



site; Mr. Dave Andersen of Anderson Properties, real estate agent for Ms. Chang; numerous residents on Roydencrest in the District, which street abuts the 16.4-acre Raines tract located on FM 2920; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("JRPB"), 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.

### PUBLIC COMMENT

Director Steffes first recognized Ms. Charlotte Keller of 20818 Roydencrest, who on behalf of the other residents of Roydencrest, expressed concerns about the construction, dust from excavation and potential flooding problems due to the development of the 16.4-acre Raines tract located on FM 2920 that their homes abut. Mr. Shackelford informed the residents that the 16.4-acre Raines tract was being developed as mini-warehouse/storage facility and noted that since there is no developer reimbursement for the commercial/private facilities to be constructed, Jones & Carter had not seen the construction plans for the project but would review the plans when the developer requests connection to the District's water and sanitary sewer system. Mr. Shackelford stated that he would follow-up with Mr. Darren Raines, owner of the tract, tomorrow regarding such concerns. Mr. Shackelford stated that Harris County (the "County") will require the developer to construct a detention basin on-site to contain the stormwater flow from the tract. Director Steffes stated that until the developer requests water and sanitary sewer service from the District, the District has no control over the developer or the construction activities on the tract. Mr. Shackelford suggested that the residents contact the County's Pollution Control Division (713-956-3000) regarding the dust from the excavation work on the tract.

Mr. M.G. Parsons, a resident of the District, stated that he recently received a letter from his home insurance company regarding flood insurance and asked where he could get more information on the flood plain area in which the District is located. Director Steffes stated that not all of the new flood plain maps have been released, but it was his understanding that if a resident already had flood insurance at the time the new flood plain maps were released, the resident would be grandfathered at the rate he had been paying for flood insurance.

Ms. Keller then asked about the District conversion to surface water. Director Steffes stated that the District currently receives water from the District's four (4) water wells and is not yet receiving surface water. Director Steffes further explained that the residents pay a pumpage fee to the North Harris County Regional Water Authority (the "NHCRWA") based on their monthly water usage and that the NHCRWA is charged with the task of converting the area to surface water, the first phase of which is to be completed in 2010. Director Steffes also informed the residents that the District's water supply is a blend of water from two (2) aquifers, including the Jasper and the Chicot aquifers.

Ms. Sears then entered the meeting at 6:20 p.m.

## **CONSENT AGENDA**

Director Steffes next 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.

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 following Consent Agenda items: 1) the minutes of the special workshop meetings of June 29, 2004 and July 8, 2004 and the regular meeting of July 20, 2004; 2) accept and authorize execution of the Petition for Consent to Annex the 100.668-acre Villages of Senterra Lakes tract; 3) authorize advertising for bids for the clearing and grubbing of Northcrest Village, for construction of the detention basin for Northcrest Village and for construction of the water, sanitary sewer and drainage facilities to serve Northcrest Village; 4) approve the following pay estimates and change orders: (a) Pay Estimate No. 4 in the amount of \$59,958.11, Change Order No. 2 in the amount of \$16,335, and Change Order No. 3 in the amount of \$20,900 to Big State Excavation, Inc. for construction of the water, sanitary sewer and drainage facilities to serve Spring Terrace, Section 1; (b) Pay Estimate No. 3 and FINAL in the amount of \$10,202.83 to Canyon Construction Co., Inc. for construction of the FM 2920 trunk utilities; (c) Pay Estimate No. 4 in the amount of \$106,428.56 to Cravens Partners, Ltd. ("Cravens") for construction of the water, sanitary sewer and drainage facilities to serve Springbrook Plaza; (d) Pay Estimate No. 2 in the amount of \$66,182.40 to Son-Way AGRI Products for the clearing and grubbing of Bella Sera; (e) Pay Estimate No. 3 in the amount of \$70,741.04 to B-5 Construction Co., Inc. for construction of the stormwater pump station and outfall improvements to serve Gosling Pines, Section 1; (f) Pay Estimate No. 5 in the amount of \$52,224.97 and Change Order No. 3 in the amount of \$3,784.00 to SLC Construction, L.P. for construction of the water, sanitary sewer and drainage facilities to serve Gosling Pines, Section 1; (g) Pay Estimate No. 1 in the amount of \$42,202.89 to Bay Utilities, L.L.C. for construction of the water, sanitary sewer and drainage facilities to serve Villages of Bridgestone; and (h) Pay Estimate No. 1 in the amount of \$3,601.80 to Excalibur Construction, Ltd. for the clearing and grubbing of Senterra Lakes; (5) developer reports; and (6) ratify approval of authorization of execution of an Encroachment Agreement with Tennessee Gas Pipeline regarding the 12-inch water line and 12-inch sanitary sewer line to serve the Bella Sera development.

