

MINUTES OF MEETING
OF
BOARD OF DIRECTORS

March 20, 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 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, March 20, 2018, 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., operators for the District; Ms. Christina Cole of Myrtle Cruz, Inc., bookkeepers for the District; Mr. Brian Toldan of McCall Gibson Swedlund Barfoot PLLC ("MGSB"), auditors for the District; Mr. Todd Johnson of Caldwell Companies; Mr. Carles Webb, Vice President of the Bridgestone Homeowners Association; Mr. Donald Callender, resident of the District; Ms. Barbara Nussa of Republic Services, Inc., garbage and recycling service provider for the District; and Mr. Jonathan D. Polley, attorney, Ms. Monica Garza, attorney, 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 February, a copy of which is attached hereto, and noted that 474 citations had been issued during the month. 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 Constable's Report.

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. Mr. Polley noted that the minutes of the special meeting of March 13, 2018 are not yet ready for approval. 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 consent agenda, including: 1) the minutes of the special meeting of March 6, 2018, and the regular meeting of February 20, 2018, as written; 2) Public 8" Water and 8" Sanitary Sewer Extension at Northwest Corner of FM 2920 and Gosling Road Pay Estimate No. 3 and Final, in the amount of \$18,418.70, to AR Turnkey Construction Company, Inc.; and 3) authorize acceptance of a Water Line Easement from FIG Parkway Lakes LLC – 0.0811 of an Acre.

REGULAR AGENDA

REVIEW AND APPROVE AUDIT REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2017, AND AUTHORIZE FILING OF SAME

Mr. Toldan then distributed copies of the draft audit report for the fiscal year ended December 31, 2017 (the "Audit") to review with the Board, a copy of which is attached hereto. Mr. Toldan reported that MGSB has issued a clean audit opinion for the District. 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 Audit and to authorize filing the Audit and Affidavit with the appropriate governmental authorities.

AUTHORIZE FINANCIAL ADVISOR AND ATTORNEYS TO UPDATE DISTRICT'S ANNUAL CONTINUING DISCLOSURE

Mr. Polley explained to the Board that the District has an obligation to update certain financial information on an annual basis, which will serve to keep bondholders and other interested parties apprised of the financial condition of the District, and requested the Board's authorization to prepare and file such materials with the appropriate agencies. 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 RBAP and The GMS Group, LLC, the District's financial advisor, to prepare and file the required continuing disclosure materials with the appropriate agencies.

UPDATE ON AT&T DAMAGE TO DISTRICT'S FACILITIES, AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Polley reported that he was been in contact with an AT&T representative regarding damage caused by AT&T's subcontractors within the District. Mr. Polley stated that he will be supplying AT&T with the addresses where damage has occurred tomorrow morning. Director Steffes then stated that he would like to include something on the District's website so that District residents know to contact Mr. Staab with any issues caused by AT&T.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall reviewed the Tax Assessor/Collector's Report for February 2018, a copy of which is attached hereto. Ms. Hall reported that the District has collected 96.4% of its 2017 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, a copy of which is attached hereto. Ms. Hall reported that Board action is needed on item I.1 of the report. Ms. Hall stated that the homeowner has requested a payment plan of \$175 per month for outstanding taxes from 2015 and 2016 tax years. Ms. Hall noted that the taxes for the 2017 tax year have been paid. Director Steffes asked if the District can require the homeowner to attend a class on credit management as a term of the payment agreement. Mr. Polley stated that he would need to ask Perdue, Brandon, Fielder, Collins & Mott ("Perdue Brandon"), delinquent tax attorneys for the District, if the District could include that provision in a payment agreement. Director Steffes suggested having Perdue Brandon reach out to the homeowner to see if she would be interested in any sort of financial education course. Mr. Polley stated that he will contact Perdue Brandon to research the payment agreement terms.

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.

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 \$147,755.80, for the District's share of sales tax revenue for the month of December 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.

CONSIDER AND APPROVE AMENDED AND RESTATED AGREEMENT FOR BOOKKEEPING SERVICES ("AMENDED BOOKKEEPING AGREEMENT") WITH MYRTLE CRUZ, INC.

Ms. Cole then presented the Amended Bookkeeping Agreement to the Board. Ms. Cole stated that the Amended Bookkeeping Agreement will add an additional eight (8) hours of work per month, at a cost increase of \$600 per month. 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 Amended Bookkeeping Agreement, a copy of which is attached hereto.

