

MINUTES OF MEETING
OF
BOARD OF DIRECTORS

January 21, 2014

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 21, 2014, 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
Skip Warren	Secretary
Ronald W. Schkade	Assistant Secretary
Mikuel K. Draper	Director

All members of the Board were present, except Director Steffes, thus constituting a quorum. Director Steffes monitored the meeting via conference call. Also attending the meeting were: Ms. Christina Cole of Myrtle Cruz, Inc., bookkeeper for the District; Ms. Pat Hall of Equi-Tax, Inc., tax assessor/collector for the District; Messrs. Erich Peterson, P.E., and Joshua Lee, P.E., of Jones & Carter, Inc. ("Jones & Carter"), engineers for the District; Messrs. David Rowe and Danny Staab of Water District Management Company, Inc. ("WDM"), operators for the District; Mr. Bob Hudson of Texas Investment & Development Company, Inc., developer of the Bridgestone Lakes, Senterra Lakes and Villages of Senterra Lakes (the "VOSL"), subdivisions within the District; Lieutenant David Mayes of the Harris County Precinct 4 Constable's Office; Ms. Myeshi Briley, resident; Mr. Carles Webb, Vice President of the Bridgestone Homeowners Association and resident of the District; and Mr. Jonathan D. Polley, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("JRPB"), attorneys for the District. A copy of the sign-in sheet for those in attendance at the meeting is attached hereto.

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 Mayes then presented the monthly Constable's Report. Lieutenant Mayes reported that a thief was arrested for stealing the battery at Lift Station No. 1. Lieutenant Mayes further reported that the water had been disconnected at the thief's home and people were still living in the house.

Lieutenant Mayes then exited the meeting at 6:12 p.m.

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 that an item be moved to the regular portion of the agenda. Mr. Polley stated that approval of the minutes of the special meeting of October 29, 2013 needed to be deferred. Mr. Lee stated that there were no pay estimates or change orders for the Board's approval. 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 minutes of the regular meeting of December 17, 2013, as written.

REGULAR AGENDA

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

Mr. Polley reported that JRPB received the proposed renewal of the Agreement, a copy of which is attached hereto. Mr. Polley stated that the term of the Agreement is March 1, 2014 to February 28, 2015 and the cost remains the same as the 2013 Agreement. 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 and authorize execution of the Agreement.

TAX ASSESSOR/COLLECTOR'S REPORT

Director Marks then called on Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of December, a copy of which is attached hereto. Ms. Hall reported that 78% of the District's 2013 taxes had been collected. Ms. Hall also noted that the District's assessed valuation as of December 1, 2013 was over \$906,000,000. Mr. Polley stated that Ms. Hall will submit a Resolution Requesting Harris County Appraisal District ("HCAD") for an Estimate of Appraised Value as of February 1, 2014. 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 to authorize payment of the checks reflected therein.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Hall next reviewed the Delinquent Tax Attorney's Report, a copy of which is attached hereto. Director Warren then requested additional details on several of the accounts under Section II of the report. Director Warren also inquired as to what the next step would be regarding Accounts 2 and 3 under Section III. Mr. Polley responded that lawsuits would be filed, as appropriate. 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 approve the Delinquent Tax Attorney's Report.

BOOKKEEPER'S REPORT

Ms. Cole next reviewed the Bookkeeper's Report with the Board, 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 then reviewed the budget for the fiscal year ended December 2013.

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 the payment of the checks reflected therein.

DIRECTOR'S INSPECTION REPORT

Director Marks reported that he and Mr. Staab had inspected the District's facilities on January 14, 2014; a copy of his written report is attached hereto. Director Marks reported that the facility sites were in very good shape. Director Marks then recommended that the Board authorize extending the access road to the Wastewater Treatment Plant (the "WWTP").

Director Marks also suggested that the Board review the GEXA Energy invoices to determine if the facilities are energy efficient. 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.

