

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
July 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, July 17, 2018, at 6:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Jim Marks	President
Mikuel K. Draper	Vice President
John "Skip" W. Warren	Secretary
Ronald W. Schkade	Assistant Secretary
Michael Crayton	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., and Ms. Kendall Chattman, 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; Ms. Barbara Nussa of Republic Services, Inc. ("Republic"), garbage and recycling service provider for the District; Mr. Todd Johnson of Caldwell Companies; Mr. Francisco Espinal, of H2B, Inc., representing Trinity Lutheran Church; Mr. Carles Webb, Vice President of the Bridgestone Homeowners Association; Mr. Donald Callender, resident of 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 June, a copy of which is attached hereto, and noted that 363 citations had been issued during the month. Upon motion by Director Draper, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Constable's Report.

PUBLIC COMMENT

Mr. Webb stated that he had received a door hanger regarding a water quality test, and asked if it was a legitimate test. Director Draper stated the door hanger is a scam, and to not provide the company with any personal information. Mr. Staab then stated that if there are ever water quality issues in the District, then residents would see signs and WDM trucks in the District to address the issues.

CONSENT AGENDA

Director Marks then reviewed the items reflected on the Consent Agenda with the Board. 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 an item be moved to the regular portion of the agenda. Mr. Polley stated that the July 10, 2018 special minutes and the July 10, 2018 certified agenda were not ready for approval. Upon motion by Director Schkade, seconded by Director Crayton, 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 regular meeting of June 19, 2018, as written.

REGULAR AGENDA

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall reviewed the Tax Assessor/Collector's Report for June 2018, a copy of which is attached hereto. Ms. Hall reported that the District has collected 98.5% of its 2017 taxes to date. Upon motion by Director Schkade, seconded by Director Crayton, 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 noted the Delinquent Tax Attorney is requesting authorization to send termination letters to the delinquent accounts listed in Section I of the report. Upon motion by Director Schkade, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Delinquent Tax Attorney's Report and authorize the termination letters in Section I of the report.

ATTENDANCE AT ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") MID-WINTER CONFERENCE IN AUSTIN, TEXAS ON JANUARY 25-26, 2019, AND FALL SEMINAR ON OCTOBER 30, 2018

Mr. Polley stated the AWBD Fall Seminar will occur on Tuesday, October 30, 2018 and the Mid-Winter Conference will occur on January 25-26, 2019, in Austin. Upon motion by Director Schkade, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to authorize attendance at the AWBD Fall Seminar and Mid-Winter Conference.

GARBAGE AND RECYCLING COLLECTION SERVICE REPORT, INCLUDING APPROVAL OF CONTRACT AMENDMENT

Ms. Nussa reviewed the Garbage and Recycling Collection Service Report with the Board. Ms. Nussa then presented an amendment to Republic's contract with the District in order to increase the recycling rate to \$2.63 per home for the period of July 1, 2018 to December 31, 2018 (the "Amendment"). A copy of the Amendment is attached hereto. Ms. Nussa asked if the District would be passing the rate increase through to the customer, or if the District would be subsidizing the rate increase. The Board concurred to subsidize the recycling rate increase. Upon motion by Director Crayton, 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 and approve the Amendment.

REVIEW AND APPROVE ANNEXATION/SERVICE FEASIBILITY STUDY FOR TRINITY LUTHERAN CHURCH ("TRINITY") – 19.795-ACRE TRACT

Mr. Lee presented the updated feasibility study to the Board, a copy of which is attached hereto. Mr. Lee reminded the Board that Trinity had requested an updated feasibility study for a 19.795-acre tract north of Spring Cypress Road and west of the Stone Forest development because they no longer want to include a sanitary sewer extension since the tract will not need sanitary sewer service. Mr. Lee stated he has removed the sewer service portion from the feasibility study, but if/when sanitary sewer service is needed for the 19.795-acre tract, then the original recommendations will apply. Mr. Lee further stated he has informed Trinity that no septic system will be allowed. Mr. Espinal asked how the payment will need to be made. Mr. Lee stated that a check will need to be made out to Bridgestone MUD and the civil site plans will need to be submitted for review. Upon motion by Director Schkade, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the updated feasibility report for the 19.795-acre tract.

