

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
August 21, 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, August 21, 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, 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; 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; Ms. Barbara Nussa of Republic Services, Inc., garbage and recycling service provider for the District; Mr. John Howell of The GMS Group LLC, financial advisors for the District; Mr. Greg East of Perdue, Brandon, Fielder, Collins & Mott, delinquent tax attorneys for the District; Mr. Todd Johnson of Caldwell Companies; Mr. Carles Webb, Vice President of the Bridgestone Homeowners Association; Mr. Merrill Parsons, resident of the District; Mr. David Easterwood, resident of the District; Mr. Bill Romey, resident of the District; 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 July, a copy of which is attached hereto, and noted that 398 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 Draper then reviewed the items reflected on the Consent Agenda with the Board. Director Draper 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 Warren, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to approve the consent agenda, including approval of: 1) the minutes of the special meeting of July 10, 2018, the certified agenda of July 10, 2018, the minutes of the regular meeting of July 17, 2018 and the minutes of the special meeting of July 21, 2018, as written; 2) Wastewater Treatment Plant Improvements Project Change Order No. 1, in the amount of \$8,000; 3) awarding the contract for Water Plant Improvements Project to A&H Coating Services LLC, in the amount of \$159,450; 4) awarding the contract for Wastewater Treatment Plant Improvements Project to RJ Construction, in the amount of \$340,000; 5) awarding the contract for Public Waterline Extension to Serve 113-Acre Klein ISD and Champion Forest Baptist Church Tract – Phase I to Fellers and Clark, LP, in the amount of \$156,500; 6) bid/advertisement for Sanitary Sewer Extension along Kuykendahl Road to Serve My Family Vet Tract; 7) renewal of Stormwater Quality Permit Renewal for Springbrook Plaza Section 1; 8) accepting conveyance of Sanitary Sewer Easement – CC Gosling 14.58, L.P. - 0.2250 acre tract; 9) accepting conveyance of Sanitary Sewer Easement – Northwoods Educational Foundation, Inc. - 0.9755 acre tract; 10) accepting conveyance of Sanitary Sewer Easement – Northwoods Educational Foundation, Inc.- 0.1603 acre tract; and 11) executing Consent to Encroachment – CC Gosling MF I, LP for the Lakeview Oaks Apartments.

REGULAR AGENDA

DELINQUENT TAX ATTORNEY'S REPORT

Mr. East reviewed the Delinquent Tax Attorney's Report, a copy of which is attached hereto. Mr. East reported that letters providing notice of tonight's meeting were sent to District residents with 2017 delinquent taxes. 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 and authorize termination of service due to delinquent 2017 taxes.

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 the District received payment from the City of Houston (the "City"), in the amount of \$104,653.48, for the District's share of sales tax revenue for the month of May 2018, in connection with the District's Strategic Partnership Agreement with the City. Ms. Cole noted a deposit was received into the District's operating account for reimbursement of the purchase of the land for 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 Bookkeeper's Report, the Investment Report and payment of the checks reflected therein.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall reviewed the Tax Assessor/Collector's Report for July 2018, a copy of which is attached hereto. Ms. Hall reported the District has collected 98.8% of its 2017 taxes to date. Ms. Hall also reported that the District's certified values were received today, and consideration of the 2018 tax rate will occur at the next Board meeting. 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.

ADOPT ORDER REGARDING ANNUAL REVIEW OF RULES, POLICIES, CODE OF ETHICS, AND LIST OF AUTHORIZED BROKERS FOR THE INVESTMENT OF DISTRICT FUNDS (THE "ORDER")

Mr. Polley then explained that the Public Funds Investment Act, as amended, requires the Board to review the District's investment policy on an annual basis and presented the Order for the Board's consideration and adoption. Mr. Polley noted that the only change is that Exhibit A to the Order, the list of approved financial institutions/brokers, has been updated by the District's bookkeeper. Upon motion by Director Warren, seconded by Director Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to adopt such Order, a copy of which is attached hereto.

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

Ms. Nussa reviewed the Garbage and Recycling Collection Service Report with the Board. 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 Garbage and Recycling Collection Service Report.

