

MINUTES OF MEETING  
OF  
BOARD OF DIRECTORS  
December 20, 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, December 20, 2016, at 5:30 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: Captain Ronnie Glaze, Lieutenant Charles Hoover and Sergeant Paul Kowalik 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., engineers for the District; Mr. Danny Staab of Water District Management Company, Inc. ("WDM"), 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. Barbara Nussa of Republic Services, garbage and recycling service provider for the District; Mr. and Mrs. Lance and Stephanie Miles, of Redefined Fitness; Mr. Scott Mt. Joy, Ms. Jennifer Cobb and Ms. Katie Davis, of Texas Legacy Volleyball; Mr. Keith Gaynor, of Walter P. Moore Engineering, representing Williamsburg Enterprises Ltd.; Mr. Fadl Salem, resident of the District; and Messrs. Jonathan D. Polley and Josh Ellery, attorneys, 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

Sergeant Kowalik reviewed the Constable's Report for the month of November, a copy of which is attached hereto. Sergeant Kowalik noted that 170 citations had been issued during the month of November. Upon motion by Director Warren, seconded by Director Draper, after full discussion and the question being put to the Board, the Board approved the Constable's Report.

Director Steffes then asked about the possibility of having an administrative office within the District that would provide office space for Harris County Precinct 4 constables. Captain Glaze stated that he would pass on the request to Harris County, and that Harris County has several security and building requirements for such a facility. Discussion ensued regarding property location and requirements for an administrative office within the District.

APPROVE AND AUTHORIZE EXECUTION OF INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES WITH HARRIS COUNTY ("INTERLOCAL AGREEMENT")

Mr. Polley reported that the District has received the execution copies of the Interlocal Agreement from Harris County, a copy of which is attached hereto, and that the 2017 cost will be the same as 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 and authorized execution of the executed Interlocal Agreement.

PUBLIC COMMENT

Mr. Salem addressed the Board regarding his water bill for 4519 Piney Creek. Mr. Salem stated that his water bill has never been more than \$42.00, but he received a high water bill of \$177.00 for September 2016. Mr. Salem further stated that he was not in the country for the month of September. Mr. Staab reported that the high usage occurred on September 10, 11 and 12. Mr. Staab further reported that an accuracy test was performed and the meter was deemed accurate. Mr. Staab then stated that WDM would replace current meter with a new meter and report back on the issue at the next meeting.

REGULAR AGENDA

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

Mr. Mt. Joy presented an application for service and feasibility deposit to the Board for service to a proposed volleyball facility on approximately 4.392 acres, located east of Rhodes Road and Kuykendahl Road and north of Bridgeview Lane, inside the boundaries of the District. Mr. Mt. Joy noted that a portion of the property would be leased off to Mr. and Mrs. Miles for a cross fit facility. 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 4.392-acre tract.

Mr. Lee then reported that a request was received from Mr. Mark Hoffman of Walter P. Moore Engineering, representing Williamsburg Enterprises Ltd., to update a prior feasibility study due to a revised site plan. Mr. Gaynor reported that the 6.5-acre tract would include two (2) retail buildings and a grocer. Mr. Gaynor also asked if the District would consider reimbursement for the construction of the detention facilities. Mr. Lee stated that the District would have to take over fee ownership of any detention facilities to be able to reimburse the costs. Mr. Lee further stated that he would run two (2) scenarios with and without reimbursement for detention facilities. 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 authorize preparation of an updated feasibility study for the 6.5-acre tract.

### **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 Draper, 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 November 15, 2016, as written; 2) review bid tabulations and award contract for Water Plant Nos. 1, 2, 3 and 5 (Elevated Storage Tank) Improvements - 2017 to Texas Aquastore, in the amount of \$174,726; 3) authorize advertising for bids, subject to receipt, review, and approval of project plans and specifications as follows: a) FM 2920 8" Sanitary Sewer Extension; and b) Upper Seals Gully Phase III (B); 4) approve pay estimates and change orders as follows: a) Wastewater Treatment Plant Dewatering Facility Pay Estimate No. 11 & Final, in the amount of \$69,183.90, to R & B Group, Incorporated; and b) Grand Parkway Marketplace II Detention and Fill Placement Pay Estimate No. 2, in the amount of \$703,384.70, to Burnside Services, Inc.; and 5) authorize acceptance and execution of water meter easements from Spring Crossings 1758, LLC.

### **REGULAR AGENDA, CONTINUED**

#### **TAX ASSESSOR/COLLECTOR'S REPORT**

Ms. Hall reviewed with the Board the Tax Assessor/Collector's Report for November 2016, a copy of which is attached hereto. Ms. Hall reported that the District has collected 4.8% of its 2016 taxes to date. 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 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. Ms. Hall noted that two (2) accounts under Section I would be terminated due to non-payment on December 27, and suggested scheduling termination for December 28 due to the upcoming holiday. 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 Delinquent Tax Attorney's Report.

#### **BOOKKEEPER'S REPORT, INCLUDING APPROVAL OF 2017 BUDGET**

Ms. Cole 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 \$97,740.84, for the District's

share of sales tax revenue for the month of September 2016, in connection with the District's Strategic Partnership Agreement with the City.

Ms. Cole next presented the budget for 2017 for review and approval, and noted that it could be amended at any time. 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 Bookkeeper's Report, the Investment Report, payment of the checks reflected therein, and to adopt the budget for 2017.

#### GARBAGE AND RECYCLING COLLECTION SERVICE REPORT

Ms. Nussa presented a garbage and recycling service report for the month of November, a copy of which is attached hereto.

