

NO. 2004-1

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
January 20, 2004

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 Bridgestone Community Center, 4403 Lost Lake Lane, Spring, Texas, its regular meeting place within the boundaries of the District, on Tuesday, January 20, 2004, at 6:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Adrian E. Steffes	-	President/Investment Officer
Brad Dill	-	Vice President
Robert J. Joyce	-	Secretary
Jim Marks	-	Assistant Secretary
Skip Warren	-	Treasurer

All members of the Board were present, except Director Joyce, thus constituting a quorum. Also attending the meeting were Mr. Gene Conner, General Manager of the District; Mr. Michael McCall of McCall Gibson & Company, PLLC, ("McCall Gibson") auditors for the District; Ms. Pat Hall of Equi-Tax, Inc., tax assessor/collector for the District; Ms. Mary Jarmon of Myrtle Cruz, Inc. ("MCI"), bookkeeper for the District; Messrs. Ed Shackelford, P.E. and Erich Peterson of Jones & Carter, Inc. ("Jones & Carter"), engineers for the District; Ms. Karen Sears and Mr. Joe Almaguer of Aqua Services, LP ("Aqua Services"), operators for the District; Mr. Dan D. Peterson of Land and Home Company, Inc., proposed developer of 134 acres located outside of the boundaries of the District; Mr. Erik Haaland of Terra Prima LTD, development manager for RH of Texas Limited Partnership, developers of the Stone Forest and Bridgestone Ranch subdivisions within the District; Mr. Robert Hudson of Texas Investment & Development Company, developer of the Bridgestone Lakes and Gosling Pines subdivisions within the District and developer of the Senterra Lakes tract (formerly known as Bridgestone Estates) proposed to be annexed into the District; Mr. John R. Moy, P.E., Project Manager of LJA Engineering & Surveying, Inc., engineers for the Spring Terrace subdivision within the District; Mr. Ron Walkoviak of Development Consultants Inc., development manager of the Spring Terrace subdivision within the District; Mr. Nick Ozuna, Jr., P.E., Project Manager - Land for MHI Partnership, Ltd., developer/homebuilder in the Spring Terrace subdivision within the District; Mr. Perry Senn of H.H. Estates, LP, developer of the Bella Sera and Villages of Bridgestone subdivisions within the District and developer of the 205-acre Schoessow tract recently annexed into the District; Mr. Jim Ridgway, P.E. of NewQuest Properties, developers of the Walgreens (located at Kuykendahl and Spring-Cypress) and the Wal-Mart commercial

developments located within the District; Mr. David Harrison of Sowell & Co., developer of the Rhodes Landing subdivision within the District; Mr. Victor Bailey, representing Stimac Enterprises, Inc., owner of the 14.9-acre commercial tract on FM 2920 proposed to be annexed into the District; Mr. Howard Lederer of the Gosling Grove property located outside the boundaries of the District; Mr. Gary Palmer, a resident of the District; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC, attorneys for the District. A copy of the sign-in sheet for those in attendance at the meeting is attached hereto.

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.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall first presented the Tax Assessor/Collector's Report for the month of December, a copy of which is attached hereto. Ms. Hall reported that as of yesterday, 73% of the District's 2003 taxes have been collected, a significant increase over the 23.1% reflected on the Report.

Upon motion by Director Warren, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor/Collector's Report and to authorize payment of the checks reflected therein.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Hall then reviewed the Delinquent Tax Attorney's Report with the Board, a copy of which is attached hereto. Ms. Hall noted that in Section I of the Delinquent Tax Attorney's Report, the third account had paid a \$1,000 installment payment with the balance to be paid on January 30, 2004, and that service to account nos. 1, 2 and 4 in Section I would be terminated for non-payment of delinquent taxes.

Upon motion by Director Dill, seconded by Director Warren, 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 service termination to the designated accounts.

Ms. Hall then exited the meeting at 6:07 p.m.

CONSENT AGENDA

Director Steffes then reviewed with the Board the items reflected on the Consent Agenda. 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 or a member of the public requests that an item be moved to the regular portion of the agenda.

