

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
April 17, 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, April 17, 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 Warren, thus constituting a quorum. Director Warren monitored the meeting by conference call. 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; Mr. Josh Lee, 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. 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 March, a copy of which is attached hereto, and noted that 309 citations had been issued during the month. 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 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. 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 meetings of March 13, 2018 and March 31, 2018, and the regular meeting of March 20, 2018, as written.

REGULAR AGENDA

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

Ms. Garza reviewed a memorandum with the Board outlining damage to the District's facilities caused by AT&T and its subcontractors. A copy of the memorandum is attached as an exhibit hereto. Ms. Garza reported that she has spoken with an AT&T representative about the damage, and the damage is being looked into. Ms. Garza also reported that partial payment has been received for one invoice.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall reviewed the Tax Assessor/Collector's Report for March 2018, a copy of which is attached hereto. Ms. Hall reported that the District has collected 97.4% of its 2017 taxes to date. 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 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. Mr. Polley reminded the Board that last month they requested RBAP to contact Perdue, Brandon, Fielder, Collins & Mott ("Perdue Brandon"), delinquent tax attorneys for the District, to ask if the District could include a provision in a payment agreement to require a homeowner to attend a class on credit management. Mr. Polley reported that Perdue Brandon has never seen such a provision included in a payment agreement and that Perdue Brandon recommended against including such provision because of the difficulty of monitoring compliance with the requirement. Mr. Polley then requested Board action on item I.1 of the report. Ms. Hall noted that the homeowner has had five (5) previous payment agreements and defaulted on all of them. Director Schkade recommended allowing Perdue Brandon to proceed with the suit that has already been filed. Director Steffes asked if the District can offer the homeowner a payment agreement after a judgement has been issued. Mr. Polley stated that a payment agreement can be offered after a judgement has been reached. 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 seek a judgement on item I.1 of the report, and then offer a payment agreement of \$175 per month after a judgement has been issued.

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 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 \$82,562, for the District's share of sales tax revenue for the month of January 2018, in connection with the District's Strategic Partnership Agreement with the City. 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 Bookkeeper's Report, the Investment Report and payment of the checks reflected therein.

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. 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 Garbage and Recycling Collection Service Report.

DIRECTOR'S INSPECTION REPORT

Director Draper then gave the Director's Inspection Report for the month of April, a copy of which is attached hereto. Director Draper reported that all of the District's facilities are in good working order. 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 Director's Inspection Report.

OPERATOR'S REPORT

Mr. Staab next reviewed the Operator's Report for the month of March, a copy of which is attached hereto. Mr. Staab reported that the District currently serves 6,270 active connections. Mr. Staab then reported that two (2) accounts had been written off in the amount of \$9.82, one (1) account had been sent to collections in the amount of \$41.11 and 24 accounts had been terminated due to non-payment. Mr. Staab next reported that the air conditioner was replaced at Water Plant No. 3. Mr. Staab then reported that booster pump no. 2 at Water Plant No. 1 needs to be replaced with a new model, at a cost of \$12,370.

Mr. Staab next reported that on April 5th, a trailer mounted welder was stolen from the Wastewater Treatment Plant (the "WWTP"). Mr. Staab stated that the Precinct 4 Constable's

Office was notified and a report was given. Mr. Staab further stated that the license plate was not caught on camera. Mr. Staab recommended installation of four (4) additional cameras at the WWTP for a better view of the back road, at a cost of \$680.94.

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 Operator's Report, authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order, authorize the purchase and replacement of the booster pump at Water Plane No. 1, at a cost of \$12,970, and authorize the purchase and installation of four (4) additional security cameras at the WWTP, at a cost of \$680.94.

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 additional effluent copper samples were submitted to the Texas Commission on Environmental Quality for the TPDES Permit renewal.

Mr. Lee next reported that the three (3) wastewater influent samplers were relocated last week and the sampling data is currently being reviewed. Mr. Lee then reported that a plat was received from Windrose Land Services which includes the Lift Station No. 8 site. Mr. Lee requested approval and execution of the plat. Mr. Lee next reported that a kick-off meeting and site visit for the SCADA system project has been scheduled with Mr. Staab on May 2nd. Mr. Lee stated that the project is currently in the preliminary design phase.

