

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
January 17, 2017

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, January 17, 2017, 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: 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., 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 ("HOA"); 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; Messrs. Mark Terpstra and Travis Smith, of Caldwell Companies, representing Ardente US; Messrs. Arvind Cheruku, Satya Guduru, and Kranti Kiran Redra, of Ardente US, regarding service to commercial property outside the boundaries 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.

PUBLIC COMMENT

There were no public comments.

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 Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the minutes of the special meeting of December 6, 2016 and the regular meeting of December 20, 2016, as written; 2) review bid tabulations and award contract for FM 2920 8" Sanitary Sewer Extension to T Construction, LLC, in the amount of \$102,605.00; 3) approve pay estimates and change orders as follows: a) Sanctuary Veritas Extreme Event Swale Pay Estimate No. 3 & Final, in the amount of \$26,873.22, to R & T Ellis Excavating.

REGULAR AGENDA

BOOKKEEPER'S REPORT

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 \$79,683.43, for the District's share of sales tax revenue for the month of October 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.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall reviewed with the Board the Tax Assessor/Collector's Report for December 2016, a copy of which is attached hereto. Ms. Hall reported that the District has collected 30.7% of its 2016 taxes to date. 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 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.

HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT, INCLUDING DISCUSSION OF DISTRICT PROVIDING OFFICE SPACE IN DISTRICT FOR CONSTABLES

Sergeant Kowalik reviewed the Constable's Report for the month of December, a copy of which is attached hereto. Sergeant Kowalik noted that 196 citations had been issued during the month of December. 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.

Mr. Polley then reported that he had spoken to Captain Glaze regarding Harris County requirements for office space within the District, and there are extensive requirements to be able to have an office within the District that can house Harris County Precinct 4 constables. Mr. Polley suggested that this item be further discussed in a special meeting.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION FOR 2017 TAX YEAR (THE "TAX RESOLUTION")

Mr. Polley then reported that last year, the Board granted a \$25,000.00 exemption for individuals who are disabled or who are 65 years of age or older and a 10% general residential homestead exemption. Mr. Polley informed the Board that the Tax Resolution had been prepared to maintain these same exemptions for the 2017 tax year. Mr. Polley stated that if the Board wants to change any exemptions, the matter could be deferred until the February meeting, at which time the District's financial advisor could also make a recommendation. 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 adopt the Tax Resolution, thereby granting a \$25,000.00 exemption for individuals who are disabled or who are 65 years of age or older and a 10% general residential homestead exemption for the 2017 tax year. A copy of the Tax Resolution is attached hereto.

RESOLUTION IMPLEMENTING PENALTY ON 2016 DELINQUENT TAXES AND CONTRACTING WITH ATTORNEYS TO COLLECT DELINQUENT TAXES (THE "DELINQUENT TAX RESOLUTION")

Mr. Polley then explained that pursuant to Sections 6.30, 33.07, 33.08 and 33.11 of the Texas Property Tax Code, as amended, the District may levy an additional 20% penalty on 2016 real property taxes that remain delinquent as of July 1, 2017 and an additional 20% penalty on 2016 personal property taxes that remain delinquent as of April 1, 2017, to help defray the costs of collection, if the Board has entered into an agreement with an attorney for the collection of delinquent taxes and if adequate notice of such penalty is provided to property owners. Mr. Polley further explained that the Delinquent Tax Resolution would implement these penalties. 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 adopt the Delinquent Tax Resolution, a copy of which is attached hereto.

GARBAGE AND RECYCLING COLLECTION SERVICE REPORT

Ms. Nussa presented a garbage and recycling service report for the month of December, a copy of which is attached hereto. Ms. Nussa reported that 54 tons of recycling had been picked up in October, 56 tons of recycling had been picked up in November and 61 tons of recycling had been picked up in December. Ms. Nussa further reported that the overall average of resident participation in the current bi-weekly recycling pickup is 55-70%, and the Republic Services operations department did not think a weekly pickup is warranted. Ms. Nussa then stated that Republic Services would sponsor a half-day shredding event for residents of the District sometime in April 2017. Director Schkade stated he would work with Ms. Nussa to schedule such event. 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 accept the garbage and recycling services report and approve a half-day shredding event to be scheduled in April 2017.

CONSIDER INCREASE TO CUSTOMER BILLS FOR GARBAGE COLLECTION AND RECYCLING SERVICE, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Polley stated that the Board authorized a rate increase of \$0.22 per home for garbage collection at the December Board meeting, but the Board did not want to take action on the rate increase of \$0.04 per home for recycling collection until Ms. Nussa could provide more information regarding recycling participation rates. 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 rate increase of \$0.04 per home for recycling collection, effective February 1, 2017.

CONSIDER APPOINTING CONSULTANT/BOARD LIAISONS FOR 2017

This item was deferred.

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

Mr. Lee reported that a request was received from Mr. Terpstra, representing Ardente US, for service to a proposed multi-family development on approximately 15 acres, located west of Gosling Road, south of Spring Stuebner Road and north of the Northwoods Catholic School. Mr. Lee noted that the tract is located outside the boundaries of the District.

