

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
September 17, 2019

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, September 17, 2019, 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: Sergeant Frasier and Officer Signh of Harris County Precinct 4 Constables' office ("Precinct 4"); Ms. Pat Hall of Equi-Tax, Inc., tax assessor/collector for the District; Messrs. Josh Lee, P.E., and Jeffrey Bishop, P.E., of Jones|Carter, Inc. ("JCI"), engineers for the District; Messrs. Danny Staab and Adrian Steffes of Water District Management Company, Inc. ("WDM"), operators for the District; Ms. Christina Cole of Myrtle Cruz, Inc., bookkeeper for the District; Ms. Barbara Nussa and Mr. Doneil White 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. Joe Palumbo of Rebecca Village; Mr. Srinivasa Gogineni of Meritas Builders; Mr. Carles Webb, Vice President of the Bridgestone Homeowners Association ("HOA"); and Mr. Jonathan D. Polley, attorney, Mr. John-Thomas Foster, attorney, and Ms. Misti J. Vice, legal secretary, 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

Sergeant Frasier reviewed the Constable's Report for the month of August, 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 Constable's Report.

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 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 and certified agenda of executive session of the regular meeting of August 20, 2019, as written; and 2) execution of a construction contract for Sanitary Sewer Extension for 2.272-acre Sunlight Development to RJ&M Utility Construction.

BOND AGENDA

UNLIMITED TAX REFUNDING BONDS, SERIES 2019A (THE "REFUNDING BONDS")

Mr. Polley reported the Refunding Bonds are scheduled to close September 26th.

REGULAR AGENDA

FINANCIAL ADVISOR'S REPORT, INCLUDING FINANCIAL ADVISOR'S RECOMMENDATION FOR 2019 TAX RATE, PUBLICATION OF EFFECTIVE TAX RATE CALCULATIONS, AND PUBLIC HEARING DATE REGARDING 2019 TAX RATE

Mr. Howell next reviewed his 2019 tax rate recommendation with the Board, a copy of which is attached hereto. Mr. Howell informed the Board that the 2018 assessed valuation would be approximately \$1.550 billion which represents a \$19 million increase over 2018. Mr. Howell then reminded the Board that the 2018 tax rate was set at \$0.52 per \$100 assessed valuation, comprised of \$0.30 for debt service tax and \$0.22 for operation and maintenance tax. Mr. Howell further recommended that the District publish a 2019 tax rate of \$0.52 per \$100 assessed valuation, comprised of \$0.30 for debt service tax and \$0.22 for operation and maintenance tax. Mr. Howell also stated a tax rate of \$0.52 the average homestead will pay approximately \$38 fewer MUD tax dollars this coming year. 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 schedule the public hearing on the tax rate for Tuesday, October 15, 2019, at 6:00 p.m., and authorize the Tax Assessor/Collector to publish a notice of public tax hearing reflecting a proposed tax rate of \$0.52 per \$100 assessed valuation.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall reviewed the Tax Assessor/Collector's Report for August 2019, a copy of which is attached hereto. Ms. Hall reported the District has collected 99.2% of its 2018 taxes to date. Upon motion by Director Draper, seconded by Director Warren, 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

Mr. East next reviewed the Delinquent Tax Attorney's Report, a copy of which is attached hereto. Mr. East reported that account number 137-669-001-0006 will be scheduled for termination because the owner has not responded to the termination letter sent on September 12th. Mr. East also reported that account numbers 115-608-002-0024 and 116-397-008-0016 agreed to payment plans. Mr. East requested moving the accounts in Section X of the report to the uncollectible roll. 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 moving the accounts in Section X of the report to the uncollectible roll.

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 in connection with the District's Strategic Partnership Agreement with the City of Houston in the amount of \$123,922.59 for the District's share of sales tax revenue for the month of June 2019. Upon motion by Director Draper, seconded by Director Warren, 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, INCLUDING REQUEST FOR INCREASE IN RECYCLING RATE

Ms. Nussa presented the Garbage and Recycling Collection Service Report to the Board, a copy of which is attached hereto. Ms. Nussa explained if the Board still wants to tour the ITR Recycling Center, a tour could be scheduled. Mr. White, operations manager for Republic, discussed a customer complaint with the Board. Mr. White stated the customer's complaint regarding a Driver had been investigated and closed. Ms. Nussa stated Republic would like a six (6) month increase of \$0.38 for recycling costs. The Board discussed the length of the increase. 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 approve the Garbage and Recycling Collection Service Report and a \$0.38 increase for recycling costs for one (1) year beginning October 1, 2019 until September 30, 2020.

DISTRICT OPERATIONS AND WATER EDUCATION CENTER (THE "OPERATIONS CENTER")

Mr. Steffes reviewed the progress of construction of the Operations Center. Mr. Steffes reported that the fence is 99% complete. Mr. Steffes then presented Gamma Construction's proposal for additional fencing around the power disconnects at a cost of \$2,699, a copy of which is attached hereto. 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 authorize the installation of additional fencing around the power disconnects at a cost of \$2,699.

Mr. Polley stated he will meet with Captain Zitzmann next week regarding Precinct 4's use of the Operations Center. 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 Operations Center report.

REQUESTS FOR SERVICE AND/OR ANNEXATION AND AUTHORIZE PREPARATION OF FEASIBILITY STUDIES

Mr. Gogineni presented the Board with a revised proposed land plan for a multi-family development and requested a feasibility study. The Board agreed to table the discussion until the October Board meeting in order to allow the Directors time to review the revised land plan.