DIRECTOR'S INSPECTION REPORT

Director Draper then gave the Director's Inspection Report for the month of July, a copy of which is attached hereto. Director Draper reported that the air conditioning unit at the Wastewater Treatment Plant ("WWTP") office is broken, and that Mr. Staab will further discuss the item during his report. Upon motion by Director Schkade, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Director's Inspection 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 \$92,813.98, for the District's share of sales tax revenue for the month of April 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.

REVIEW AND ADOPT AMENDED RATE ORDER RELATED TO IRRIGATION ACCOUNTS

Mr. Staab recommended adding irrigation rate categories under the water and wastewater rate tiers in the District's Rate Order. Upon motion by Director Schkade, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Amended Rate Order as presented.

OPERATOR'S REPORT

Mr. Staab next reviewed the Operator's Report for the month of June, a copy of which is attached hereto. Mr. Staab reported that the District currently serves 6,266 active connections. Mr. Staab then reported six (6) accounts had been sent to collections in the amount of \$458.27 and 22 accounts had been terminated due to non-payment. Mr. Staab also stated that the blower motor at the WWTP has been pulled for evaluation.

Mr. Staab next reported that he has completed a survey of the District's detention ponds with Jones & Carter, photos of which are attached hereto. Mr. Staab stated that there are several safety hazards that need to be repaired. Mr. Lee reported that the backslope interceptor pipe at the Spring Terrace detention pond needs to be repaired, at a cost of \$18,690. Mr. Staab then reported that the following items need to be repaired at the Springbrook Plaza detention pond: 1) approximately 2,200 linear feet of back swale repairs, at a cost of \$8,650; 2) back swale drain line repairs at a cost of \$7,468; 3) retaining wall and fence repair around swale inlet, at a cost of \$18,210 for wood timber or \$31,048 for concrete; and 4) addition of fill dirt and rip rap to the overflow swale at a cost of \$4,970. Mr. Polley stated that if the Board decides to approve a concrete retaining wall at a cost of \$31,048, then the project will need at least three (3) bids. Director Warren asked how this many repairs can happen at the same time.

Director Schkade stated that all of the issues were found at the same time. Mr. Lee stated that he was reviewing the District's Capital Improvement Plan for any long term repair items and set up an inspection meeting with Mr. Staab and Storm Water Solutions. Mr. Lee further stated that all of the repair items arose from that inspection. Director Schkade asked if Mr. Staab would notify the Board when items like this might be coming up in the future. Mr. Lee stated he thought Storm Water Solutions would have been inspecting the District's detention ponds on a regular basis and reporting any issues to the Board. Director Crayton suggested contacting Storm Water Solutions regarding regular inspections and reports. Mr. Lee stated he will inform Storm Water Solutions that the Board would like to receive a monthly report regarding detention pond maintenance. Upon motion by Director Schkade, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to authorize obtaining three (3) bids for the retaining wall and fence repair around the Springbrook Plaza detention pond swale inlet; and approve the following repairs: 1) approximately 2,200 linear feet of back swale repairs at the Springbrook Plaza detention pond, at a cost of \$8,650; 2) back swale drain line repairs at the Springbrook Plaza detention pond, at a cost of \$7,468; 3) addition of fill

dirt and rip rap to the overflow swale at a cost of \$4,970; and 4) repair of the backslope interceptor pipe at the Spring Terrace detention pond, at a cost of \$18,690.

Mr. Staab then reported that the air conditioning unit at the WWTP has a leak on the evaporator, which is not repairable. Mr. Staab stated that a replacement will cost \$6,900. Director Crayton stated he can provide contact information for Mr. Staab to obtain another replacement quote. Upon motion by Director Draper, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the purchase of a new air conditioning unit, at a cost not to exceed \$7,000.