Director Steffes stated that the two (2) sets of special meeting minutes reflected on the Consent Agenda and item no. 2.a would be deferred. Upon motion by Director Dill, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to approve: 1) the minutes of the regular meeting of December 16, 2003, as

written; 2) Pay Estimate No. 7 in the amount of \$14,805.90, Pay Estimate No. 8 in the amount of \$58,220.55 and Pay Estimate No. 9 in the amount of \$18,000.00 to A.H. Baker Contractors Inc. in connection with the clearing and grubbing and detention pond improvements to serve Gosling Pines; 3) Pay Estimate No. 6 to JAHG, Inc. in the amount of \$14,396.04 for the construction of the water, sanitary sewer and drainage facilities to Springbrook, Section 2 and decreasing the retainage amount to 2% of the total contract amount; and 4) approve the Developers' Reports.

Mr. Shackelford then entered the meeting at 6:10 p.m.

ENGAGEMENT OF AUDITOR

The Board next recognized Mr. McCall, who reviewed the proposed engagement letter to prepare the District's audit reports for the fiscal years ending December 31, 2003 and December 31, 2004, a copy of which is attached hereto. Mr. McCall explained that this fiscal year starts the District's progress towards compliance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34") and, with such compliance, there will be increased costs as outlined in his cover letter to the Board. Mr. McCall explained that the fee estimate for preparation of the December 31, 2003 audit is \$4,800 to \$5,100, that the fee estimate for the required GASB 34 procedures between audit periods to convert the financial information to full accrual financial statements is estimated to be \$5,000 to \$7,000 and that the fee estimate for preparation of the December 31, 2004 audit is \$12,000 to \$14,000. Upon motion by Director Dill, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to engage McCall Gibson to prepare the District's audit reports for the fiscal years ending December 31, 2003 and December 31, 2004 and to authorize execution of the two (2) year engagement letter.

RESOLUTION ADOPTING POLICIES FOR CAPITALIZATION AND DEPRECIATION OF DISTRICT ASSETS

Ms. Bobbitt next reviewed a letter received from McCall Gibson recommending that the Board adopt a depreciation policy in which the years of useful life are assigned to the District's assets and a capitalization threshold is specified for additions to the District's asset base as required by GASB 34. Ms. Bobbitt then presented a Resolution Adopting Policies for Capitalization and Depreciation of the District's Assets (the "Resolution") for the Board's approval. Upon motion by Director Dill, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto.

Mr. McCall then exited the meeting and Mr. Harrison entered the meeting at 6:25 p.m.

REGULAR AGENDA

DIRECTOR'S REPORT

Director Steffes then reported that he had conducted an inspection of the District's facilities during January. Director Steffes stated that he would like all of the signage at the facilities throughout the District to be uniform and updated with the correct contact information

and asked Mr. Almaguer to order the new signs. Director Steffes also reported that the fire hydrants in the new subdivisions need to be painted like the fire hydrants located in the older subdivision in the District. Director Warren agreed that the signs at the District's facilities should be uniform. Director Warren asked who was responsible for mowing the lift station in Bridgestone West. Director Steffes stated that the homeowners association for Bridgestone West was responsible for the upkeep of the site, but pointed out that the site is sometimes mowed by the resident living next door to the lift station site. Director Steffes added that he had also inspected the temporary water line that is being installed to service the retail strip center at the Albertson's tract.

Upon motion by Director Warren, seconded by Director Dill, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Director's Report.

OPERATOR'S REPORT

Ms. Sears then reviewed the Operator's Report for the month of December with the Board, including the delinquent account list, copies of which are attached hereto. Ms. Sears reported that the water accountability ratio for the month was 94.8%, with a four (4) month average of 92.1%, and that there were eight (8) sludge hauls during the month. Ms. Sears added that there are currently 2,693 connections in the District, including 193 builder accounts and 26 vacancies.

Director Warren asked Ms. Sears to include a history of the total amount of pumpage fees that have been paid by the District to the North Harris County Regional Water Authority (the "NHCRWA") on the monthly Operator's Report.

Upon motion by Director Dill, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report and to authorize the termination of service to the delinquent accounts.