## **REGULAR AGENDA**

### **REQUEST FOR SERVICE/ANNEXATION OF 1-ACRE TRACT OF LAND**

Mr. Peterson next addressed the Board and reported that Ms. Lianne Chang had requested service/annexation for a 1-acre tract of land located at the southwest corner of FM 2920 and Rhodes Road and west of the existing Shell station. Mr. Peterson noted that Ms. Chang had already submitted an application for service/annexation and a deposit of \$3,000. Mr. Peterson stated that a Shipley Do-Nut shop and possibly a Baskin-Robbins ice cream store would be built on the tract. Upon motion by Director Warren, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to approve the

service/annexation request and authorize Jones & Carter to prepare a feasibility study on such tract for the Board's review at the September meeting.

#### RENEWAL OF DISTRICT INSURANCE POLICIES

Ms. Bobbitt reported that insurance proposals from Anco Wessendorff Insurance and AquaSurance had been received and distributed to Mr. Conner and the Board for consideration at the September meeting.

#### TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall then presented the Tax Assessor/Collector's Report for the month of July, a copy of which is attached hereto. Ms. Hall reported that 98% of the District's 2003 taxes have been collected to date. Ms. Hall further reported that the Harris County Appraisal District had released the District's certified tax rolls for 2004 reflecting a total value of \$289 million, with approximately \$50 million that remains uncertified.

Upon motion by Director Warren, seconded by Director Thomas, 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 next reviewed the Delinquent Tax Attorney's Report, a copy of which is attached hereto. Ms. Hall noted that the Delinquent Tax Attorney was not requesting any actions by the Board at this time.

Mr. Haaland entered the meeting at 6:27 p.m.

Ms. Chang, Mr. Lee, Mr. Anderson, Ms. Henriquez and the residents of Roydencrest then exited the meeting at 6:28 p.m.

#### AMENDED DISTRICT INFORMATION FORM

Ms. Bobbitt next presented an Amended District Information Form (the "Amended Information Form") and noted that due to the issuance of the District's Series 2004 Bonds and pursuant to Sections 49.452 and 49.455, Texas Water Code, as amended, it is necessary to file the Amended Information Form with the County and with the Texas Commission on Environmental Quality (the "TCEQ"). Upon motion by Director Warren, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution and filing of the Amended Information Form, a copy of which is attached hereto.

#### DIRECTOR'S REPORT

Director Warren reported that he had inspected the facilities with Mr. Almaguer on August 12, 2004 and provided a report on such inspection, a copy of which is attached hereto. Director Warren noted that Aqua Services had capped the old Water Well No. 1 and will submit

a certificate evidencing such matter to the TCEQ. Upon motion by Director Thomas, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Director's Report. It was then noted that Director Schkade is scheduled to inspect the District's facilities for the months of September and October.

Director Marks then entered the meeting at 6:32 p.m.

#### OPERATOR'S REPORT

Ms. Sears then reviewed the Operator's Report for the month of July with the Board, including the delinquent account list, copies of which are attached hereto. Ms. Sears reported that the District's water accountability ratio for the month was 92.5%, with a four (4) month average of 90.4%, and that there were eight (8) sludge hauls during the month. Ms. Sears added that there are currently 2,841 connections in the District, including 163 builder accounts and 41 vacancies. Ms. Sears added that the District has one (1) month remaining on its current Harris-Galveston Coastal Subsidence District ("HGCSO") water withdrawal permit and noted that the permit has been renewed. Ms. Sears added that there are currently numerous rental meters signed out to contractors who are working in the District.

Concerning the capping of old Water Well No. 1, Mr. Almaguer reported that Alsay, Inc. will file a report on such matter to the TCEQ, with a copy to the District.

Upon motion by Director Warren, seconded by Director Thomas, 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.

Director Marks then noted that there had been construction activity at Lift Station No. 4 on Gosling Road and that the site is very messy. Mr. Shackelford stated that the contractor is in the process of completing the project and has not yet performed the clean-up work on the site. Mr. Almaguer noted that there is very limited parking at the site, which has also caused problems on the site.

