MUNICIPAL UTILITY DISTRICT §

The Board of Directors (the "Board") of Bridgestone Municipal Utility District (the "District") met in regular session, open to the public, at the Jerry Thomas Center, 4403 Lost Lake Lane, Spring, Texas, its regular meeting place within the boundaries of the District, on Tuesday, June 21, 2016, at 6:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Jim Marks	President
Adrian E. Steffes	Vice President
John "Skip" W. Warren	Secretary
Ronald W. Schkade	Assistant Secretary
Mikuel K. Draper	Director

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Sgt. Irfanali Banani and Lt. Charles Hoover of Harris County Precinct 4 Constables Office; Ms. Pat Hall of Equi-Tax, Inc., tax assessor/collector for the District; Messrs. Erich Peterson, P.E. and Josh Lee, P.E., and Ms. Sherry Grant, Associate Engineer, of Jones & Carter, Inc. ("Jones & Carter"), engineers for the District; Messrs. David Rowe and Danny Staab of Water District Management Company, Inc., operators for the District; Ms. Christina Cole of Myrtle Cruz, Inc., bookkeeper for the District; Mr. Carles Webb, Vice President of the Bridgestone Homeowners Association; Ms. Tiffany Roath of VOSL, LP, developer of the Villages of Senterra Lakes ("VOSL") subdivision within the District; Mr. Peter Boyd, resident of the District; Mr. Jim Higginbotham, resident of the District; Mr. Merrill Parsons, resident of the District; Mr. Robert Nguyen, agent for Ley Wilson Development; Mr. Mark Hoffman, P.E., of Walter P. Moore Engineering, representing Williamsburg Enterprises Ltd.; and Messrs. Jonathan D. Polley, attorney, and Josh Ellery, attorney, and Ms. Alison A. 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.

HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

Sgt. Banani reviewed the Constable's Report for the month of May, a copy of which is attached hereto. Sgt. Banani noted that the deputies issued 349 citations during the month of

May. Upon motion by Director Warren, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board approved the Constable's Report.

PUBLIC COMMENT

Mr. Boyd and Mr. Higginbotham addressed the Board regarding water drainage issues in the Sanctuary Veritas subdivision that occurred during recent heavy rain events in April and May.

Mr. Lee explained that the storm sewer systems are designed for a 2-year rain event, and the recent flooding was considered a 500-year rain event. Mr. Lee further reported that there is a current project for three (3) extreme event swales in the Sanctuary Veritas subdivision that will allow water to get out of the neighborhood at a lower elevation.

Mr. Boyd reported that he had been in contact with DR Horton, and they were willing to send an engineer to the subdivision to survey the area.

Mr. Peterson then asked the Board if they would like Jones & Carter to survey the elevations in the subdivision and the Board concurred.

CONSENT AGENDA

Director Marks then reviewed with the Board the items reflected on the Consent Agenda. Director Marks 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 requests an item be moved to the regular portion of the agenda. Upon motion by Director Warren, seconded by Director Steffes, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the minutes of the regular meeting of May 17, 2016, as written; 2) approve pay estimates and change orders as follows: a) Water Well No. 2 Rework – 2016 Pay Estimate No. 2, in the amount of \$30,823.30 to Weisinger Incorporated; and 3) ratify preparation and authorize execution of Agreement for Financing of Facilities with Wells Stone Development, LLC for a 4.2-acre tract.

REGULAR AGENDA

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall next reviewed with the Board the Tax Assessor/Collector's Report for May 2016, a copy of which is attached hereto. Ms. Hall noted that the District has collected 97.6% of its 2015 taxes to date. Ms. Hall also noted that letters would be mailed to residents regarding delinquent 2015 taxes on July 1, 2016. Upon motion by Director Warren, seconded by Director Schkade, 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. Hall next reviewed the Delinquent Tax Attorney's Report with the Board, a copy of which is attached hereto. Upon motion by Director Schkade, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Delinquent Tax Attorney's Report.

AUTHORIZE LETTER TO DELINQUENT TAX ATTORNEY REGARDING RECOMMENDATIONS RELATED TO TAXPAYERS' DELINQUENT 2015 TAXES

Mr. Polley next explained that if the Board wants to exercise its authority to terminate water service to delinquent tax accounts after August 1st, rather than waiting on the other taxing authorities to file lawsuits or until year-end, he is recommending that a letter be written to Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon"), the District's delinquent tax attorney, requesting their recommendations for termination of service to the 2015 delinquent accounts for review and consideration by the Board at its July meeting. Upon motion by Director Warren, seconded by Director Draper, after full discussion and the question being put to the Board, the Board voted unanimously to authorize RBAP to prepare and send a letter to Perdue Brandon requesting recommendations on the termination of service to the 2015 delinquent tax accounts for review and discussion at the July Board meeting.

