

MINUTES OF MEETING
OF
BOARD OF DIRECTORS

October 14, 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 special 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, October 14, 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
John "Skip" W. Warren	Secretary
Ronald W. Schkade	Assistant Secretary
Mikuel K. Draper	Director

All members of the Board were present, except Directors Steffes and Schkade, thus constituting a quorum. Directors Steffes and Schkade were linked to the meeting via conference call. Also attending the meeting were: Mr. David Aguilar of Republic Services of Houston, garbage collection provider for the District; Mr. Joshua Lee, P.E., of Jones & Carter, Inc., engineers for the District; Mr. Danny Staab of Water District Management Company, Inc., operators for the District; Mr. Bob Hudson and Ms. Tiffany Roach of VOSL, LP, developer of the Villages of Senterra Lakes ("VOSL") subdivision within the District; and Mr. Jonathan D. Polley, attorney, and Ms. Brooke T. Dold, paralegal, of Radcliffe Bobbitt Adams Polley PLLC, attorneys for the District. A copy of the sign-in sheet for those in attendance at the meeting is attached hereto.

Mr. Staab explained that he had ordered a special bluetooth component to allow two (2) directors to conference call into the meeting, but he received the wrong part. Mr. Staab and the engineers tried to keep Directors Steffes and Schkade connected to the meeting on their speaker phones.

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.

DISCUSS REQUEST FROM BRIDGESTONE LAKES DEVELOPMENT COMPANY, INC. ("BLDC") REGARDING MAINTENANCE OF BRIDGESTONE LAKES, SECTION 2 DETENTION POND AND REIMBURSEMENT OF LAND COSTS FOR SAME

Mr. Hudson reminded the Board that he asked the Board to consider reimbursing BLDC for the land acquisition costs related to the Bridgestone Lakes, Section 2 detention pond at the September meeting and the Board agreed to include a discussion on the special meeting agenda.

Mr. Hudson reported that in the *Bridgestone Lakes Community Improvement Association ("BLCIA") vs. BLDC* lawsuit, BLDC was awarded a judgment against BLCIA for approximately \$95,000 in attorneys' fees. Mr. Hudson reminded the Board that the District withheld approximately \$85,000 in reimbursement for land acquisition costs related to the Bridgestone Lakes, Section 2 detention pond from the Series 2010 Bond reimbursables. Mr. Hudson stated that he might be able to persuade BLCIA to add the maintenance of Bridgestone Lakes, Section 2 detention pond to the existing Maintenance Agreement for Bridgestone Lakes, Section 1 detention pond, and asked if the Board would consider reimbursing him for the cost of the Section 2 pond land if BLCIA agreed as such. Director Warren asked if the Harris County Flood Control District (the "HCFCD") will accept the Bridgestone Lakes Sections 1 and 2 detention ponds for maintenance. Mr. Hudson responded that the HCFCD is never going to accept them for maintenance.

Director Warren then asked what the right thing for the Board to do was. Mr. Polley responded that there is no right or wrong, but it is the Board's decision. Mr. Polley noted that historically the Board decided that they were not in the "detention pond" business and that they wanted either HCFCD or the relevant homeowner's association to accept responsibility for maintenance of the detention ponds. Mr. Hudson stated that BLDC added a top sidewalk, stairs and gates in the detention pond, all of which are high-maintenance challenges that HCFCD would not want to maintain. Mr. Hudson then noted that BLDC deposited \$25,000 for maintenance with the District for Bridgestone Lakes, Section 1 detention pond and suggested that he could make a similar deposit for Bridgestone Lakes, Section 2 detention pond. Mr. Hudson also informed the Board that BLDC currently retains title to Bridgestone Lakes, Sections 1-4 detention ponds and BLDC wants to convey fee ownership to BLCIA.

Mr. Polley then summarized Mr. Hudson's request as follows: BLCIA agrees to include the Bridgestone Lakes, Section 2 detention pond in the existing maintenance agreement for the Bridgestone Lakes, Section 1 detention pond; the District agrees to oversee the maintenance schedule; BLCIA pays the District for the maintenance costs; and BLDC deposits \$25,000 with the District for maintenance costs.

Director Steffes then commented that he is not pleased that BLDC will be getting away with not having built the detention ponds in compliance with HCFCD specifications. Director Steffes added that he does not like that Mr. Hudson is going to use the District as leverage with BLCIA and did not like the deal in general. Mr. Hudson responded that he is trying to find a way to get all the detention pond maintenance matters cleaned up and to convey the facilities to BLCIA. Director Schkade stated that he feels this will come back to haunt the District and agreed with Director Steffes' comments. Director Marks added that ultimately this will be the District's problem.

