

MINUTES OF MEETING  
OF  
BOARD OF DIRECTORS  
October 16, 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, October 16, 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 Draper, 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., 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., garbage and recycling service provider for the District; Mr. Brian Lopera of McCall Gibson Swedlund Barfoot PLLC, auditors for the District; Mr. Carles Webb, Vice President of the Bridgestone Homeowners Association; Mr. David Easterwood, resident of the District; Mr. Donald Callender, resident of the District; Mr. Kenneth Eisfeldt, resident of the District; Mr. Brad Jones of Corinthian Real Estate, Inc.; and 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 September, a copy of which is attached hereto, and noted that 225 citations had been issued during the month. Lieutenant Hoover then reported that Captain Ronnie Glaze has retired and Captain Jonathan Zitzmann has replaced Captain Glaze. Director Schkade then asked if the Constable's bicycle patrol will be available in the District on October 31<sup>st</sup> during Halloween. Lieutenant Hoover

stated he would look into the matter. 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 Constable's Report.

### PUBLIC COMMENT

Mr. Eisfeldt stated that his monthly water bill is typically between \$45 and \$60, but his most recent water bill is \$439 due to a leak. Mr. Eisfeldt further stated that he has since fixed the leak and paid half of the bill. Mr. Eisfeldt asked for consideration on the remainder of the bill since he fixed the leak. Director Schkade stated that since Mr. Eisfeldt used the water, the District would not reduce the bill but offered a payment plan for the balance.

### CONSENT AGENDA

Director Warren then reviewed the items reflected on the Consent Agenda with the Board. Director Warren 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 Crayton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the consent agenda, including approving: 1) the minutes of the regular meeting of September 18<sup>th</sup> and the minutes of special meetings of September 11<sup>th</sup> and October 9<sup>th</sup>, as written; 2) pay estimates and change orders as follows: a) Public 12-inch Waterline Extension to Serve 113-Acre KISD/CFBC Tract Phase I Pay Estimate No. 1, in the amount of \$155,371.50; b) Sanitary Sewer Cleaning & Televising – Phase II Pay Request, in the amount of \$23,372.80; 3) executing the contract for Lift Station No. 1 Expansion to PMG Project Management Group, LLC, in the amount of \$232,390; 4) accepting conveyance of a Special Warranty Deed – CC Gosling 28.06, L.P. – 4.798-acre tract; and 5) accepting conveyance of Water Meter Easement – Champion Forest Baptist Church - 0.0046-acre tract.

### BOND AGENDA

#### UPDATE SCHEDULE FOR THE SALE AND DELIVERY OF THE DISTRICT'S \$7,400,000 WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX BONDS, SERIES 2018 (THE "SERIES 2018 BONDS")

Ms. Garza reported that the closing for the Series 2018 Bonds is still on schedule for November 29<sup>th</sup>.

### REGULAR AGENDA

#### GARBAGE AND RECYCLING COLLECTION SERVICE REPORT

Ms. Nussa reviewed the Garbage and Recycling Collection Service Report with the Board. Ms. Nussa stated she reached out to Sprouts regarding the use of their parking lot for a location for a shredding event next year. Ms. Nussa further reported that the first or second

Saturday in April is available for a shredding event. Director Crayton stated that April 6<sup>th</sup> works best for him. Ms. Nussa stated that she will confirm the date with Sprouts. 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.

#### CONDUCT PUBLIC HEARING ON 2018 TAX RATE

Director Warren then declared the public hearing open to discuss the District's proposed tax rate for 2018. Ms. Garza stated the Notice of Hearing and effective tax rate for 2018 of \$0.52 per \$100 assessed valuation had been published as required by law and then explained that since there were no members of the public to ask questions concerning the proposed tax rate, the Board could close the hearing and proceed with setting the District's 2018 tax rate. The public hearing was then closed.

#### ORDER SETTING RATE AND LEVYING TAX FOR 2018

Ms. Garza presented for the Board's approval and adoption an Order Setting Rate and Levying Tax for 2018 (the "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 Order, thereby levying a debt service tax rate of \$0.32 per \$100 of assessed valuation for the calendar year ending December 31, 2018 and an operations/maintenance tax rate of \$0.20 per \$100 of assessed valuation for the District's fiscal year ending December 31, 2018, for a total 2018 tax rate of \$0.52 per \$100 of assessed valuation. A copy of the Order is attached hereto as an exhibit.

#### AMENDMENT TO DISTRICT INFORMATION FORM

Ms. Garza then explained that pursuant to Section 49.455 of the Texas Water Code, as amended, the District is required to amend its District Information Form any time information on such form is revised or updated. Ms. Garza informed the Board that because the District's 2018 tax rate has been adopted, an Amendment to District Information Form is necessary. 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 the execution of the Amendment to District Information Form, and to authorize RBAP to file such amendment in the Harris County Real Property Records and with the Texas Commission on Environmental Quality ("TCEQ"), as required by law.

#### TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall reviewed the Tax Assessor/Collector's Report for September 2018, a copy of which is attached hereto. Ms. Hall reported the District has collected 99.5% 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. Discussion ensued regarding various accounts on the Delinquent Tax Attorney's Report. Ms. Miller suggested asking the District's Delinquent Tax Attorney to attend the November Board meeting to further address the Board's questions. 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.