Mr. Lee reported that a request for service was received from Precise Technical Services for an approximately 1.7329-acre tract located at 19430 Kuykendahl Road. A copy of the site plan is attached hereto. Mr. Lee further reported the service application and feasibility study deposit check have been submitted. 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 preparation of a feasibility study for the 1.7329-acre tract.

Mr. Lee next reviewed the feasibility study for the Rebecca Village Business Park - 11.581-Acre Tract of land (the "11.581-Acre Tract"), located South of Lakota Trail and West of Rhodes Road, outside the District boundary, a copy of which is attached hereto. Mr. Lee reported the developer of the 11.581-Acre Tract intends to develop the property into seven (7) separate buildings for commercial office and warehouse space. Mr. Lee stated that the developer will be responsible for extending a private waterline to tap into the nearest public waterline. Mr. Lee also reported a public sanitary sewer extension is not necessary. Mr. Lee stated the manhole flows to Lift Station No. 4, which currently has no available capacity to serve 11.581-Acre Tract and until capacity of Lift Station No. 4 is available, the developer must construct an onsite private sanitary sewer treatment system. Mr. Lee recommended an Out-of-District service agreement for the 11.581-Acre Tract. Upon motion by Director Draper, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to accept the feasibility study and authorize preparation of an Out-of-District service agreement for the 11.581-Acre Tract.

SUNLIGHT DEVELOPMENT LLC – 2.272-ACRE TRACT ANNEXATION (THE "2.272-ACRE TRACT")

Mr. Polley reported the annexation for the 2.272-acre tract has been approved by the City. Mr. Polley stated the Order Annexing Land will be presented for approval at the October Board meeting.

FINANCING AGREEMENT FOR CC GOSLING 14.58, L.P. – 15.2501 – ACRE TRACT (THE "FINANCING AGREEMENT")

Mr. Polley stated the revised Financing Agreement with CC Gosling 14.58, L.P. was forwarded to Mr. Johnson for review. 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 approve the Financing Agreement, subject to RBAP's final review.

SAVE WATER TEXAS EDUCATIONAL SPONSORSHIP

Director Crayton stated he has not been in contact with Ms. Barbara Payne and will continue to reach out to her. Director Crayton will report back at the October Board meeting.

DIRECTOR'S INSPECTION REPORT

Director Warren then gave the Director's Inspection Report. Director Warren reported the fence at Lift Station No. 4 needs repair. Director Warren also reported the Lift Pump 1 at Lift Station No. 7 (the "Pump") was pulled and Mr. Staab will address the issue in the Operator's 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.

OPERATOR'S REPORT

Mr. Staab reviewed the Operator's Report for the month of August, a copy of which is attached hereto. Mr. Staab reported the District currently serves 6,288 active connections. Mr. Staab then reported that two (2) accounts had been charged off in the amount of \$132.42 and 87 accounts had been terminated due to non-payment.

Mr. Staab also reported that WDM repaired the gear box seals auger no. 2 and replaced the bearings on fine screen no. 1 and fine screen no. 2 at the Wastewater Treatment Plant. Mr. Staab further reported that the Pump was pulled and a rental is in place. Mr. Staab stated he is still waiting for a quote for replacing the Pump. Mr. Polley recommended creating a committee to approve the purchase and replacement of the Pump once Mr. Staab receives a quote. 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 delegate to Director Draper the authority to approve the purchase and replacement of the Pump.

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 Operator's Report.

ENGINEER'S REPORT

Mr. Lee reviewed the Engineer's Report, a copy of which is attached hereto. Mr. Lee reported the second round of sampling for the Water Effects Ratio Analysis will begin soon. Mr. Lee next reported the Rhodes Landing Detention Pond and Pump Station Improvements & Rehabilitation contract will be presented at the October Board meeting. Mr. Lee reminded the Board that at the September meeting he reported the strength of the mortar for the concrete masonry unit ("CMU") may not be adequate. Mr. Lee then reported the structural engineer has reviewed the testing results and reported that the CMU mortar does meet the necessary

requirements. Mr. Lee also reported that the Water Plant No. 5 EST Booster Pump Building driveway will be completed soon.

Mr. Lee also reported that Stormwater Solutions has prepared the Storm Water Quality Permit ("Permit") renewal documentation for the Springbrook Plaza Section 1. Mr. Lee then reported bi-annual water well testing was completed and Mr. Lee recommended the Board budget for a re-work of water well No. 1 in a few years. Mr. Lee also presented the Board with the street and sidewalk repair assessment. Mr. Lee agreed to surveying various sidewalks across the District. Mr. Lee stated a bid package may take a couple of months to prepare.

Mr. Lee reported the Change in Scope Application was approved by the TCEQ on August 20, 2019. Mr. Lee presented the Texas A&M Master Plan for Trails agreement for approval. Mr. Lee then presented to the Board a Professional Services Agreement for the Board's review and approval. 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 approve the Engineer's Report, and to authorize execution of the Texas A&M Plan for Trails agreement and JCI's Professional Services Agreement.

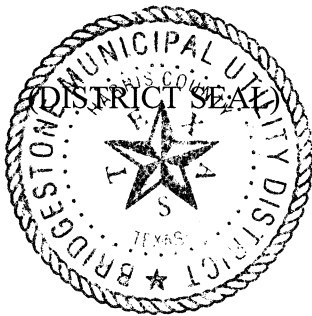
ATTORNEY'S REPORT


Mr. Polley asked the Board if they would like to discuss any specific cyber security issues at the next Board meeting. The Board concurred to place an item on the October agenda to further discuss cyber security concerns.

MISCELLANEOUS MATTERS

Mr. Polley noted the next regular meeting will be held on October 15, 2019, 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 October, 2019.





Secretary, Board of Directors