Director Warren then stated that he does not want the Board to make a decision until all the Board members can meet together. Director Warren suggested that Mr. Hudson talk with BLCIA regarding his plan to ascertain if they are willing to include Bridgestone Lakes, Section 2 detention pond in Detention Pond Maintenance Agreement.

REVIEW AND DISCUSS DEVELOPER REIMBURSEMENTS AND TRUE-UP REIMBURSEMENTS

Mr. Lee then reviewed the Engineer's recommendation to make a "true-up" reimbursement to the developer for the Spring Terrace development of approximately \$76,500, a final reimbursement of approximately \$51,000 to KM-TS Partners, LP for extension of water and sanitary sewer lines to serve a commercial 1.7803-acre tract on FM 2920, and a final reimbursement of approximately \$152,000 to Third Generation Development for extension of water and sanitary sewer lines to serve a 4.7955-acre commercial tract on FM 2920. Copies of the Preliminary Reimbursement Calculation Worksheets ("RCWs") for such reimbursements are attached hereto.

Mr. Lee reported that prior to the release of funds to the three (3) developers, pre-purchase inspections of the facilities will need to be conducted by the Texas Commission on Environmental Quality and the auditor's report on applying agreed-upon procedures to construction, engineering and related cost reimbursements from surplus operations revenue must be completed.

Mr. Lee next reviewed a summary of reimbursables proposed to be included in the District's Bond Application Report No. 13, which would likely sell in the second quarter of 2015, a copy of which is attached hereto. Mr. Lee stated that the estimated sizing for the Series 2015 Bonds would be \$6,930,000, which would include reimbursements for The Sanctuary Veritas, VOSSL and Northcrest Village as indicated on the RCWs. Mr. Lee noted that final reimbursable amounts will be calculated closer to the time of bond issuance.

REVIEW AND DISCUSS PROPOSALS FROM GARBAGE AND RECYCLING PROVIDERS

Ms. Dold then distributed copies of the garbage collection and recycling collection proposals and a comparison of same to the Board members that were present at the meeting. Directors Steffes and Schkade asked Ms. Dold to send them copies of the garbage collection and recycling collection proposals for their review prior to the Board's regular October 21st meeting.

REVIEW AND APPROVE HARRIS-GALVESTON SUBSIDENCE DISTRICT (THE "HGSD") INTERLOCAL AGREEMENT FOR SPONSORSHIP OF WATERWISE PROGRAMS AT ROTH ELEMENTARY SCHOOL AND NORTHWOODS CATHOLIC SCHOOL

Mr. Polley reported that the HGSD has submitted a renewal Interlocal Agreement for the Board's review and approval. Mr. Polley noted that the WaterWise sponsorship would be at a cost of \$34.50 per fourth (4th) / fifth (5th) grade enrollment during 2014-2015 or 133 students. 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 Interlocal Agreement and authorize execution of same, a copy of which is attached hereto.

REVIEW AND APPROVE MUELLER SYSTEMS, LLC MASTER AGREEMENT FOR
AUTOMATIC METER READING SYSTEM

Mr. Polley reported that he discussed his concerns regarding the liability issues in the proposed Mueller Systems Master Agreement (the "Agreement") with Mueller Systems' attorney and Mueller Systems has agreed on limiting damages to the District's costs paid under the Agreement. Mr. Polley asked the Board to authorize execution of the Agreement pending his final revisions to same. 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 Agreement pending Mr. Polley's final revisions.

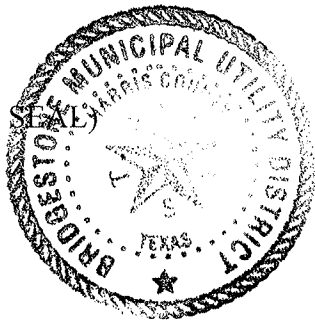
MISCELLANEOUS MATTER

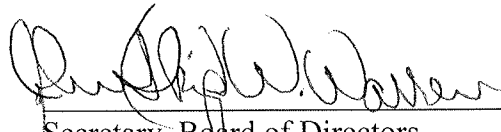
Mr. Polley then noted that the Board's next regular meeting will be scheduled for Tuesday, October 21, 2014, at 6:00 p.m.

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

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

(DISTRICT SEAL)




Secretary, Board of Directors