ISSUANCE OF SERIES 2018 BONDS

Mr. Polley next reported that the Bond Application Report ("BAR") for the \$7,400,000 Unlimited Tax Bonds, Series 2018 ("Series 2018 Bonds") was filed with the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Howell stated the BAR has been accepted as administratively complete by the TCEQ. Mr. Howell then reviewed the schedule of activities for the Series 2018 Bonds, a copy of which is attached hereto. Mr. Howell stated that the schedule would be accelerated by one (1) month to avoid possible excess supply in the market in December. As a result, Mr. Howell stated the bond closing will be scheduled for November.

REVIEW AND DISCUSS INSURANCE COVERAGES RENEWAL PROPOSAL FROM ARTHUR J. GALLAGHER & CO. AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Polley presented the insurance renewal proposal to the Board, a copy of which is attached hereto. Mr. Polley noted that the proposal reflects a premium increase from \$55,359 to \$62,599 due to an increase in the value of the insured property. 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 proposal for renewal of the District's insurance coverages.

REQUESTS FOR SERVICE

Mr. Lee reported there are no formal requests for service, but that he has received an inquiry from the potential purchaser of the remainder of the Northwoods Catholic School tract. Mr. Lee stated that there is no development plan yet, but the potential purchaser has requested a special Board meeting once a development plan is in place.

DIRECTOR'S INSPECTION REPORT

Director Crayton then gave the Director's Inspection Report for the month of August. Director Crayton reported on an issue with Water Well No. 2, and stated that Mr. Staab will further discuss the item during his report. 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 Director's Inspection Report.

OPERATOR'S REPORT

Mr. Staab next reviewed the Operator's Report for the month of July, 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 charged off in the amount of \$458.27 and 28 accounts had been terminated due to non-payment. Mr. Staab also reported that discolored water was received from the North Harris County Regional Water Authority, but that the water meets TCEQ standards.

Mr. Staab next reported that the customer at Austin Plaza located at 4714 FM 2920 has submitted a letter disputing the deposit amount, a copy of which is attached hereto. Mr. Staab stated the deposit was charged in accordance with the District's Rate Order. Mr. Staab explained that the customer recently purchased the property from the previous owner, and the property now requires an additional water meter, which requires an additional deposit. Mr. Staab further stated the deposit amount was based on twice the average use from the previous business, which resulted in a \$5,600 deposit. Mr. Staab then stated that the first month's bill for the new owner was \$2,400. Director Schkade recommended basing the deposit amount off of the first month's bill for the new business, which would be \$4,800.

Mr. Staab then reported that Water Well No. 2 is having severe vibration issues. Mr. Staab stated he had Water Well No. 2 evaluated and there is an issue with the shaft. Ms. Staab then reviewed the three (3) repair options with the Board: 1) temporarily fix the shaft,

at a cost of \$2,450; 2) pull 100 feet of the well casing and check the bearings, at a cost of \$7,000; and 3) a full tear down and inspection of the shaft, at a cost of \$14,200. 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 option 2, at a cost of \$7,000.

Mr. Staab next stated the District currently absorbs the cost of any door hangers and delinquent letters for delinquent accounts. Mr. Staab then stated the District has the option to pass the cost of the door hangers and delinquent letters on to the District customers, which can sometimes cut down on delinquent accounts. Mr. Polley stated that the District also has the option to increase the delinquent late charge that would then cover the cost of the door hangers and delinquent letters. Director Crayton recommended increasing the current delinquent late charge by 5%. Mr. Polley stated that the District's Rate Order will need to be amended next month to increase the delinquent late charge.

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, approve a \$4,800 deposit for the customer at 4714 FM 2920, and authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

PURCHASE OF PROPERTY SOUTH OF THE WASTEWATER TREATMENT PLANT ("WWTP")

Director Draper stated he would like to approach the property owner south of the WWTP regarding the purchase of some of her property. Director Schkade stated that if the District could purchase 150 feet of the property south of the WWTP, then it would allow the District to build on the current property and still maintain a 150 foot easement. Mr. Lee then stated that the District just needs a 150 foot buffer zone easement in order to fully utilize the existing WWTP site. Mr. Polley stated he will work with Mr. Lee and Mr. Staab to approach the property owner regarding the purchase of a portion of the property or the conveyance of an easement to the District.