BOOKKEEPER'S REPORT

Ms. Jarmon next reviewed the Bookkeeper's Report with the Board, including the revenues and expenses of the District, the budget comparison, investment report and the checks being presented for payment, a copy of which is attached hereto. Ms. Jarmon reported that a \$3,000 deposit had been received from Mr. Hudson for the feasibility study for service to and annexation of the 101-acre tract located adjacent to the Senterra Lakes tract.

Ms. Jarmon then discussed the revised MCI Contract for Bookkeeping Services. Ms. Jarmon stated that it was her understanding that the Board had proposed to tie the monthly fee to the total number of connections in the District, including builder connections, rather than just the number of occupied homes. The Board concurred that the monthly compensation amount in the contract was to be determined on an annual basis based on the total number of connections in the District, including builder connections. Ms. Jarmon stated that she would revise the Bookkeeping Services Contract for execution at the February meeting.

Upon motion by Director Dill, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report and the payment of the checks reflected therein.

CONSIDER REQUEST FROM BRIDGESTONE SWIM TEAM FOR TEAM SPONSORSHIP

Director Steffes stated that an email was sent to the District's Website requesting that the District contribute funds for the sponsorship of the Bridgestone swim team. Director Steffes added that it is his understanding that the District no longer has any discretionary funds available for such contribution. Ms. Jarmon confirmed that all of the garbage recycling proceeds had been utilized. Director Warren asked if the swim team had other sponsors. Director Steffes responded that there were other swim team sponsors, but that the team was trying to increase the numbers of sponsorships. The Board directed Ms. Bobbitt to prepare a response to the swim team that the District has no funds which it can provide to the swim team.

CONSIDER REQUEST FOR SERVICE TO AND ANNEXATION OF 134-ACRE TRACT

The Board then recognized Mr. Dan Peterson, who presented an aerial photograph of the 134-acre Ward tract bounded by Boudreaux Road and FM 2920, a copy of which is attached hereto. Director Dill then presented an Affidavit Disclosing Conflict of Interest regarding the tract, a copy of which is attached hereto, and stated that he is the broker for Land and Home Company, Inc., who is seeking annexation of the 134-acre tract into the District. Mr. Peterson next reviewed development plans for the tract. Mr. Peterson stated that the development is proposed to include 400 single-family homes in the \$120,000 to \$150,000 range and would be developed in four (4) or five (5) phases. Mr. Peterson then presented a \$3,000 deposit for the feasibility study. Mr. Shackelford noted that there is already a drainage outfall culvert in place south of FM 2920 that would serve the tract. Mr. Conner reported that he had reviewed the storm drainage for the property, which appears not to be an issue, but noted that providing sanitary sewage treatment capacity to the tract could be a problem. Director Steffes asked that Jones & Carter look at the costs of an interim wastewater treatment plant and force main/lift station to provide sanitary service to the area during the preparation of the feasibility study for the tract. Upon motion by Director Warren, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted three (3) votes in favor, with Director Dill abstaining, to authorize Jones & Carter to prepare a feasibility study for annexation and service to the 134-acre tract of land.

FEASIBILITY STUDY FOR 101-ACRE TRACT WEST OF SENTERRA LAKES

Mr. Shackelford reported that Jones & Carter did not receive the \$3,000 deposit from Mr. Hudson until last week and, therefore, had not prepared the feasibility study for annexation of and service to the 101-acre tract that had been authorized at the District's December meeting. Mr. Hudson stated that he delivered the \$3,000 check to the District's bookkeeper on January 9, 2004, and also noted that he had recently acquired the 38.5-acre Senterra Lakes tract. Mr. Hudson then requested an item on the February agenda for the Board's approval and acknowledgment of the assignment of contract rights from Senterra Lakes, L.P. to First Continental Investment Co., Ltd.

