

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
August 15, 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, August 15, 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, except Director Marks, thus constituting a quorum. Also attending the meeting were: Lieutenant 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, P.E., of Jones & Carter, Inc. ("Jones & Carter"), 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., bookkeepers for the District; Mr. Greg East of Perdue, Brandon, Fielder, Collins & Mott, delinquent tax attorneys for the District; Messrs. Bharat Desai, Manoj Patel and Jilendra Patel, of BDMP Construction; Messrs. Terry Lynch and Jeff Lynch, of JT Lynch Company, LLC, representing BDMP Construction; Mr. Rigo Rodriguez of Residential Recycling and Refuse of Texas, Inc. ("RRRT"); Mr. David Rivera with LJA Engineering; Mr. Carles Webb, Vice President of the Bridgestone Homeowners Association; Mr. Donald Callender, resident of the District; Ms. Barbara Nussa of Republic Services, garbage and recycling service provider for the District; and Messrs. Jonathan D. Polley and Joshua 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

Lieutenant Hoover reviewed the Constable's Report for the month of July, a copy of which is attached hereto. Lieutenant Hoover noted that 287 citations had been issued during the month of July. 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 Constable's Report.

PUBLIC COMMENT

Mr. Rodriguez introduced himself to the Board and stated that RRRT previously provided recycling collection to the District. Mr. Rodriguez asked that the Board contact him if RRRT can do anything for the District.

CONSENT AGENDA

Director Steffes then reviewed the items reflected on the Consent Agenda with the Board. Director Steffes 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 regular meeting of July 18, 2017, and the special meetings of July 12, 2017 and August 8, 2017, as written; and 2) approve pay estimates and change orders as follows: a) Water Plant Nos. 1, 2, 3, and 5 (Elevated Storage Tank) Improvements - 2017 Pay Estimate No. 3 & Final, in the amount of \$61,049, to Texas Aquastore, Inc.; and b) Drainage and Detention Facilities for CC Gosling MF I, LP Pay Estimate No. 1, in the amount of \$92,655, to Texan Dirt, LLC.

REGULAR AGENDA

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall reviewed the Tax Assessor/Collector's Report for July 2017, a copy of which is attached hereto. Ms. Hall reported that the District has collected 99% of its 2016 taxes to date. Ms. Hall stated that she will be prepared to discuss setting the 2017 tax rate at the September Board 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 Tax Assessor/Collector's Report and the checks reflected therein.

DELINQUENT TAX ATTORNEY'S REPORT

Mr. East next reviewed the Delinquent Tax Attorney's Report, 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 and authorize termination of service due to delinquent 2016 taxes.

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 \$79,529.52, for the District's share of sales tax revenue for the month of May 2017, 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.

ADOPT ORDER REGARDING ANNUAL REVIEW OF RULES, POLICIES, CODE OF ETHICS, AND LIST OF AUTHORIZED BROKERS FOR THE INVESTMENT OF DISTRICT FUNDS (THE "ORDER")

Mr. Polley then explained that the Public Funds Investment Act, as amended, requires the Board to review the District's investment policy on an annual basis and presented the Order for the Board's consideration and adoption. Mr. Polley noted that the only change is that Exhibit A to the Order, the list of approved financial institutions/brokers, has been updated by the District's bookkeeper. 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 adopt such Order, a copy of which is attached hereto.

REVIEW AND DISCUSS INSURANCE COVERAGES RENEWAL PROPOSAL FROM ARTHUR J. GALLAGHER & CO. AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Polley presented the insurance renewal proposal to the Board, a copy of which is attached hereto. Mr. Polley noted that the proposal reflects that the premium increased from \$51,388 to \$55,359 due to an increase in the value of the insured property. 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 the proposal for renewal of the District's insurance coverages, a copy of which is attached hereto.

AUTHORIZE ATTENDANCE AT ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") FALL SEMINAR ON WEDNESDAY, OCTOBER 25, 2017 AND MID WINTER CONFERENCE IN DALLAS, TEXAS ON JANUARY 26-28, 2018

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 attendance at the AWBD Fall Seminar and Mid Winter Conference.

GARBAGE AND RECYCLING COLLECTION SERVICE REPORT

Ms. Nussa presented the Garbage and Recycling Collection Service Report, a copy of which is attached hereto. 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 Collection Service Report.

DISCUSS INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT FOR SPONSORSHIP OF THE WATERWISE PROGRAM FOR THE 2017-2018 SCHOOL YEAR, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Polley reminded the Board that Roth Elementary is not participating in the WaterWise program for the upcoming school year. Director Warren stated that he would contact the Klein Independent School District Superintendent regarding participation in the program.

Mr. Polley then stated that the North Harris County Regional Water Authority sponsors mobile teaching labs that the District could schedule for the elementary schools in the area for free. A copy of the mobile teaching lab information sheet was distributed to the Board and is attached hereto.

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

Mr. Lee reported that a request was received from BDMP Construction, LLC ("BDMP") concerning a proposed motel development on approximately 1.6571 acres located north of FM 2920 and south of Gosling Pines, within the boundaries of the District. Director Warren asked if any portion of the project would be subsidized with government subsidies. Mr. Patel stated that no portion of the project would be funded by subsidies from the government. 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 preparation of the feasibility study.