EXECUTION OF GENESIS PIPELINE TEXAS, L.P. APPLICATION TO ENCROACH ON EASEMENT (THE "APPLICATION")

Mr. Polley stated that the Application is related to the waterline extension to serve Klein ISD and Champion Forest Baptist Church. Upon motion by Director Crayton, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to authorize execution of the Application.

ENGINEER'S REPORT

Mr. Lee reviewed the Engineer's Report, a copy of which is attached as an exhibit hereto. Mr. Lee reported that Storm Water Solutions has provided written reports on the condition of the District's detention ponds, copies of which are attached hereto. Mr. Lee further reported that two (2) of the four (4) repairs authorized last month have been completed, and the retaining wall will continue to be monitored.

Mr. Lee then reported that the lift station pump pilot program has been completed, and that JCI recommends the Flight pump. Mr. Staab stated he is comfortable with the Flight pump. Director Crayton asked about the warranty on the Flight pump. Mr. Lee stated that the Flight pump has a standard one (1) year warranty.

Mr. Lee next reported that the new TPDES Permit has been received, and that JCI will begin working on the Water Effects Ration Analysis relating to the copper limit, as previously authorized by the Board.

Mr. Lee then reported that the WWTP Digester Analysis has been completed, and recommended scheduling a special meeting to discuss the results. The Board concurred to schedule a special meeting on Tuesday, September 11th at 5:30 p.m.

Mr. Lee next reported that the results from the Sanitary Sewer System Cleaning & Televising Phase I project are included in his report and Source Point Solutions has begun Phase II of the project. Mr. Lee stated he would like to spread the repairs out in phases in addition to having WDM repair anything that they can handle. Mr. Lee stated the Board can make a decision on which repairs to make first once a few more sections of the project have been completed. Director Schkade stated he would like to prioritize the repairs. Discussion ensued regarding the scope of the repairs.

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 Engineer's Report.

INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT ("HGSD") FOR SPONSORSHIP OF WATER WISE PROGRAM AT ROTH ELEMENTARY

Ms. Miller then reported that she has received the Interlocal Agreement from HGSD for the District's sponsorship of Roth Elementary for the Water Wise program. Ms. Miller explained that HGSD will not know if Roth Elementary will actually be participating in the Water Wise program until after the 2018-2019 school year begins. Ms. Miller further stated the District can pick another school to sponsor if Roth Elementary declines to participate in the Water Wise program, but the new school will not be within the boundaries of the District and might not even be within Klein ISD. Director Warren stated he would like a letter sent to the Klein ISD Superintendent regarding the Water Wise program and the Principal of Roth Elementary declining to participate. Mr. Polley stated he will prepare the letter. The Board declined to approve the Interlocal Agreement at this time.

DEVELOPER AGREEMENTS AND ANNEXATIONS CONCERNING THE FOLLOWING DEVELOPMENTS:

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

Mr. Polley stated that RBAP is currently preparing the annexation documents for the 1.1708-acre tract for submittal to the City for consent to annexation.

OUT OF DISTRICT SERVICE AGREEMENT WITH TRINITY LUTHERAN CHURCH ("TRINITY")

Mr. Polley next reported that the Out of District Service Agreement has been sent to Trinity for their review and execution. Mr. Polley recommended that the Board approve the Out of District Service Agreement subject to final review by Trinity and RBAP.

ATTORNEY'S REPORT

Mr. Polley next reported the damages by AT&T and its subcontractors have all been paid, except for one outstanding invoice not related to AT&T.

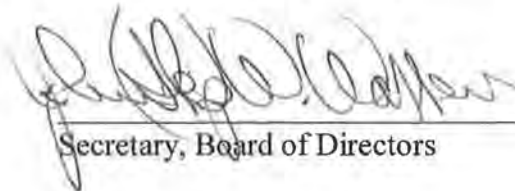
Mr. Polley then reported that Pogach & Trachtenberg PLLC, litigation counsel for the District on the *R&B Group v. Bridgestone MUD* lawsuit, has filed an answer to the lawsuit on the District's behalf.

MISCELLANEOUS MATTERS

Mr. Polley noted the next regular meeting will be held on September 18, 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 18th day of September, 2018.




Secretary, Board of Directors