GARBAGE AND RECYCLING COLLECTION SERVICE REPORT

Ms. Nussa reviewed the Garbage and Recycling Collection Service Report with the Board, a copy of which is attached hereto. Ms. Nussa reported that there have been some issues with District residents using their recycling carts for garbage instead of recyclables. Ms. Nussa stated that the recycling carts will not be picked up if they are filled with garbage. Ms. Nussa then stated that she will provide some information regarding the use of the recycling carts to Mr. Staab to place on the District's website. 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 Garbage and Recycling Collection Service Report.

REVIEW NOTICE OF PRICE INCREASE FROM WATER UTILITY SERVICES, INC. FOR MAGNESIUM HYDROXIDE TO CONTROL ODOR IN DISTRICT'S SANITARY SEWER SYSTEM

Mr. Lee then reported that a notice of price increase for magnesium hydroxide was received from Water Utility Services, Inc. Mr. Lee explained that magnesium hydroxide is used at Lift Station Nos. 4 and 5 to control odor. Mr. Lee stated that the price will increase from \$3.40 to \$3.50 per gallon. 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 approve the price increase for magnesium hydroxide for use at Lift Station Nos. 4 and 5.

REVIEW AND APPROVE ANNEXATION/FEASIBILITY STUDY FOR FUEL MAXX WASHATERIA ADDITION – 1-ACRE TRACT

Mr. Lee next reviewed the feasibility study for a 1-acre tract (the "1-Acre Tract") of land, located south of FM 2920 and west of Rhodes Road, a copy of which is attached hereto. Mr. Lee reported that the owner of the 1-Acre Tract is proposing to construct a washateria that will be connected to an existing building. Mr. Lee also reported that the 1-Acre Tract has existing utilities, so a public utility extension will not be necessary. Mr. Lee further reported that the water capacity requirement will increase from approximately 1,000 gallons per day ("GPD") to approximately 8,600 GPD and the wastewater capacity requirement will increase from approximately 800 GPD to approximately 7,200 GPD. 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 feasibility study for the 1-Acre Tract.

DIRECTOR'S INSPECTION REPORT

Director Schkade then gave the Director's Inspection Report for the month of March, a copy of which is attached hereto. Director Schkade reported that all of the District's facilities are in good working order. Director Schkade also reported that the exhaust fan at Water Plant No. 3 was replaced. 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.

OPERATOR'S REPORT

Mr. Staab next reviewed the Operator's Report for the month of February, a copy of which is attached hereto. Mr. Staab reported that the District currently serves 6,257 active connections. Mr. Staab then reported that two (2) accounts had been written off in the amount of \$18.58, five (5) accounts had been sent to collections in the amount of \$357.90 and 29 accounts had been terminated due to non-payment.

Mr. Staab then reported that a request was received from a resident at 6706 Lindale Manor for the waiver of a returned payment fee due to an online entry error. Mr. Staab stated that the request was denied.

Mr. Staab next reported that a request was received from a resident at 6010 Flagg Ranch requesting assistance on a high water bill due to a leak from frozen pipes. Mr. Staab stated that the resident was offered a three (3) month payment plan.

Mr. Staab then reported that he obtained an additional quote for a Manitowoc 250 pound industrial ice maker from Coolers Inc., in the amount of \$3,614.91 and one (1) quote for a Hoshizaki ice maker from Coolers Inc., in the amount of \$3,895.43. 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 quote from Coolers Inc. for the Hoshizaki ice maker, in the amount of \$3,895.43.

Mr. Staab next reported that a violation was received from the Texas Commission on Environmental Quality for total suspended solids at the Wastewater Treatment Plant. Mr. Staab stated that clarifier no. 1 is currently down, and the solids are being juggled between the remaining clarifiers.

Mr. Staab then reported that J&L Landscaping, the District's landscaper, has requested a price increase from \$485 per visit to \$865 per visit. Mr. Staab stated that J&L Landscaping has never requested a price increase as long as they have been working for the District.

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, authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order and authorize the price increase for J&L Landscaping.

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 Dr. Clara Scott of My Family Vet is requesting approval to move forward with the financing agreement and construction of the sanitary sewer line for her property even though the annexation has not been approved by the City of Houston. Mr. Lee explained to Dr. Scott that she would need to submit a construction deposit. Mr. Polley stated that RBAP would prepare the financing agreement for approval at the April Board meeting.

Mr. Lee next reported that the sampling data indicates very high influent loading levels, which is in line with historical seasonal trends. Mr. Lee stated that the samplers are being moved based on the data to isolate where the influent is originating from. Mr. Lee then reported that lift

pump pilot study is nearing completion and a decision will need to be made regarding the type of lift pump to purchase.

Mr. Lee next reported that the Use of Surplus Funds and Change in Scope Application has been declared administratively complete by the TCEQ, which upon approval will allow the transfer of approximately \$600,000 into the operating fund to reimburse for the purchase of land associated with the District's Operations and Water Education Center.