BOOKKEEPER'S REPORT

Ms. Cole next reviewed the Bookkeeper's Report, including the revenues and expenses of the District, the budget comparison, the investment report and the checks being presented for payment, a copy of which is attached hereto. Ms. Cole reported that the District received payment from the City of Houston (the "City"), in the amount of \$103,113.30, for the District's share of sales tax revenue for the month of March 2016, in connection with the District's Strategic Partnership Agreement with the City. Upon motion by Director Warren, seconded by Director Draper, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report, the Investment Report and payment of the checks reflected therein.

DEVELOPERS' REPORTS

Ms. Roath reported that build-out of VOSL is now complete.

REVIEW AND APPROVE REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONSTRUCTION, ENGINEERING AND RELATED COST REIMBURSEMENTS FROM SURPLUS OPERATIONS REVENUE (THE "REPORT"), AND TAKE ANY NECESSARY ACTIONS ON SAME

This item was deferred.

ADOPT RESOLUTION AUTHORIZING REIMBURSEMENT OF COSTS FOR CONSTRUCTION OF FACILITIES FROM DISTRICT'S SURPLUS OPERATING REVENUE

This item was deferred.

CONSIDER REQUESTS FOR SERVICE AND/OR ANNEXATION AND AUTHORIZE PREPARATION OF FEASIBILITY STUDIES

Mr. Nguyen presented an application and feasibility deposit to the Board for service to a 6.1-acre tract proposed to include a commercial development. Upon motion by Director Steffes, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to authorize preparation of a feasibility study for the 6.1-acre tract.

Mr. Hoffman then presented an application and feasibility deposit to the Board for service to a 6.5-acre tract located at Gosling Road and FM 2920 proposed to include a commercial development. Mr. Hoffman noted that a driveway would be maintained with a private access easement. Upon motion by Director Warren, seconded by Director Steffes, after full discussion and the question being put to the Board, the Board voted unanimously to authorize preparation of a feasibility study for the 6.5-acre tract.

REVIEW AND APPROVE FEASIBILITY STUDY FOR 9-ACRE NANTUCKET HOUSING DEVELOPMENT

Mr. Lee reviewed the feasibility study for a 9-acre tract (the "Tract") of land, located north of Spring Cypress Road and west of Kuykendahl Road, a copy of which is attached hereto. Mr. Lee reported that the Tract is estimated to require 52,500 gallons per day ("GPD") of water capacity and 39,400 GPD of sanitary sewer capacity. Mr. Lee stated that an existing 12-inch (12") public water line and an existing 8-inch (8") public sanitary sewer line can serve the Tract. Mr. Lee noted that because no extension of public utilities is needed to develop the Tract, no reimbursement is requested.

Director Warren asked if any kind of government assistance or subsidy was connected with the proposed project and Mr. Kelley replied in the negative and that the development will be market-rate housing.

Director Warren exited the meeting.

Upon motion by Director Steffes, seconded by Director Draper, after full discussion and the question being put to the Board, the four (4) directors present voted unanimously to approve the feasibility study.

Director Warren re-entered the meeting.

DIRECTOR'S INSPECTION REPORT

Director Schkade next reviewed his Director's Inspection Report. Director Schkade reported that the fence at Water Plant No. 1 has been completed, the well at Water Plant No. 2 is being worked on, and Water Plant No. 3 looks good. Director Schkade further reported that the driveway needs to be leveled and the yard needs regrading at Lift Station No. 1. Upon motion by Director Schkade, seconded by Director Draper, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Jones & Carter to survey Lift Station No. 1.

Director Schkade next reported that the fence has been completed at Lift Station No. 2 and there are no issues at Lift Station Nos. 3-7. Director Schkade also reported that signs need to be replaced at the elevated storage tank and at the Spring Terrace Detention Pond. Upon motion by Director Warren, seconded by Director Draper, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Director's Inspection Report.

OPERATOR'S REPORT

Mr. Staab reviewed the Operator's Report for the month of May, a copy of which is attached hereto. Mr. Staab reported that the District's water accountability for the month was 97.1% and that the District currently has 6,207 active connections. Mr. Staab then reported that two (2) accounts were charged off in the amount of \$43.39, 10 accounts in the amount of \$1,069.34 were sent to the collection agency, and 96 accounts had been terminated for non-payment of water bills. Mr. Staab also informed the Board that the implementation of the Mi.Net System within the District is now 72% complete.

Mr. Staab then reported the scum pump needed repair, and could be repaired at a cost of \$3,969 or replaced at a cost of \$6,630. Mr. Staab also reported that the clarifier drums required maintenance.

Mr. Staab next provided quotes for a cage for the air conditioner at a cost of \$3,360 and winch at a cost of \$2,620. Mr. Staab also reported that the well screens for the non-potable pumps were failing, and suggested fabricating a screen box with stainless steel piping at a cost of \$8,835. Mr. Staab noted this would increase the security of the well screens. Director Warren requested additional options for protection of the well screens for the non-potable pumps, and also requested additional input from Jones & Carter.