#### DISCUSS 2004 TAX RATE

The Board then recognized Mr. Short, who distributed copies of his 2004 tax rate recommendation, a copy of which is attached. Mr. Short explained that several matters needed to be taken into consideration regarding the 2004 tax rate. Mr. Short noted that the TCEQ Order Approving the Issuance of the District's Series 2004 Bonds (the "TCEQ Order") recommended that the District levy an ad valorem debt service tax rate of not less than \$0.69 per \$100 assessed valuation. Mr. Short, however, noted that his recommendation was to levy a total tax rate of \$0.77 per \$100 assessed valuation, comprised of \$0.52 for debt service purposes and \$0.25 for operation/maintenance purposes, and also recommended that the minutes reflect that funds will be transferred from the District's operation and maintenance tax revenues to debt service, if necessary. Ms. Bobbitt noted that the TCEQ only recommended a particular debt service tax rate and did not order the Board to levy such recommended rate. Director Steffes then asked if the Board could consider decreasing the debt service tax rate by a few cents. Mr. Short stated that a small decrease would be acceptable, but cautioned that the District should maintain a total tax rate of \$0.69 per \$100 assessed valuation. Mr. Short also noted that this was the first year that

the Board had granted a homestead exemption to residents, which will impact the District's tax collections. A discussion then ensued concerning the rising property values in the District. Director Steffes stated that he would like to reduce the District's debt service tax rate to \$0.51 per \$100 assessed valuation and have any shortage transferred from operation and maintenance tax revenues, if necessary. The Board next discussed the process of publishing the net effective tax rate calculation and conducting a public tax hearing on the 2004 tax rate at the September meeting.

Upon motion by Director Warren, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted four (4) votes in favor and one (1) vote opposed, with Director Marks voting in opposition, to authorize the Tax Assessor/Collector to publish the net effective tax calculation and notice of the public tax hearing on the 2004 tax rate to be held at the regular meeting scheduled for September 21, 2004.

#### REVIEW ASSESSED VALUATIONS OF STONE FOREST AND RHODES LANDING AND DISCUSS REIMBURSEMENTS TO DEVELOPERS

Mr. Short then briefly reviewed and discussed his memorandum concerning the calculation of developer reimbursements from the proceeds of the District's Series 2004 Bonds, as requested by the Board at the July meeting, a copy of which was previously distributed to the Board and is attached hereto. Ms. Bobbitt stated that there were still several items to resolve before reimbursements to the developers can be made, including receipt of the pre-purchase letter from the TCEQ, and stated that a special meeting may be held prior to the Board's September meeting in order to fund the developer reimbursements.

Mr. Short then exited the meeting at 7:05 p.m.

#### INTERLOCAL AGREEMENT WITH THE HGCSO

Ms. Bobbitt next reported that pursuant to the Board's request, the HGCSO had submitted an Interlocal Agreement for the District's sponsorship of the Water Wise Program for 52 fourth grade students at Northwoods Catholic School for the Board's execution and approval.

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 and authorize execution of the Interlocal Agreement with the HGCSO, a copy of which is attached hereto.

#### UPDATE ON STATUS OF GRAND PARKWAY ALIGNMENT

Director Thomas then reported that the Texas Department of Transportation ("TxDOT") is preparing a supplemental Draft Environmental Impact Study for the proposed Grand Parkway alignment.

#### 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 the

monthly invoices had been sent to the various developers in the District for construction management services and to those developers with outstanding balances for annexations and/or feasibility studies.

Ms. Jarmon noted that the amount of the refunds for builder security deposits was larger than the amount of backcharges owed to the District by the builders and, therefore, she would release the deposit refund checks. Ms. Jarmon further reported that the District's next debt service payment is due November 1, 2004 and noted that \$2,700 in tap fees had been received during the prior month.

Director Thomas inquired about the telephone lines that are listed in the checks being presented for payment. Ms. Jarmon explained that the invoices are for telephone lines at the District's various facilities for auto-dialers and other equipment.

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 and the payment of the checks reflected therein.

#### REVIEW AND DISCUSS SERVICE REQUEST FROM KLEIN UNITED METHODIST CHURCH ("KUMC")

Mr. Shackelford then reported that the Board had discussed the request from KUMC for water and sanitary service at the special workshop meeting held on August 11, 2004. Mr. Shackelford explained that KUMC would need to purchase capacity from the District in the amount of 750,000 gallons per year for which the District would charge KUMC the District's commercial rates for water and sanitary sewer service, and that KUMC would also pay the appropriate tap fee for connection to the District's system. Mr. Shackelford added that KUMC has also agreed to grant water line and sanitary sewer line easements to the District. Ms. Bobbitt stated that she would prepare the necessary agreement by and between the District and KUMC for the Board's review and approval at the September meeting. Mr. Shackelford also stated that the water and sanitary sewer service to KUMC would be connected in three (3) phases, with the first phase being construction of and connection to the sanitary sewer manhole, the second phase being connection to the District's sanitary sewer system, and the third phase being the connection to the District's water system.