## APPLYING AGREED-UPON PROCEDURES TO CONSTRUCTION, ENGINEERING AND RELATED COST REIMBURSEMENTS FROM SURPLUS OPERATIONS REVENUE FOR DEVELOPER PROJECTS ("AUP") AND APPROVE REIMBURSEMENT TO DEVELOPERS

Mr. Lopera presented the draft AUP to the Board, a copy of which is attached hereto. Mr. Lopera noted that developers would be reimbursed from surplus operating funds as follows: 1) Freeman Holdings of Texas, L.L.C. ("Freeman"), in the amount of \$134,885.87; 2) KSS Partners, in the amount of \$191,251.42; and 3) Spring Crossings 1758, LLC ("Spring Crossings"), in the amount of \$2,222,395.01. Mr. Lopera further noted that the reimbursement calculation worksheets reflect that Freeman and KSS Partners are eligible for a 100% reimbursement. Mr. Lee then explained the reimbursement calculation worksheet for Spring Crossings reflects eligibility for 92.1% reimbursement, but he suggests reimbursing Spring Crossings at 100% to save on future interest costs that would be owed by the District. 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 AUP and authorize the developer reimbursements reflected therein.

## 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 \$96,233.37, for the District's share of sales tax revenue for the month of July 2018, in connection with the District's Strategic Partnership Agreement with the City. 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 Bookkeeper's Report, the Investment Report and payment of the checks reflected therein.

## REQUESTS FOR SERVICE

Mr. Lee reported that a request for service was received for the property on the south side of FM 2920 and east of Seals Gully. Mr. Lee further reported a copy of the deposit check was received via email and that the original check should be arriving soon. Mr. Lee recommended approving preparation of the feasibility study contingent on receipt of the deposit check. 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 authorize preparation of the feasibility study contingent on receipt of the deposit check.

#### DIRECTOR'S INSPECTION REPORT

Director Warren then gave the Director's Inspection Report for the month of October, a copy of which is attached hereto. Director Warren suggested changing out the fence at Lift Station No. 6 to match the adjacent subdivision fence. Director Warren requested that Mr. Staab obtain a quote for a new fence. Director Warren then reported that there are tree limbs down at the park that need to be cleaned up. Director Warren requested that Mr. Staab obtain a quote to clean up the tree limbs. 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 Director's Inspection Report.

#### OPERATOR'S REPORT

Mr. Staab next reviewed the Operator's Report for the month of September, a copy of which is attached hereto. Mr. Staab reported the District currently serves 6,273 active connections. Mr. Staab then reported nine (9) accounts had been charged off in the amount of \$432.92 and 48 accounts had been terminated due to non-payment.

Mr. Staab next reported that WDM received a request from the customer at 20915 Fernhollow Lane for the return of his \$100 deposit due to regular on time payments for several years. Director Schkade stated the deposit requirement is stated in the District's Rate Order. Director Crayton asked if there was any way to change the District's Rate Order to allow for the refund of a certain deposit amount after a period of on time payments. Mr. Staab explained that a potential issue with refunding customers' deposits is that the District would be left with an unpaid water bill if the customer were to move without paying their final bill. Director Crayton stated he would like to discuss the issue further. Ms. Garza stated that consideration of a Rate Order amendment could be included on the November agenda.

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 Operator's Report and authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

#### ACQUISITION OF PROPERTY RIGHTS SOUTH OF THE WASTE WATER TREATMENT PLANT SITE

Ms. Garza reported that RBAP is currently scheduling a meeting with the property owners to discuss the District's request and any impacts to the property.

#### ENGINEER'S REPORT

Mr. Lee reviewed the Engineer's Report, a copy of which is attached as an exhibit hereto. Mr. Lee reported the Water Effects Ratio Analysis has been submitted to the TCEQ for approval.

Mr. Lee next reported the results of the Sanitary Sewer System Cleaning & Televising Phase II have been reviewed by Jones & Carter and a priority repair list has been prepared. Mr. Lee suggested reviewing the results with the Board at the November 1<sup>st</sup> special meeting.

Mr. Lee then reviewed an exhibit of a 3-D rendering of the proposed booster pump building. Mr. Lee requested authorization to begin advertising for the project. 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 authorize advertising for bids for construction of a building over the booster pumps at the Elevated Storage Tank.

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.

#### FUTURE BOND AUTHORIZATION ELECTION

Mr. Lee next reported that he will be prepared to discuss options for a future bond authorization election at the November Board meeting.

#### DEVELOPER AGREEMENTS AND ANNEXATIONS CONCERNING THE FOLLOWING DEVELOPMENTS - CC GOSLING 14.58, L.P. – 1.1708-ACRE TRACT ANNEXATION

Ms. Garza stated that RBAP has submitted the annexation documents for the 1.1708-acre to the City for consent to annexation.

#### ATTORNEY'S REPORT

Ms. Garza next reported the damages by AT&T and its subcontractors have all been paid. Ms. Garza then stated one outstanding invoice remains for damage caused by a different telecommunications company.

Ms. Miller then reviewed handouts on the Save Water Texas Education Program ("Save Water Program"). Copies of the handouts are attached hereto. Ms. Miller explained that the Save Water Program is a sponsorship opportunity run by Ms. Barbara Payne that presents programs in elementary schools about water issues. Ms. Miller further explained that the Save Water Program is an alternative to the Water Wise program if the District is interested in sponsoring an educational program for an elementary school. Director Warren asked if Roth Elementary is interested in the Save Water Program. Ms. Miller stated she would check with Ms. Payne to determine if Roth Elementary is interested in participating. Director Warren then reported that he met with the Klein ISD Superintendent, and the Superintendent did not have any knowledge about the Water Wise program that the District previously sponsored at Roth Elementary. Director Warren stated he would like a follow-up letter written to the Superintendent with additional information regarding the Water Wise program and information regarding the Save Water Program.

MISCELLANEOUS MATTERS

Ms. Garza noted the next regular meeting will be held on November 20, 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 20<sup>th</sup> day of November, 2018.



  
Secretary, Board of Directors