REVIEW UPDATED FEASIBILITY STUDY AND REQUEST FOR SERVICE TO BRIDGESTONE LAKES, SECTIONS 3 AND 4

Mr. Erich Peterson then reminded the Board that at the December meeting, the Board had authorized Jones & Carter to prepare an update of the feasibility study for Bridgestone Lakes to include Sections 3 and 4 of such development. Mr. Peterson explained that Bridgestone Lakes, Section 4 will be comprised of an 18-acre tract already within the boundaries of the District, plus a 7.5-acre tract that will have to be annexed into the District. Mr. Peterson then distributed copies of the feasibility study for the 7.5-acre tract, a copy of which is attached hereto, and reviewed the feasibility study with the Board. Mr. Peterson explained that the water and sanitary sewer facilities can be extended into Bridgestone Lakes, Section 4 from Bridgestone Lakes, Sections 1 and 2. Mr. Peterson stated that Bridgestone Lakes, Section 4, comprised of 102 residential lots, will need an estimated water capacity of 43,000 gallons per day ("gpd") and an estimated sanitary sewer capacity of 32,000 gpd, which will require expansion of the District's water and wastewater plants to provide such capacity. Mr. Peterson then reviewed the construction costs for the development and noted that the project would be financially feasible at 100% reimbursement. Upon motion by Director Marks, seconded by Director Dill, after full discussion and the question being put to the Board, the Board voted unanimously to approve the request for service and annexation of the 7.5-acre tract to be developed as Bridgestone Lakes, Section 4 and authorized the District's consultants to proceed with annexation of such tract.

ENGINEER'S REPORT

The Board next recognized Mr. Shackelford, who reviewed the Engineer's Report with the Board, a copy of which is attached hereto.

Concerning the District's \$5.75 million bond application pending at the Texas Commission on Environmental Quality (the "TCEQ"), Mr. Shackelford reported that Jones & Carter has received the TCEQ Staff Memorandum on the bond application and noted that the TCEQ had disallowed a total of \$142,004 for portions of the clearing and grubbing contracts for the Stone Forest and Rhodes Landing developments, along with several other cost reductions. Ms. Bobbitt then interjected that Messrs. Harrison and Haaland would like to contest the TCEQ Staff Memorandum regarding the amounts disallowed on their respective clearing and grubbing contracts. Ms. Bobbitt stated that she would contact the TCEQ to determine whether challenging the TCEQ staff's position on the clearing and grubbing contract amounts would cause the bond application to be removed from the expedited review process. Ms. Bobbitt requested that Messrs. Harrison and Haaland prepare the necessary information on the clearing and grubbing costs for submission to the TCEQ. Director Steffes asked how long the bond application might be delayed at the TCEQ if it is removed from the expedited review process. Mr. Shackelford predicted the application may be delayed from three (3) to six (6) months.

Mr. Shackelford next reminded the Board that the Rhodes Landing detention basin land costs (approximately \$80,000 to \$100,000) had been omitted from the District's seventh (7th) bond application currently pending at the TCEQ, and recommended that the costs be included in the District's next bond application to avoid further delays on the seventh (7th) bond application. Mr. Shackelford also requested authorization to proceed with the eighth (8th) bond application in order to maintain the District's schedule. Upon motion by Director Dill, seconded by Director

Marks, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Jones & Carter to begin work on the District's eighth (8th) bond application and to include the Rhodes Landing detention basin land costs in such bond application.

Concerning the final inspection of Ditch "C" by the Harris County Flood Control District (the "HCFCFCD") on January 7th, Mr. Shackelford reported that the ditch had been mowed and the right-of-way easements along the eastern and southern limits re-staked on January 13, 2004 in accordance with the HCFCFCD's request. Mr. Shackelford went on to explain that on January 14, 2004, the HCFCFCD conducted a second walk-through, at which time the inspector requested that 1) a small portion of the interceptor swale near the turn in the ditch be backfilled in order to drain better; 2) an illegal storm sewer connection from an adjacent home be removed; and 3) the concrete pilot channel be cleaned. Mr. Shackelford explained that Jones & Carter had responded to the HCFCFCD inspector that the pilot channel did not require cleaning, and the inspector will determine whether such item can be removed from the punch list. Mr. Conner stated that he would take care of having the illegal storm sewer connection located on the north side of the ditch near Kuykendahl Road removed.