Mr. Staab then reported that clean-up of the wet well at the Spring Terrace Detention Pond would cost \$4,735 and desilting the outfall ditch would cost \$5,950. Upon motion by Director Schkade, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve clean-up of the wet well at the Spring Terrace Detention Pond and decline desilting the outfall ditch due to the upcoming project to install box culverts in place of the existing open channel in this location.

Mr. Lee then reported that he received a letter from the attorney representing the Bella Sera HOA requesting a District representative attend a Town Hall and speak about drainage

issues within the subdivision. Mr. Lee recommended that the project get further along in the design phase in order to provide more information. Mr. Polley stated he would follow-up with the Bella Sera attorney regarding the issue.

Upon motion by Director Schkade, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report, authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order, authorize replacement of the scum pump at a cost of \$6,630, approve the maintenance of the clarifier drums, and authorize purchase of a cage for the winch at a cost of \$2,620.

ENGINEER'S REPORT

Mr. Lee then reviewed the Engineer's Report, a copy of which is attached as an exhibit hereto. Mr. Lee reported that the contractor for the Wastewater Treatment Plant Dewatering Facility project is addressing punch list items from the final inspection.

Mr. Lee next presented a photo from the Water Well No. 2 Rework – 2016 project, and reported that the well screen is buckling. Mr. Lee also reported that the Tangle Creek Pipe Bursting project should be starting any day.

Mr. Lee then reported that the pre-construction meeting for the Sanctuary Veritas Extreme Event Swales was held on May 31, 2016, and the contractor plans to mobilize on June 22, 2016.

Mr. Lee also reported that the contractor has completed work on the Gosling & FM 2920 8" Sanitary Sewer Extension and Jones & Carter is waiting on testing results before scheduling a final inspection.

Mr. Lee then requested authorization to perform the annual inspection of the District's water plants as required by state law.

Mr. Lee next presented a proposal to the Board from Storm Water Solutions for anti-graffiti paint, in the amount of \$66,760. Mr. Polley noted that because of the dollar amount, the Board would need to solicit three (3) bids based on uniform written specifications. Director Marks stated that he just wanted the bridge painted with the anti-graffiti paint, and Mr. Lee responded that he would get a revised quote on just this area.

Upon motion by Director Warren, seconded by Director Steffes, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and authorize annual inspection of the District's water plants.

ATTORNEY'S REPORT

Mr. Polley reported that the Series 2016 Refunding Bonds closed on schedule.

Mr. Polley then reported that the Universe Skyhorse outstanding water bill had been paid, but there was no indication that the lawsuit would be dropped. Mr. Polley recommended that the Board maintain the insurance claim through the District's insurance policy, rather than withdrawing the claim as the Board previously discussed.

Mr. Polley next presented an estoppel certificate regarding Spring Town Center to the Board and explained that a prospective purchaser of the shopping center is trying to ascertain if the District is aware of anything violating deed restrictions for the shopping center. Upon motion by Director Steffes, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to decline to execute the estoppel certificate.

Mr. Polley then presented a letter agreement with the Sanctuary Veritas Community Association regarding the landscaping around the Sanctuary Veritas Extreme Event Swales. Upon motion by Director Steffes, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve execution of the letter agreement with the Sanctuary Veritas Community Association.

Mr. Polley then reported that Ms. Karen Peace is requesting the District waive any tap fees in exchange for an easement in relation to the Kuykendahl Utility Extension project. The Board concurred that the District should grant the request because this property has been taxed without receiving service from the District for many years.

Mr. Polley then asked whether the Board would approve a reimbursement structure for CC Gosling 28.06 LP that is structured like the financing agreement for Spring Crossings 1758, LLC.

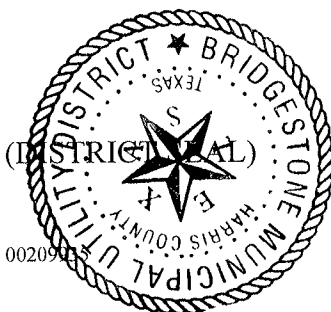
Mr. Staab then presented an Amendment to Operations Agreement (the "Amended Agreement"), a copy of which is attached hereto. Mr. Staab stated that the Amended Agreement guarantees no increase in fees for the next five (5) years and is only an amendment to the fees and rates. Upon motion by Director Steffes, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Amended Agreement.

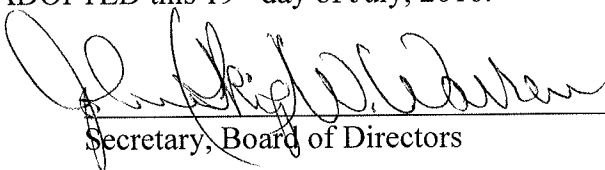
MISCELLANEOUS MATTERS

Mr. Polley noted that the next regular meeting will be held on July 19, 2016 at 6:00 p.m.

There being no further business to come before the Board, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED this 19th day of July, 2016.




Secretary, Board of Directors