Upon motion by Director Draper, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report and authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

ENGINEER'S REPORT

Mr. Lee reviewed the Engineer's Report, a copy of which is attached as an exhibit hereto. Mr. Lee then reviewed the status of the District's Capital Improvement Plan projects. Mr. Lee reported that bids and contracts for the WWTP Improvements project will be presented at the August Board meeting. Mr. Lee then reported that the Bond Application Report No. 14 ("BAR 14") will be filed with the Texas Commission on Environmental Quality ("TCEQ") upon receipt of comments from the District's consultants. Mr. Lee next reported the results from the Sanitary Sewer System Cleaning & Televising Phase I project have been received and will be reviewed shortly. Director Crayton asked if there were any major issues. Mr. Lee stated that the lines are in pretty good condition for 40 year old pipes. Mr. Lee also reported that the plans for the My Family Vet sanitary sewer extension are under review. Upon motion by Director Crayton, 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.

RESOLUTION AUTHORIZING APPLICATION TO TCEQ FOR APPROVAL OF PROJECT AND FOURTEENTH ISSUE OF BONDS (THE "BOND RESOLUTION")

Mr. Polley stated that the Bond Resolution authorizes the submittal of the BAR 14 to the TCEQ. Upon motion by Director Crayton, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Bond Resolution. A copy of the Bond Resolution is attached hereto.

CONSULTANT/BOARD LIAISONS

Mr. Polley then reviewed the list of consultant/Board liaisons with the Board. Mr. Polley stated that the requested changes from the June meeting have been made. Mr. Polley suggested adding a Board liaison for the District website. Director Crayton stated he would be the Board liaison for the District website and Director Draper stated he would be the secondary liaison for the District website. Mr. Lee then suggested adding a Board liaison for Storm Water Solutions. Director Crayton stated he would be the Board liaison for Storm Water Solutions and Director Draper stated he would be the secondary liaison for Storm Water Solutions. 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 updated consultant/Board liaison list.

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

CC GOSLING 14.58, L.P. – 1.1708-ACRE TRACT ANNEXATION

Mr. Polley then presented the Annexation and Service Agreement with CC Gosling 14.58, L.P. for the annexation of a 1.1708-acre tract to the Board for approval. Upon motion by Director Schkade, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Annexation and Service Agreement with CC Gosling 14.58, L.P. for the annexation of a 1.1708-acre tract.

ADOPT ORDER ANNEXING LAND AND REDEFINING BOUNDARIES OF THE DISTRICT (THE "ORDER")

Mr. Polley reported that the City has consented to the annexation of the following tracts of land into the District: 1) WE Gosling, LLC – 8.5758 acres; and 2) OLI Holdings, LLC – 6.3571 acres. Mr. Polley then presented the Order for adoption, a copy of which is attached hereto.

AUTHORIZE EXECUTION AND FILING OF THE AMENDMENT TO DISTRICT INFORMATION FORM

Mr. Polley stated that pursuant to Sections 49.452 and 49.455 of the Texas Water Code, as amended, the District is required to execute and record an Amendment to District Information Form reflecting the annexation of the two (2) tracts of land and resulting in a total acreage of 2,311.3822 acres, a copy of which is attached as an exhibit.

AUTHORIZE EXECUTION OF CERTIFIED BOUNDARY MAP

Mr. Lee next informed the Board that the certified boundary map reflecting the redefined boundaries of the District has been prepared for the Board's signatures. Upon motion by Director Crayton, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to 1) adopt the Order; 2) authorize execution of the Amendment to District Information Form; and 3) authorize execution of the certified boundary map.

ATTORNEY'S REPORT

Mr. Polley next reported that the damages by AT&T and its subcontractors have all been paid, except for one outstanding invoice not related to AT&T. Mr. Polley then reminded the Board that Kimco had previously requested a Consent to Encroachment Agreement between the Board and AT&T to serve the Spring Crossings development, but that the Board had decided to wait on granting the Consent to Encroachment until the AT&T damages were taken care of to the

satisfaction of the Board. Mr. Polley asked if the Board would feel comfortable approving the Consent to Encroachment Agreement now that the damages related to AT&T had been paid. Upon motion by Director Schkade, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Consent to Encroachment Agreement.

MISCELLANEOUS MATTERS

Mr. Polley noted the next regular meeting will be held on August 21, 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 21st day of August, 2018.




Secretary, Board of Directors