Mr. Shackelford next stated that the GIS presentation and discussion regarding the Master Plan and Five (5) Year Capital Improvement Plan would be deferred to a future meeting of the Board.

Mr. Shackelford then reported that Jones & Carter has completed and submitted the information requested by the NHCRWA concerning the Groundwater Transfer Project, a copy of which is attached hereto, on December 23, 2003, and have had additional discussions with the NHCRWA's consultants on January 15, 2004, regarding the transmission line routing and potential connections to the District. Mr. Shackelford noted that the District will buy water from the NHCRWA beginning 2006, and that if water is not available from the NHCRWA at such time, the District will need to go forward with building a fourth (4th) water plant or participate in a regional water plant.

Director Steffes then commented that the TCEQ Staff Memorandum did not mention the variance the District has obtained from the TCEQ's elevated storage tank requirement. Mr. Peterson explained that the information concerning the District's elevated storage exemption was included in the bond application report. Director Steffes suggested that the District enter into discussions with the NHCRWA regarding a shared elevated storage tank. Mr. Shackelford stated that Jones & Carter would follow up with the NHCRWA on such matter.

Mr. Shackelford next reviewed the list of Construction Management Activities listed in the Engineer's Report. Mr. Shackelford first reported that the bids for construction of the water, sanitary sewer and drainage facilities to serve Stone Forest, Section 4 had been received, and that the low bidder on the project was S. Holland Co., Inc., in the amount of \$473,486.65. Mr. Shackelford stated that the bid tabulation was not available at tonight's meeting and, therefore, action on the matter would be deferred until the Board's February meeting.

Concerning the reworking of Water Well No. 1, Mr. Peterson reported that the contractor has requested additional items that were not included in the contract, which items will actually

reduce the contract amount. Mr. Peterson explained that the contractor found six inch (6") column pipe at the bottom of the well, rather than the eight inch (8") column pipe that was found in the top portion of the well. Mr. Peterson noted that a Change Order for the revised contract amount will be prepared for the Board's approval.

Mr. Peterson next reported that bids for construction of the storm water pump station and outfall improvements to serve Gosling Pines, Section 1 were taken earlier today and presented the bid tabulation for such project to the Board, a copy of which is attached hereto. Mr. Peterson then recommended award of the contract to B-5 Construction based on their low bid of \$303,842.00. Upon motion by Director Dill, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to approve award of the contract to B-5 Construction, pending verification of the payment and performance bonds for such project.

Mr. Peterson then distributed Pay Estimate No. 1 for the Spring Terrace detention pond construction in the amount of \$133,570.80 from Cedar Ridge Excavation, Ltd. for the Board's approval, a copy of which is attached hereto. Upon motion by Director Dill, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve payment of such pay estimate by Centex Homes.

Mr. Peterson next distributed copies of the bid tabulation for construction of the water, sanitary sewer and drainage facilities to serve Springbrook, Section 3, a copy of which is attached hereto. Mr. Peterson then recommended award of the contract to South Texas Utilities, LLC ("South Texas") based on their low bid of \$863,966.50. Upon motion by Director Dill, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve award of the contract to South Texas.

Mr. Shackelford then distributed to the Board copies of the Schedule of Hourly Rates for Jones & Carter, effective January 2004, a copy of which is attached hereto. Director Warren recommended that the Board take time to review the Schedule and discuss the matter at the Board's February meeting. Director Dill requested that Mr. Shackelford prepare a comparison of the rates for 2003 to the proposed 2004 rates to show how the District will actually be affected by the rate increases. Mr. Shackelford stated that he would prepare the comparison and forward it to Mr. Conner for distribution to the Board.

A brief discussion concerning the recent heavy rainfall in the District then ensued.

Upon motion by Director Dill, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

GENERAL MANAGER'S REPORT

Mr. Conner then presented the General Manager's Report to the Board, a copy of which is attached hereto. Mr. Conner first reported that he, Mr. Shackelford and Ms. Bobbitt are trying to finalize the Policies and Procedures for Development (the "Policies and Procedures"), and noted that he would schedule a meeting with the developers to review and discuss the Policies and Procedures once they are finalized. Ms. Bobbitt noted that a clean copy of the most recent draft of the Policies and Procedures had been provided to the Board at tonight's meeting.