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 request from KUMC for water and sanitary sewer service and authorize Ms. Bobbitt to prepare the necessary agreement regarding such service.

Ms. Hall then exited the meeting at 7:15 p.m.

#### LOWER BONDS GULLY IMPROVEMENTS

Mr. Shackelford then reviewed the status of the proposed Bonds Gully improvements project. Mr. Shackelford reported that Jones & Carter has analyzed the existing Bonds Gully system and compared it to the original Bonds Gully drainage study prepared by Jones & Carter several years ago. Mr. Shackelford stated that he still needs to discuss and confirm the sizing

parameters for the ditch with representatives of the Harris County Flood Control District (the "HCFCD") in order to assure acceptance of the facility for maintenance by the HCFCD. Mr. Shackelford stated that further information on such matter should be available at the September meeting.

#### GENERAL MANAGER'S REPORT

Mr. Conner then reviewed his General Manager's Report with the Board, a copy of which is attached hereto.

Mr. Conner reported that he had been working with various governmental agencies, including the County, regarding the continuing deterioration of the Albertson's stormwater detention basin and the resulting health/safety issues.

Concerning the Bonds Gully drainage improvements, Mr. Conner reported that Jones & Carter has secured the permit from the County for the replacement of the three (3) 24-inch culverts with two (2) 60-inch culverts located on Bonds Gully, downstream of the District. Mr. Conner stated that C & C, Inc., the contractor for the project, has nearly completed the hand clearing of approximately 400 feet of Bonds Gully located near Progressive Pumps. Mr. Conner recommended that the Board wait to review the contractor's clean-out work and effect of such work on the flow of stormwater before proceeding with an additional 800 feet of clearing downstream to Spring-Cypress Road.

Mr. Conner then reported that after numerous discussions with representatives of the HCFCD concerning the maintenance of the District's ditches, the HCFCD has indicated that the District may provide mowing of the top and back slope areas, at the District's expense, and the HCFCD will continue to provide three (3) cuttings per year of all their ditches located within the District.

Concerning the transfer of field construction inspection services from Jones & Carter to a third-party entity, Mr. Conner reported that he had recently met with Mr. Larry Weppler, Mr. Shackelford and Mr. Peterson to identify the scope of services required for the position. Mr. Conner noted that he had received proposals for inspection services from Preventive Services, LP ("Preventive") in the amount of \$81,000 per year and from Project Surveillance, Inc. in the amount of \$90,850 per year, copies of which are attached. Mr. Conner stated that both companies were currently involved with projects within the District and that there would also need to be a transition of the provision of inspection services from Jones & Carter to the third party contractor and recommended that the Board accept the proposal submitted by Preventive. Upon motion by Director Warren, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to accept the proposal submitted by Preventive, authorized Mr. Conner to begin negotiations on an agreement with same, and authorized Ms. Bobbitt to begin preparation of such agreement.

Director Steffes noted that he would like for the District to present plaques to former Directors Brad Dill and Bob Joyce for their years of service on the Board. The Board asked Ms. Bobbitt's office to order the appropriate plaques.

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 General Manager's Report.

### ENGINEER'S REPORT

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

Mr. Peterson first reported that he anticipates receiving the TCEQ pre-purchase inspection approval letter for the utilities to serve the Stone Forest and Rhodes Landing developments within the next week or so.

Concerning the clean-out of Ditch "C," Mr. Peterson reported that Champions Hydro-Lawn, Inc. ("Champions") had completed the clean-out work requested by the HCFCD and that the HCFCD inspector has now issued a new punch list with two (2) additional items to be completed. Mr. Peterson added that Champions has been contacted to reseed the ditch and re-grade a portion of the interceptor swale in accordance with the HCFCD request.

Mr. Peterson next reported that LJA Engineering & Surveying, Inc. ("LJA"), engineers for the Spring Terrace development, is still reviewing the plans for the proposed shared detention basin between the Spring Terrace and Bella Sera developments.

Mr. Peterson then recommended payment of Pay Estimate No. 2 and Final in the amount of \$54,774.00 to Weisinger Water Well, Inc. ("Weisinger") for the rework construction of Water Well No. 1. Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve payment of Pay Estimate No. 2 and Final to Weisinger.