REVIEW AND DISCUSS POTENTIAL DEVELOPER REIMBURSEMENTS, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Lee reported that they are still waiting on the estimate of appraised value from the Harris County Appraisal District, and that the developer reimbursement analysis will be completed once the estimate of appraised value has been received.

DIRECTOR'S INSPECTION REPORT

Director Draper then gave the Director's Inspection Report for the month of August, a copy of which is attached hereto. Director Draper reported that a pump seal at Water Plant No. 1 is going out, and that Mr. Staab would go into further detail during the Operator's Report. Director Draper further reported that the fine screen gear box at the Wastewater Treatment Plant ("WWTP") needs to be replaced. Mr. Staab then reported that the big tree in the park has bark problems that need to be addressed. 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 authorize Mr. Staab to call the tree doctor to investigate the tree and to approve Director Draper's report.

OPERATOR'S REPORT

Mr. Staab reviewed the Operator's Report for the month of July, a copy of which is attached hereto. Mr. Staab reported that the District currently serves 6,245 active connections. Mr. Staab then reported that 35 accounts had been terminated for non-payment of water bills.

Mr. Staab next reported that the pumps at Water Plant No. 1 need to be repaired, at a cost of \$7,450 each. 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 WDM to replace the pumps at Water Plant No. 1, at a cost of \$7,450 each.

Mr. Staab then reported that a fine screen gear box needs to be repaired. Mr. Staab noted that the last time the gear box was repaired, the cost was around \$5,000 with a one (1) year

warranty. Upon motion by Director Draper, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to authorize WDM to repair the fine screen gear box.

Mr. Staab informed the Board that he continues to work with Mueller Systems regarding recording issues with the automatic meters.

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 bids were obtained for the sanitary sewer extension to serve WE Gosling, but a deposit has not been received from the developer. Mr. Lee recommended postponing acceptance of the low bid until the deposit is received. Mr. Lee noted that the current bids are good for 60 days, and the project will need to be rebid if the deposit has not been received prior to 60 days.

Mr. Lee next reported that Jones & Carter prepared an analysis of the estimated values and property taxes not assessed for the non-taxable entity tracts to compare to the estimated water and sewer bill using the updated Rate Order for the non-taxable entity tracts. Mr. Lee explained that he wanted to make sure that the non-taxable entities are not paying more in water and sewer fees than they would be paying in taxes if they were a taxable entity. Mr. Lee stated that the only anomaly was Klein United Methodist Church, who negotiated paying in-District commercial rates in exchange for granting property to the District.

Mr. Lee then stated that the SCADA facility tour is scheduled for Saturday, August 19, 2017. Mr. Lee noted that the Board should meet at the WWTP at 7:30 a.m.

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 Engineer's Report.

ACCEPT AND AUTHORIZE EXECUTION OF ANNEXATION/SERVICE AND FINANCING AGREEMENTS, PETITIONS FOR ANNEXATION OF LAND AND PETITIONS FOR CITY CONSENT TO ANNEX LAND

WE GOSLING, LLC 8.5836-ACRE ANNEXATION

Mr. Polley reported that RBAP is still working with WE Gosling LLC to finalize and execute the annexation documents.

OLI HOLDINGS, LLC – 6.3571-ACRE ANNEXATION

Mr. Polley reported that RBAP is waiting on the consent of lienholder from the property lienholder before submitting the annexation to the City of Houston for approval.

KLEIN ISD ("KLEIN ISD")/CHAMPION FOREST BAPTIST CHURCH ("CFBC") 113-ACRE TRACT

Mr. Polley stated that KISD and CFBC have provided their comments to the cost sharing and service agreements, and that a meeting among the parties has been scheduled for August 23, 2017 to continue to work on the terms.

ATTORNEY'S REPORT

Mr. Polley then reviewed the Arbitrage Compliance Specialists Fifth (5th) Year Report regarding the District's Series 2012 bonds, 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 report.

Mr. Polley next stated that there are no updates on the Universe Skyhorse matter or the R&B Group dispute.

Mr. Polley then stated that adoption of an updated Water Conservation Plan would be deferred until the next Board meeting.

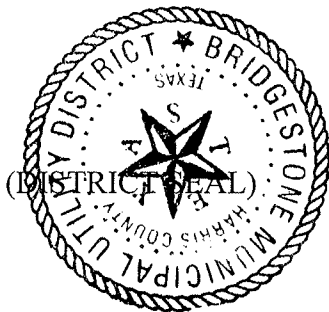
Mr. Polley also reported that the Special Legislative Session will be ending on Thursday, August 17, 2017, and that he will report on any bills that passed during the Special Legislative Session at the next Board meeting.

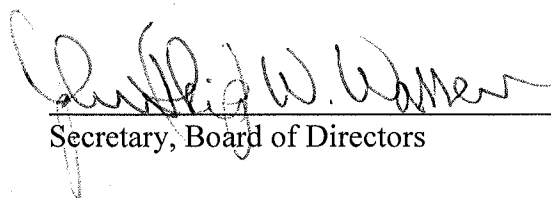
MISCELLANEOUS MATTERS

Mr. Polley noted the next regular meeting will be held on September 19, 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 19th day of September, 2017.




Secretary, Board of Directors