APPOINT CONSULTANT/BOARD LIAISONS FOR 2014

Ms. Dold handed out a copy of the Consultant/Board Liaisons for 2013. Mr. Polley noted that Director Draper does not have a liaison assignment. The matter was deferred until the February meeting.

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. Rowe reported that WDM is 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.

OPERATOR'S REPORT

Mr. Staab then 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 97.2%. Mr. Staab further reported that the District currently has 5,991 active connections.

Next, Mr. Staab informed the Board that \$3,515.96 of damage had resulted from the theft of the battery from Lift Station No. 1. Mr. Staab also noted that he is obtaining cost quotes for the replacement of the obsolete Murphy controls at Lift Station No. 3.

Mr. Staab next stated that a subcontractor had misread the meter at 19619 Plymouth Ridge on September 7, 2013, and the resident has asked for an adjustment to his bill. Mr. Staab stated that WDM had confirmed that the meter is accurate. Mr. Staab recommended that the Board authorize WDM to calculate the average usage for September and October over several years and charge the customer that amount for his September usage. Upon motion by Director Draper, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to authorize WDM to calculate the average usage at 19619 Plymouth Ridge for September and October over several years and charge that amount to the customer for his September usage.

Director Schkade then inquired as to what the Board wants to do regarding the access road at the WWTP. The Board concurred that Mr. Staab should obtain a proposal for the extension of the access road for the Board's review at the February meeting.

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 Operator's Report and to authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

PUBLIC COMMENT

Director Marks then recognized Ms. Briley, who stated that she is a resident of Bridgestone subdivision. Ms. Briley reported that she attended the Bridgestone Homeowners Association (the "HOA") to request the installation of a dog park. Ms. Briley noted that Director Warren had suggested that she bring her request to the Board. Director Warren stated that the District purchased seven lots on Spinks Creek, near the soccer field in the park, many years ago. Ms. Briley then asked to have an item on the February agenda for a presentation regarding the proposed dog park. Director Warren noted that he is concerned about the District's and the HOA's liability if a dog harms a person or another animal. Ms. Briley responded she believed that the owner of the dog would be liable. Mr. Polley noted that there are statutes in place to protect entities that provide recreational access to their property. The Board concurred that they will hear the dog park presentation at the Board's February meeting.

Ms. Briley thanked the Board and exited the meeting at 7:00 p.m.

UPDATE ON SCHEDULING E-WASTE AND DOCUMENT DESTRUCTION PROGRAM WITH RESIDENTIAL RECYCLING OF TEXAS, INC.

Mr. Lee reported that the E-Waste, Document Destruction and Paint Disposal event will be held on Saturday, January 25, 2014, from 10:00 a.m. to 2:00 p.m., at the Lowes Home Improvement Center on FM 2920 and Kuykendahl Road.

ENGINEER'S REPORT

Mr. Lee then reviewed the Engineer's Report, a copy of which is attached hereto. Mr. Lee reported that he and Mr. Peterson met with four (4) manufacturers on January 9, 2014 to discuss the centrifuge, operation and maintenance costs and the location of service center for same. Mr. Lee stated that they have narrowed the field to the following manufacturers: Alfa Laval and Andritz. Mr. Lee reported that they are going to schedule a pilot study with the Andritz centrifuge. Mr. Lee stated that Jones & Carter plans to advertise this project for bids in June 2014.

Mr. Lee next reported that Jones & Carter requests authorization from the Board to re-inspect the District's seven (7) offsite lift stations to update the lift station inspection report prepared in 2011 to determine the scope of work and prepare a preliminary cost estimate for the Lift Station Rehabilitation Project.

Mr. Lee then reported that acceptance of the Sanctuary Veritas detention pond was approved by the Harris County Commissioners Court on January 7, 2014; a copy of the acceptance letter from the Harris County Flood Control District (the "HCFCD") is attached to the Engineer's Report.

Mr. Lee informed the Board that the pre-construction meeting with AR TurnKee Construction Company is scheduled early next week for the construction of the emergency interconnect with Bilma Public Utility District.