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.

ADOPT RESOLUTION IMPLEMENTING CAPITAL IMPROVEMENT PLAN ("CIP RESOLUTION")

Mr. Polley presented the CIP Resolution to the Board and explained that it will approve the next two (2) years of CIP projects and authorize preparation of a bond application report for any of the projects that will be funded by bonds. Mr. Polley further explained that the CIP Resolution will also authorize Jones & Carter to proceed on the projects through the design and bid phase before bringing the bids to the Board for approval. Director Steffes asked if the Board will be able to review the bid specs prior to going out for bids. Mr. Polley stated that he can revise the CIP Resolution to require Jones & Carter to present the bid specs to the Board for approval before going out for bids for the projects. Upon motion by Director Schkade, seconded by Director Draper, after full discussion and the question being put to the Board, the Board voted three (3) votes in favor and one (1) vote opposed, with Director Warren in opposition, to adopt the CIP Resolution, pending a revision to require Board approval before a project can be put out for bids.

CONSIDER WEBSITE PROPOSALS AND TAKE ANY NECESSARY ACTIONS ON SAME

Director Steffes asked that this item be deferred until the April Board meeting.

UPDATE ON AND TAKE ACTION RELATED TO DEVELOPER AGREEMENTS AND ANNEXATIONS CONCERNING THE FOLLOWING DEVELOPMENTS:

WE GOSLING, LLC - 8.5758-ACRE ANNEXATION

Mr. Polley reported that the District's petition for the City of Houston's consent to the annexation is still pending with the City of Houston.

OLI HOLDINGS, LLC - 6.3571-ACRE ANNEXATION

Mr. Polley next reported that the District's petition for the City of Houston's consent to the annexation is still pending with the City of Houston.

Mr. Polley then reminded the Board that Caldwell Companies is requesting Board approval to transfer maintenance responsibilities for 4.798-acre tract next to Northside Christian Church ("Northside") in exchange for an access easement. Mr. Polley stated that Board consensus on the matter will be needed before RBAP can move forward with preparation of the documents that will allow Northside to take over detention pond maintenance. Mr. Lee

explained that the access easement would be crossing the extreme event swale and that the maintenance berm is 20 feet (20') wide. Mr. Johnson then stated that Northside is agreeable to maintaining the road and that they would like to install a concrete road in place of the current gravel road. Mr. Polley stated he and Jones and Carter will meet with Caldwell Companies and Northside to come to an agreement with terms that the Board is comfortable with.

REVIEW AND APPROVE ANNUAL REVIEW OF POST-ISSUANCE TAX-EXEMPT DEBT COMPLIANCE POLICY ("PICP") AND ANNUAL CHECKLIST

Mr. Polley stated that this item will be deferred to the April Board meeting.

ATTORNEY'S REPORT

Mr. Polley reported that he does not have any new information regarding the Meadowhill Regional MUD drainage matter, but that he is hopeful to have a final agreement for the April Board meeting. Mr. Polley also reported that he had a meeting with Mr. Brian Trachtenberg of Pogach & Trachtenberg, the District's litigation counsel regarding the R&B Group dispute. Mr. Polley stated that he has gotten Mr. Trachtenberg up to speed on the matter and a representation letter has been sent to R&B Group.

Mr. Polley then reported that FIG Parkway Lakes has requested a temporary aerial easement over the current access easement so that they can get electricity to their property. Mr. Polley stated that CenterPoint Energy will prepare the temporary aerial easement document and that RBAP will review it once it has been received.

SUPPLEMENTAL NOTICE OF PUBLIC MEETING

Mr. Polley then reviewed the items on the supplemental agenda regarding the District's upcoming May 5, 2018 Directors Election, a copy of which is attached hereto. Mr. Polley noted that terms of Directors Steffes and Warren expire in May, 2018. Mr. Polley reported that three (3) election clerks have been obtained, and that RBAP is working on obtaining one (1) additional election clerk. Ms. Miller then stated that the Board needs to authorize the hourly rates to be paid to the election clerks for their work associated with the District's election. Ms. Miller noted that the typical rates are \$15 per hour for the Early Voting Clerk and Presiding Judge, and \$12 per hour for all other clerks. 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 payment rates of \$15 per hour for Early Voting Clerk and Presiding Judge and \$12 per hour for all other clerks.

MISCELLANEOUS MATTERS

Mr. Polley noted the next regular meeting will be held on April 17, 2018, at 6:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 17th day of April, 2018.

Asst. 
Secretary, Board of Directors