Mr. Conner then reported that the Harris County Precinct 4 Constables had begun the provision of security services throughout the District during the first week of January. Director Marks asked that a copy of the Constable's monthly report be provided to the Board each month. Director Steffes reported that he had asked Mr. Almaguer to provide the Constable's office with a set of the keys to the District's facilities and to give the Constables a tour of the facilities.

Mr. Haaland then exited the meeting at 7:27 p.m.

Concerning flooding problems within the District, Mr. Conner reported that he and Mr. Shackelford met with Mr. Pat Garrett of the Harris County Public Infrastructure Department to discuss Harris County's future plans for drainage in the area of Seals Gully, Bonds Gully and Spring-Cypress Road. Mr. Conner stated that Mr. Garrett has suggested that the District arrange a meeting with Harris County Precinct 4 to discuss the District's plans for improvements to Bonds Gully. Mr. Conner added that Jones & Carter is in the process of arranging such a meeting.

Mr. Conner next reported that Cathco, Inc. will begin painting the fire hydrants in the District during the month of February, as previously authorized.

Concerning the Vulnerability Assessment of the District's facilities, Mr. Conner reported that Aqua Services would like to submit a proposal to prepare the Vulnerability Assessment. Director Steffes inquired if the Association of Water Board Directors – Texas (the "AWBD") Mid-Winter Conference program includes a session on District security and vulnerability assessment issues. Ms. Bobbitt responded that the AWBD Mid-Winter Conference does not include any security-related programs.

Mr. Conner then noted that he did not receive any complaints about flooding in the District following the heavy rainfall over the past weekend.

Mr. Conner went on to report that Ms. Barbara Payne of Payne Communications has been requested to prepare a presentation on the proposed GIS system and Website data management software for the District.

Messrs. Walkoviak, Moy and Palmer then exited the meeting at 7:32 p.m.

Mr. Conner then reviewed various pieces of correspondence to the tenants and owners of the Albertson's development regarding the discontinuation of water service to the shopping center on Wednesday, January 14, 2004, due to the failure of the Albertson's storm water detention pond and its side slopes, copies of which are attached to the General Manager's Report. Director Steffes suggested that the District contact the Harris County Health Department concerning the potential health hazard of the detention pond. A discussion then ensued concerning the current ownership of the Albertson's building and the responsibility of the owner(s) to maintain the detention pond. Ms. Bobbitt stated that her office would run a corporate search on Kuykendahl Investments, L.P. to determine the parties involved in the ownership of the Albertson's building.

Mr. Conner noted that several Developer's Reports were also attached to the General Manager's Report.

Upon motion by Director Warren, seconded by Director Dill, after full discussion and the question being put to the Board, the Board voted unanimously to approve the General Manager's Report.

REPORT ON DEVELOPER DEPOSITS/PAYMENTS

Ms. Jarmon then distributed copies of her monthly tracking report for engineering and attorney fees owed to the District by developers for feasibility studies and/or construction management services, a copy of which is attached hereto. Ms. Jarmon stated that she will prepare and forward additional and/or reminder invoices to all of the developers that have outstanding balances or that are receiving construction management services.

ATTORNEY'S REPORT

Ms. Dold reminded the Board that the terms of office for Directors Dill, Marks and Joyce expire May 2004. Ms. Dold stated that she needed assistance from the Board to arrange for polling places and election officials for the upcoming May 15, 2004 Directors Election. Director Warren offered to contact Mr. Argyll Gustafson to see if he would serve as the Presiding Election Judge and will arrange for the use of the Bridgestone Community Center for the election and contact Ms. Dold regarding such matters.

MISCELLANEOUS MATTERS

It was then noted that the next regular meeting of the Board will be held on Tuesday, February 17, 2004, at the Bridgestone Community Center.

There being no further business to come before the Board, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED this 17th day of February, 2004.

/s/Bob Joyce

Secretary, Board of Directors

(DISTRICT SEAL)