Mr. Lee then stated that Jones & Carter has increased its rates for the first time since 2008 and noted that the 2014 Schedule of Hourly Rates for engineering services is attached to the Engineer's Report.

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 and authorize Jones & Carter to inspect the District's lift stations and to prepare a preliminary cost estimate for the Lift Station Rehabilitation Project.

DEVELOPER'S REPORT

Mr. Hudson reported that the HCAD assessed valuations in the VOSL had increased \$5.4 million on the HCAD rolls between July 2013 and December 2013. Mr. Hudson requested that the Board authorize Jones & Carter to prepare the reimbursement calculation worksheet for the VOSL to determine the amount of his next true-up reimbursement.

Mr. Polley noted that he recommends doing true-up reimbursements to developers during March and September. The Board concurred with Mr. Polley's recommendation.

Mr. Hudson reported that there is one (1) lot left in the VOSL, Section 4. Mr. Hudson further reported that the VOSL, Section 2 plat will be recorded in February and the builder will do the first lot take-down in a few months.

DISCUSS REQUEST FROM K. HOVNIANIAN FOR THE DISTRICT TO ENTER INTO A SUBMERGED STORM SEWER AGREEMENT WITH HARRIS COUNTY REGARDING GOSLING PINES, SECTION 2 STORM WATER SYSTEM

Mr. Lee explained that the HCFCD required that the pump station at the Gosling Pines, Section 2 detention pond be removed from the plans in order for the detention pond to be accepted by the HCFCD. Mr. Lee stated that the HCFCD modification resulted in a submerged storm sewer in the Gosling Pines, Section 2 detention pond. Mr. Lee reported that K. Hovnianian is requesting a five (5) year Submerged Storm Sewer Agreement with Harris County, after which the detention pond should be accepted for maintenance by the HCFCD. Mr. Lee advised the Board that the Board can withhold 10% of the reimbursables for Gosling Pines, Section 2 (approximately \$94,000) until such time that the detention pond is accepted by the HCFCD. 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 request from K. Hovnianian regarding the Submerged Storm Sewer Agreement with Harris County.

ATTORNEY'S REPORT

Mr. Polley reported that he sent a copy of the proposed Letter Agreement with Above and Beyond Fellowship Church (the "Church") concerning the design and construction of a public water line extension to serve the Church's property to the Church's attorney for review and comment. Concerning the proposed Dairy Queen on Kuykendahl Road near the Kroger Signature Center, Mr. Polley reported that he has not received a response from Mr. Patrick Barry of Milestone Properties regarding the proposed Agreement for Financing of Facilities.

Mr. Polley noted that copies of the 2014 Calendar of Meetings and the 2014 Annual Agenda had been handed out to the Board tonight.

STATUS OF ACQUISITION OF WATER LINE EASEMENTS ON SPRING STUEBNER ROAD

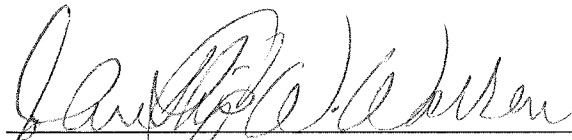
Mr. Polley then briefly reported on the status of the acquisition of the water line easements on Spring Stuebner Road. Mr. Polley stated that the next step in the condemnation process is to have appraisals prepared for the following tracts: 1) Jay D. Barrows and Nancy Barrows; 2) Lloyd R. McCurdy and Jacqueline K. McCurdy; and 3) James M. James and Loretta James. Mr. Polley also reported that the Board will be asked to adopt Resolutions Authorizing Proceedings in Eminent Domain for the tracts owned by Eugene Fontenot at the February meeting.

MISCELLANEOUS MATTERS

Mr. Polley then noted that the Board's next regular meeting will be scheduled for Tuesday, February 18, 2014, at 6:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 18th day of February, 2014.



Secretary, Board of Directors

(DISTRICT SEAL)