Mr. Lee then reported that he met with Source Point Solutions, LLC regarding the sanitary sewer cleaning and televising project. Mr. Lee explained that the project is being broken into 10 phases, with one phase being completed per quarter beginning in the second quarter of 2018 and concluding in the second quarter of 2020. Mr. Lee further explained that after each section is cleaned and televised, Jones & Carter will separate any damaged lines into the following categories: 1) emergency repairs to be conducted immediately; 2) minor repairs to be conducted by WDM; and 3) major repairs or repairs requiring cured in place pipe. Mr. Lee then presented a proposal from Source Point Solutions, LLC for the sanitary sewer cleaning and televising Phase 1, in the amount of \$23,678. Mr. Lee also stated that the expenses for this project are included in the District's Capital Improvement Plan.

Mr. Lee next reported that the lift station pump pilot program has been completed and each pump will be priced during the WWTP improvement project. Mr. Lee next reported that the Use of Surplus Funds and Change in Scope Application is currently under review by the TCEQ. Mr. Lee then requested approval of the Storm Water Quality Permit ("SWQ Permit") renewal application from Storm Water Solutions for the Springbrook Detention Basin.

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 Engineer's Report, authorize execution of the plat from Windrose Land Services which includes the Lift Station No. 8 site, approve the proposal from Source Point Solutions for phase 1 of the cleaning

and televising project, in the amount of \$23,678, and approve the SWQ Permit renewal application.

CONSIDER WEBSITE PROPOSALS AND TAKE ANY NECESSARY ACTIONS ON SAME

The Board concurred to have a representative from Off Cinco attend a special meeting to discuss its proposal in greater detail. Mr. Polley stated that RBAP would reach out to Off Cinco.

STATUS OF REQUEST FROM CALDWELL COMPANIES ("CALDWELL") AND NORTHSIDE CHRISTIAN CHURCH ("NORTHSIDE") REGARDING DETENTION POND MAINTENANCE AGREEMENT FOR 4.798-ACRE TRACT

Mr. Polley reported that a meeting is scheduled with Caldwell and Northside tomorrow.

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 reported that Dr. Clara Scott of OLI Holdings, LLC has advanced the money for engineering and preparation of the financing agreement. Mr. Polley stated that the financing agreement states that reimbursement for construction of the facilities will be contingent upon the annexation of the tract. 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 execution of the financing agreement.

Mr. Polley then stated that he has reached out to Commissioner Jack Cagle's office regarding the pending annexations, and that someone from Commissioner Cagle's office will contact the City of Houston regarding the pending status.

ATTORNEY'S REPORT

Regarding the Meadowhill Regional MUD drainage matter, Mr. Lee reported that he has confirmed that the proposed drainage improvements will have no negative downstream impact to Bridgestone Lakes and will not impact Bonds Gully. Mr. Lee noted that he still needs to review the plans once they are produced and received. Mr. Polley stated that an agreement regarding the facilities might be ready for Board approval next month.

Mr. Polley next reported that the R&B Group dispute matter has been turned over to Pogach & Trachtenberg PLLC for further handling.

Mr. Polley then reviewed the District's Post-Issuance Tax-Exempt Debt Compliance Policy checklist (the "PICP Checklist"), a copy of which is attached hereto. Mr. Polley stated that the PICP Checklist has been circulated to the District's consultants for review.

Mr. Polley next presented the annual Arbitrage Rebate and Yield Restriction Service Program Report (the "Report") to the Board.

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 and authorize execution of the PICP Checklist and approve the Report.

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 early voting will begin on Monday, April 23rd and continue through Tuesday, May 1st. Mr. Polley also reported that as previously decided by the Board, canvassing of the election returns will occur at the next regular Board meeting on May 15th.

MISCELLANEOUS MATTERS

Mr. Polley then asked if any outreach had been done regarding the upcoming town hall meetings. Mr. Staab stated that a notice would go out in the mail this week and that it will be put on the District's website tomorrow.

The Board then concurred to have a special meeting on Tuesday, May 1st, to discuss the District's Operation and Water Education Center and website proposals.

Mr. Polley noted the next regular meeting will be held on May 15, 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 15th day of May, 2018.





Secretary, Board of Directors