Mr. Shackelford next reported that he and Mr. Conner had met with Mr. Jimmie Schindewolf, General Manager of the North Harris County Regional Water Authority (the "NHCRWA"), to discuss the possible options to address the District's water supply needs in 2006, including the possibility of the District or the NHCRWA drilling a new well. Mr. Shackelford noted that if the NHCRWA drills a regional well, it will be located in the area of Spring-Cypress Road and Kuykendahl Road. Mr. Shackelford also noted that it will take approximately 15 months lead time to design and drill a new well. Director Steffes then stated that there is no guarantee that, if the District drills a new well, there will not be problems with the quality of the water from the well. Mr. Shackelford further explained that Projects 7B and 7C of the NHCRWA's Groundwater Transfer Project are proposed to converge at the District's Water Plant No. 3 and noted that there is room for the addition of a 500,000 gallon groundwater storage tank ("GST") at such plant site. Mr. Conner stated that construction of an elevated storage tank is not a good option if it has to be abandoned in the future. Mr. Conner also stated that a regional well north of FM 2920 would be a good location for the District. Mr. Shackelford reported that further discussion with the NHCRWA is needed and stated that Jones & Carter is going to update the District's water capacity needs to provide to the NHCRWA within the next two (2) weeks. Director Steffes asked if the NHCRWA would reimburse the District for the cost of an additional GST. Mr. Shackelford stated that the NHCRWA will offer non-depreciated

asset credits to districts with facilities that will no longer be used, but noted that the District would continue to need ground storage capacity in the years ahead. Mr. Shackelford stated that he would prepare an updated capacity analysis as well as a financial analysis of the costs related to additional water supply facilities for review and discussion at the Board's September meeting.

A brief discussion then ensued concerning the inadequacy of the air conditioning in the Bridgestone Community Center. It was then determined that the District should upgrade the air conditioning in the building.

Messrs. Janik and Walkoviak entered the meeting.

Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and to authorize Mr. Conner to investigate upgrading the air conditioning in the meeting building.

#### BELLA SERA SHARED DETENTION MATTER

The Board next recognized Mr. Senn, who expressed his concerns that the development of Bella Sera is being held up by LJA taking a long period of time to review the plans for the shared detention basin between Bella Sera and Spring Terrace. Mr. Senn reported that his project is in danger of shutting down and incurring additional unnecessary costs if he cannot proceed with construction of the detention facility. Mr. Senn explained that DR Horton has entered into an agreement with LJA to review the construction plans, but there had been no action by LJA. Mr. Senn also stated the he is more than willing to compensate the Spring Terrace developers for any portion of the Spring Terrace detention facility capacity that the Bella Sera development utilizes. It was noted that the Agreement for Financing of Facilities for Spring Terrace will need to be amended to address the shared detention facility costs. Upon motion by Director Marks, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Mr. Shackelford and Ms. Bobbitt to communicate with LJA the need for them to finalize their review of the Bella Sera detention basin plans as soon as possible and to authorize Mr. Senn to issue Notice to Proceed for construction of the detention basin on Monday, August 23, 2004 if the issue concerning LJA's review of the detention pond plans is not resolved. Mr. Shackelford stated that he would contact LJA tomorrow regarding the Board's action on such matter.

#### HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

During the Engineer's Report, Sergeant Blankenship entered the meeting to leave a copy of his Constable's Report for the month of July, a copy of which is attached hereto.

#### ACQUISITION OF EASEMENTS FROM CHEVRON PRODUCTS COMPANY ("CHEVRON")

Ms. Bobbitt then reported that the three (3) easements from Chevron had been received and noted that they would be sent to the County for recording. Ms. Bobbitt also reported that Chevron had submitted a letter to the District requesting annexation of a 1.2267-acre tract of land located at the intersection of FM 2920 and Kuykendahl Road, a copy of which is attached. Mr. Peterson stated that utilities had already been extended to the property and that no other

facilities are needed to serve the property. 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 authorize Jones & Carter to proceed with the preparation of a feasibility study on service to and annexation of the Chevron tract contingent upon receipt of a \$3,000 deposit from Chevron. Ms. Dold stated that she would forward a Service/Annexation Application to Mr. Robert Lee Smith, Chevron's representative.

Concerning the acquisition of a drainage easement from Mr. Bucchino, Ms. Bobbitt reported that progress is being made on such easement acquisition.

MISCELLANEOUS MATTERS

It was then noted that the next regular meeting of the Board will be held on Tuesday, September 21, 2004, at 6:00 p.m. at the Bridgestone Community Center.

There being no further business to come before the Board, the meeting was adjourned at 8:25 p.m.

PASSED, APPROVED AND ADOPTED this 21<sup>st</sup> day of September, 2004.

/s/Ronald W. Schkade

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Secretary, Board of Directors

(DISTRICT SEAL)

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