Mr. Cheruku stated that Ardente US would be developing a class A or class A+ multi-family apartment complex consisting of 240-270 units with class A amenities.

Director Warren then asked if the proposed multi-family development would receive any government funding of any kind. Mr. Cheruku stated that all funding would come from Ardente US.

Discussion then ensued regarding the proposed multi-family development, and the Board concurred to further discuss whether to authorize a feasibility study at a special meeting of the

Board. 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 defer authorization of preparation of the feasibility study until a special meeting could be held.

REVIEW AND APPROVE ANNEXATION/SERVICE FEASIBILITY STUDIES
4.392-ACRE TEXAS LEGACY FACILITY/CROSSFIT TRACT

Mr. Lee reviewed the feasibility study for a 4.392-acre tract (the "4.392-Acre Tract") of land, located east of Kuykendahl Road and north of Bridgeview Lane, a copy of which is attached hereto. Mr. Lee reported that the 4.392-Acre Tract is estimated to require 12,000 gallons per day ("GPD") of water capacity and 10,000 GPD of sanitary sewer capacity. Mr. Lee further reported that extension of a waterline would not be necessary. Mr. Lee stated that if the 4.392-Acre Tract were to be divided into separate lots, a water meter easement would be required. Mr. Lee then reported that there is an existing public sanitary sewer manhole that can be utilized to serve the 4.392-Acre Tract, but the manhole will need rehabilitation before it can be used. Mr. Lee stated that the owner of the 4.392-Acre Tract would be responsible for the manhole rehabilitation costs. 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 feasibility study.

8.58-ACRE WILLIAMSBURG ENTERPRISES/LIDL GROCERY TRACT

Mr. Lee next reviewed the feasibility study for an 8.58-acre tract (the "8.58-Acre Tract") of land, located north of FM 2920 and west of Gosling Road, a copy of which is attached hereto. Mr. Lee noted that this feasibility study was an update to a previous feasibility study for a 6.5-acre tract, dated July 19, 2016. Mr. Lee reported that the 8.58-Acre Tract is proposed to be divided into two (2) tracts that would include two (2) restaurant sites and one (1) grocery store. Mr. Lee further reported that the 8.58-Acre Tract is currently outside the boundaries of the District and would require annexation. Mr. Lee reported that the 8.58-Acre Tract is estimated to require 32,000 GPD of water capacity and 27,000 GPD of sanitary sewer capacity. Mr. Lee further reported that extension of a public 8-inch (8") waterline and a public 8-inch (8") sanitary sewer line would be necessary.

Mr. Lee then stated that the developer requested two (2) reimbursement scenarios, with and without detention pond costs. Mr. Lee reported that the scenario that included detention pond costs did not support reimbursement. 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 feasibility study and to decline reimbursement for detention pond-related costs.

DISCUSS RELEASE OF WITHHELD REIMBURSEMENT TO CALATLANTIC HOMES
(FORMERLY RH OF TEXAS) RELATED TO STONE FOREST, SECTION 4 STREET
ACCEPTANCE, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Lee next reported that CalAtlantic Homes, formerly RH of Texas, was seeking release of reimbursement related to Stone Forest, Section 4 that was withheld because Harris

County had not accepted the streets for maintenance. Mr. Lee stated that he recently confirmed that the streets have now been accepted by Harris County. 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 release of \$34,057.49 of withheld reimbursement to CalAtlantic Homes.

DIRECTOR'S INSPECTION REPORT, INCLUDING CONSIDERATION OF REPLACING FENCE AT LIFT STATION NO. 3

Director Steffes reviewed his Director's Inspection report with the Board, a copy of which is attached hereto. Director Steffes reported that Water Plant Nos. 1 and 3, as well as Lift Station Nos. 1, 2, 4 and 5 are all in good order. Director Steffes next reported that Water Plant No. 2 is offline, which would be covered in the Operator's Report.

Regarding Lift Station No. 3 ("LS 3"), Mr. Polley reported that the adjacent land had been sold by David Klein, and he could find no agreement to not construct a fence around the LS 3 property. Mr. Lee stated that Jones & Carter would survey the property and work with WDM to prepare a cost estimate for a fence around LS 3.

Mr. Staab then reported that the Rhodes Landing and Springbrook Plaza detention ponds currently have wooden picket fences that are falling down. Mr. Staab presented a quote from Storm Water Solutions to replace both fences with 8-foot (8') chain link fencing, at a cost of \$5,057.92 for the Rhodes Landing detention pond and \$7,556.80 for the Springbrook Plaza 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 authorize Storm Water Solutions to replace the current wooden picket fences at the Rhodes Landing and Springbrook Plaza detention ponds at a cost of \$5,057.92 for the Rhodes Landing detention pond and \$7,556.80 for the Springbrook Plaza detention pond.

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 Director's Inspection Report.

