

MINUTES OF MEETING  
OF  
BOARD OF DIRECTORS

January 9, 2018

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 District's Wastewater Treatment Plant, 21106 Slippery Rock, Spring, Texas, within the boundaries of the District, on Tuesday, January 9, 2018, at 4:30 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, except Director Schkade, thus constituting a quorum. Director Schkade monitored the meeting by conference call. Also attending the meeting were: Mr. Danny Staab of Water District Management Company, Inc., operators for the District; Mr. Josh Lee, P.E., and Ms. Sherry Grant, P.E., of Jones & Carter, Inc. ("Jones & Carter"), engineers for the District; Ms. Christina Cole of Myrtle Cruz, Inc., bookkeepers for the District; Mr. Ricardo Martinez of Martinez Architects, LP; Mr. John Howell of The GMS Group LLC, financial advisors for the District; and Mr. Jonathan Polley, attorney, and Ms. Alison 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.

DISCUSS PROPOSED DISTRICT OPERATIONS AND WATER EDUCATION BUILDING, BUILDING DESIGN AND SITE DEVELOPMENT, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Martinez presented and reviewed a construction cost estimate for construction of the Operations and Water Education Center from Christensen Building Group, a copy of which is attached hereto. Mr. Martinez stated that the cost estimate came in higher than he was anticipating, at a cost of \$4,380,725, and that he is currently working on acquiring cost estimates from several other construction companies. Mr. Martinez further stated that the next step in the building process will be to identify the necessary building components and finalize the floor plan. Mr. Martinez also stated that the details for LEED certification will need to be decided on

if the Board would like the Operations and Water Education Center to be LEED certified. Mr. Polley asked if the costs for LEED certification are included in the current budget. Mr. Martinez explained that the construction cost for base level certification are included in the current budget, but that the administrative filing costs to obtain certification are not included. Director Warren stated that he would like the Board to review the cost estimate and bring any questions or concerns to the next special Board meeting. Mr. Polley then asked the Board if they were ready to authorize Mr. Martinez to begin preparation of the 50% plan drawings. Director Warren stated that he would like a chance to review the cost estimate and provide feedback. Mr. Lee asked how long it would take to prepare the 50% plan drawings. Mr. Martinez stated that it would take approximately four (4) to six (6) weeks once the Board gives their approval to begin.

The Board then concurred to have its next special meeting on January 30, 2018, at 6:30 p.m.

DISCUSS UPCOMING CAPITAL EXPENDITURES AND FUNDING OPTIONS, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Howell then presented and reviewed a plan of financing for 2018, a copy of which is attached hereto. Mr. Howell explained that the plan of financing contemplates developer reimbursements from surplus operating funds in the amount of \$4,900,000 of project costs and \$400,000 of developer interest, the issuance of approximately \$3,200,000 of Texas Water Development Board ("TWDB") Drinking Water State Revolving Fund ("DWSRF") bonds to finance the Operations and Water Education Center, and the issuance of \$4,600,000 of Texas Commission on Environmental Quality approved bonds to finance projects from the District's Capital Improvement Plan. Mr. Howell noted that his analysis contemplated a lower cost for construction of the Operations and Water Education Center, and that he would rerun the numbers to contemplate the higher cost. Mr. Howell stated that his analysis leaves the District's operating fund with a 16-month operating reserve and would not necessitate an increase in the District's tax rate. Discussion ensued regarding the funding options for various District projects.

Director Warren then stated that he would like to move the \$598,000 of surplus bond proceeds from the District's construction fund into the District's operating fund. Mr. Lee stated that the surplus funds application to the TCEQ has been prepared and is ready to be submitted once Board approval is received. 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 Jones & Carter to submit the surplus funds application to the TCEQ.

Mr. Polley then stated that the Board will need to decide whether or not to pursue the TWDB funding for the Operations and Water Education Center because the application deadline is quickly approaching. Mr. Polley explained that a short project information form will need to be submitted first, and then the TWDB will review and invite the District to submit a full application. Mr. Polley further stated that he would reach out to the TWDB to have someone attend a future special meeting to answer any other questions that the Board may have regarding TWDB funding. 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

Jones & Carter and RBAP to prepare and submit the short form application to the TWDB to seek funding from the DWSRF for the Operations and Water Education Center.

Mr. Polley next noted that a Resolution Requesting Harris County Appraisal District for an Estimate of Appraised Value as of January 1, 2018 had been prepared for the President's signature, a copy of which is attached hereto.

Mr. Howell then submitted a disclosure letter in preparation for 2018 bond issue to disclose that The GMS Group, L.L.C. will serve as the Financial Advisor in connection with the District's Series 2018 Bonds, a copy of which is attached hereto. Mr. Howell also submitted an additional disclosure letter regarding Rule G-42 as required by the Municipal Securities Rulemaking Board, a copy of which is attached hereto.

DISCUSS MEADOWHILL REGIONAL MUD ("MRMUD"), KLEIN ISD AND CHAMPION FOREST BAPTIST CHURCH DRAINAGE MATTERS, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Polley reported that he has spoken with the attorney for MRMUD and let him know that the Board is not happy with the payment terms in the Letter of Understanding ("LOU") that MRMUD previously submitted. Mr. Polley stated that he has already rewritten the LOU to be a binding agreement and also included the payment and plan approval terms that the Board previously requested. Mr. Polley reported that MRMUD has asked if the Board would consider partial payment with a bond or security in place to guarantee payment of the remainder by a certain date. Director Warren suggested requesting 50% of the payment from MRMUD upon execution of the binding agreement, with an additional 25% of the payment due in six (6) months and the final 25% payment due one year after execution. Mr. Polley stated that he would convey the terms to MRMUD.

REVIEW AND APPROVE CONSENT TO ENCROACHMENT AGREEMENT WITH VAQUERO GOSLING PARTNERS, LP AND COTTON PATCH CAFÉ, LLC

Mr. Polley presented the Consent to Encroachment to the Board, and explained that Vaquero Gosling Partners, LP and Cotton Patch Café, LLC are requesting approval to construct a parking lot and install light poles in the District's easement. Mr. Polley stated that Jones & Carter has reviewed the Consent to Encroachment and has no issues. Upon motion by Director Steffes, seconded by Director Draper, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Consent to Encroachment, a copy of which is attached hereto.

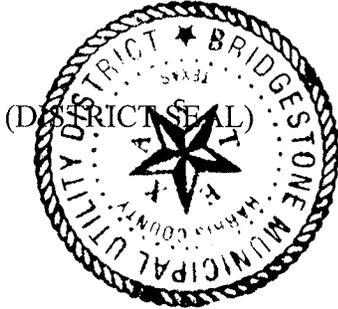
DISCUSS HARRIS COUNTY PRECINCT 4 CONSTABLE'S CONTRACT, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Polley stated that the Interlocal Agreement for Law Enforcement Services with Harris County (the "Interlocal Agreement") was received, and the contract rate is increasing to \$796,597 for 2018, from \$773,391 in 2017. Director Steffes then suggested that the District should purchase a drone for Precinct 4 to utilize while on patrol in the District. Director Steffes

stated that he would meet with Commissioner Cagle to discuss the matter. The Board then concurred to defer approval of the Interlocal Agreement until the next regular Board meeting.

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

PASSED, APPROVED AND ADOPTED this 20<sup>th</sup> day of February, 2018.



Secretary, Board of Directors