#### REVIEW RATE INCREASE LETTER FROM REPUBLIC SERVICES, INC., AND TAKE ANY NECESSARY ACTIONS ON SAME

Ms. Nussa explained that she thought the Solid Waste Collection Agreement (the "Agreement") stated a 30-day rate increase notification window, but when she realized it was a 45-day window, she set the increase date as February 1, 2017. Ms. Nussa stated that she received a letter from RBAP denying the increase for 2017 due to the terms of the Agreement since the increase was not effective as of the anniversary date of the Agreement, which is January 1st. Ms. Nussa then requested approval of the rate increase of \$0.22 per home for garbage collection and \$0.04 per home for recycling collection to be effective February 1, 2017. Director Steffes noted that he had concerns regarding recycling collection and did not feel comfortable approving the increase for recycling collection until Ms. Nussa could provide more information. 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 rate increase of \$0.22 per home for garbage collection, effective February 1, 2017.

#### DIRECTOR'S INSPECTION REPORT

Director Steffes reviewed his Director's Inspection report with the Board. Director Steffes reported that Water Plant Nos. 1 and 3, as well as Lift Station Nos. 1 and 2 are all in good order. Director Steffes next reported that Water Plant No. 2 is offline, the controls at the Elevated Storage Tank ("EST") are down and the mixer went out at Lift Station No. 4, all of which would be covered in the Operator's Report.

Director Steffes then reported that the land adjacent to Lift Station No. 3 had recently been cleared, and the equipment is visible. Director Steffes suggested constructing a fence around Lift Station No. 3, and requested that Mr. Staab obtain a quote. Mr. Peterson stated that he believes there may be a service or easement agreement with David Klein, the owner of the property, from 2000 or 2001 that states a fence cannot be constructed. Mr. Polley stated that RBAP would look into 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 Director's Inspection Report.

## OPERATOR'S REPORT

Mr. Staab reviewed the Operator's Report for the month of November, a copy of which is attached hereto. Mr. Staab reported that the District's water accountability for the month was 92% and that the District currently has 6,238 active connections. Mr. Staab then reported that two (2) accounts were written off in the amount of \$25.66, nine (9) accounts in the amount of \$590.28 were sent to the collection agency, and 31 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 95% complete. Mr. Staab next reported that two (2) customer complaints were received, and payment plans were offered to both customers.

Mr. Staab then reported that the generator at Water Plant No. 2 is in the process of being replaced. Mr. Staab also reported that the EST was hit by lightning, but the controls have all mostly been repaired or replaced. Director Draper asked if Mr. Staab had ever looked into lightning rods for the EST, and Mr. Staab stated that he would look into lightning rods and present his findings at the January meeting.

Mr. Staab next reported that the cost to purchase the rental blower currently in place at the Wastewater Treatment Plant ("WWTP") would be \$32,400.00, which would come with a one (1) year warranty. Mr. Staab stated that the District is currently paying \$3,000.00 per month to rent the blower. 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 approve purchase of the blower at the WWTP in the amount of \$32,400.00.

Mr. Staab then reported that after installing the screen box on the non-potable pumps, the pumps and rags have not had to be pulled for at least three (3) weeks. 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 Operator's Report and authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

## 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 one (1) bid was received in connection with the Water Plant Nos. 1, 2, 3 and 5 (Elevated Storage Tank) Improvements – 2017 project and he recommended award of the contract to Texas Aquastore in the amount of \$174,726.00. A copy of the bid tabulation is attached hereto.

Mr. Lee then reported that the Spring Stuebner Water Line Extension project had been completed, but a Notice of Claim was received from Ferguson Enterprises, Inc. ("Ferguson") regarding funds owed by Big State Excavation, Inc. ("Big State"), the contractor for the project. Mr. Lee stated that Jones & Carter notified Big State of their intent to withhold processing and delivery of final payment until the Notice of Claim from Ferguson is satisfied.

Mr. Lee next reported the final pay estimate for the centrifuge project was submitted to R & B Group, Incorporated, in the amount of \$69,183.90. Mr. Lee explained that due to the contractor exceeding the contract deadline, approximately \$87,941.10 has been deducted from the final pay estimate.

Mr. Lee then reported that the Sanctuary Community Association completed landscaping and sod repairs related to the Sanctuary Veritas Extreme Event Swales, and he expects to receive a pay estimate by the January meeting. 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 Engineer's Report.

ATTORNEY'S REPORT

Mr. Polley presented a letter from Dowdell Public Utility District ("Dowdell PUD") requesting an extension to the existing Temporary Water Service Agreement between the District and GP Marketplace 1750, LLC. Mr. Polley noted that the original Temporary Water Service Agreement was set to expire on December 31, 2016, and Dowdell PUD was requesting an extension to continue service until March 31, 2017. 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 authorize execution of the extension to the Temporary Water Service Agreement with GP Marketplace 1750, LLC.

Mr. Polley next stated that he had nothing new to report regarding the Universe Skyhorse litigation.

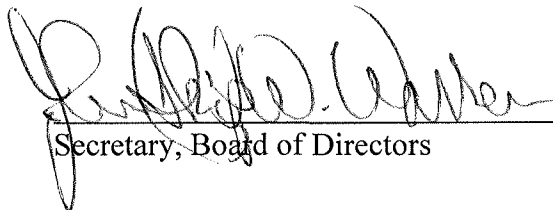
MISCELLANEOUS MATTERS

Mr. Polley noted the next regular meeting will be held on January 17, 2017, at 6:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 17<sup>th</sup> day of January, 2017.



  
Secretary, Board of Directors