OPERATOR'S REPORT

Mr. Staab reviewed the Operator's Report for the month of December, a copy of which is attached hereto. Mr. Staab reported that the District's water accountability for the month was 97% and that the District currently has 6,237 active connections. Mr. Staab then reported that two (2) accounts were written off in the amount of \$14.56, five (5) accounts in the amount of \$3,875.62 were sent to the collection agency, and 28 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 97% complete. Mr. Staab next reported that a customer contacted WDM to request a waiver of a termination fee, and explained that the customer stated their credit card had been stolen and the wrong credit card expiration date was entered, resulting in a declined payment. Mr. Staab stated that he declined the customer request and the customer will pay all associated termination and reconnection fees.

Mr. Staab then presented a bid from NTS for six (6) air terminals to be installed on top of the Elevated Storage Tank ("EST"), in the amount of \$7,500.00, to provide lightning protection. 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 NTS to install six (6) air terminals on top of the EST, in the amount of \$7,500.00.

Mr. Staab next reported that the Bridgestone HOA is requesting that the District purchase replacement chairs for the Jerry Thomas Center. Mr. Staab reminded the Board that they previously authorized the purchase of 36 folding chairs at a cost of \$900.00. Mr. Staab explained that the Bridgestone HOA stated that if the Bridgestone HOA had to purchase the chairs, the District would be charged \$50.00 per month to use the Jerry Thomas Center as a meeting place. Mr. Staab reported that he found 36 chairs at Office Depot, at a cost of \$1,180.00 and further stated that he would obtain a price from Wal-Mart as well.

Mr. Staab then reported that the Church at Creeks End (the "Church") was requesting a water tap connection, and reminded the Board that a condition of the Church granting a water line easement to the District was relocation of its existing water tap. Mr. Lee stated that Jones & Carter required drawings of the onsite facilities prior to approval of the water tap connection. Mr. Polley explained that the letter agreement with the Church states that the Church is solely responsible for installation of all interior lines.

Mr. Staab next presented a list of all District equipment, including serial numbers and installation dates, a copy of which is attached hereto. Mr. Staab noted that the only piece of equipment not listed was Clarifier No. 2.

Mr. Staab then reported that the meter at 4519 Piney Creek was replaced with a new meter, and the water usage has been normal.

Mr. Staab next stated that Hydroflow has offered the District a trial on electronic pulse testing at the centrifuge that would monitor polymer use. Mr. Peterson stated he would like to take a look at the information before the Board makes a decision.

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, authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order and to authorize the purchase of new chairs for use at the Jerry Thomas Center at a cost not to exceed \$1,180.00.

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 seven (7) bids were received in connection with the FM 2920 8" Water and Sanitary Sewer Extension project and he recommended award of the contract to T Construction, LLC in the amount of \$102,605.00. A copy of the bid tabulation is attached hereto.

Mr. Lee next reported that the Sanctuary Veritas Extreme Event Swales project was completed and no calls were received regarding flooding after the recent heavy rain event. Mr. Lee stated that he expects to have a pay estimate from the Sanctuary Community Association for landscaping work at the next meeting.

Mr. Lee then reported that he would like to schedule a special Board meeting to review and discuss the District's updated 5-Year Capital Improvement Plan, as well as the water and sewer rate study previously requested by the Board.

Mr. Lee next stated that he expects to receive bids for the Upper Seals Gully Phase III (B) project in February. Mr. Lee further reported that he met with Harris County Precinct 4 Road & Bridge Department regarding Harris County acceptance of the storm sewer boxes included in the project, and they were generally in agreement that Harris County would be willing to accept the storm sewer boxes as long as the District would continue to mow the grass.

Regarding the Wastewater Treatment Plant Dewatering Facility, Mr. Lee reported that Jones & Carter had not received the Affidavit of Bills Paid or the Affidavit of Guarantee from R & B Group, Incorporated, so Jones & Carter continues to hold final payment. 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 Engineer's Report.

ADOPT RESOLUTION AUTHORIZING SUBMITTAL OF THE WATER SMART APPLICATION FOR INCLUSION IN THE ASSOCIATION OF WATER BOARD DIRECTORS – TEXAS (THE "AWBD") WATER SMART PARTNERS PROGRAM (THE "RESOLUTION")

Mr. Polley reported that WDM will be preparing the District's Application for AWBD's Water Smart Partners Program and noted that the AWBD has requested a resolution from the Board authorizing the submittal. 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 WDM to prepare the application and to adopt the Resolution, a copy of which is attached hereto.

ATTORNEY'S REPORT


Mr. Polley stated that he had nothing new to report regarding the Universe Skyhorse litigation. Mr. Polley then noted that copies of the 2017 Calendar of Meetings and the 2017 Annual Agenda had been handed out to the Board tonight. Mr. Polley next reported that RBAP will be conducting a training seminar for compliance officers on Saturday, February 25th at 10:00 a.m. at the Hilton Houston North, in conjunction with Arbitrage Compliance Specialists, Inc. Mr. Polley explained that while compliance officers are encouraged to attend, all Directors are invited. Mr. Polley noted that Directors Marks and Steffes are the District's Co-Compliance Officers.

MISCELLANEOUS MATTERS

Mr. Polley noted the next regular meeting will be held on February 21, 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 21st day of February, 2017.



Secretary, Board of Directors

(DISTRICT SEAL)

