

NO. 2005-1

MINUTES OF MEETING
OF
BOARD OF DIRECTORS
January 12, 2005

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 special 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 Wednesday, January 12, 2005, at 7:30 p.m.; whereupon, the roll was called of the members of the Board, to wit:

Adrian E. Steffes	President/Investment Officer
Jim Marks	Vice President
Ronald W. Schkade	Secretary
Skip Warren	Treasurer
Jerry Thomas	Assistant Secretary

All members of the Board were present, thus constituting a quorum. Also attending the meeting were Mr. Gene Conner, General Manager of the District; Messrs. Ed Shackelford, P.E. and Erich Peterson, P.E. of Jones & Carter, Inc. ("Jones & Carter"), engineers for the District; Mr. Jamie Cornelius of Sowell & Co. ("Sowell"), developer of the Meadowhill Run subdivision ("Meadowhill Run") within Meadowhill Regional Municipal Utility District ("MRMUD") and the Rhodes Landing subdivision within the District; Mr. Bob Hudson of Texas Investment & Development Company, developer of the Bridgestone Lakes, Gosling Pines, Senterra Lakes and Villages of Senterra Lakes subdivisions within the District; Mr. Michael Baldwin, P.E. of Provident Engineers, Inc., engineers for the developer of the Bridgestone Lakes, Gosling Pines, Senterra Lakes and Villages of Senterra Lakes subdivisions within the District; Mr. Ron Walkoviak of Development Consultants, Inc., development manager of the Spring Terrace subdivision within 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.

EXECUTIVE SESSION

Director Steffes then adjourned the regular meeting at 7:35 p.m. and announced that the Board would convene in executive session pursuant to Section 551.071(1) and (2), Texas Government Code, as amended, to consult with the District's attorney regarding pending or

contemplated litigation and matters relating to attorney/client privilege. Everyone then exited the meeting with the exception of the Board members, Messrs. Conner, Shackelford and Peterson, Ms. Bobbitt and Ms. Dold, who attended the executive session.

RECONVENE IN OPEN SESSION

Director Steffes then reconvened the meeting in open session at 8:50 p.m. Messrs. Cornelius, Baldwin, Hudson and Walkoviak then re-entered the meeting.

Mr. Conner first presented the fire ant control agreement from Excalibur Pest Control, Inc., a copy of which is attached hereto, for approval and execution and confirmed that the cost of \$1,815 per year included two (2) applications of pesticide per year for fire ant control.

Mr. Conner next presented for approval and execution a letter to Constable Ron Hickman of Precinct 4 requesting an amendment to the District's Interlocal Agreement for Law Enforcement Services to provide for one (1) additional deputy, a copy of which is attached hereto.

Mr. Conner then reviewed a Summary of Bridgestone Drainage Facilities (the "Summary"), a copy of which is attached hereto. Mr. Conner explained that the Summary would be updated and revised as additional facilities are constructed and/or as facilities are completed and accepted for maintenance by the Harris County Flood Control District (the "HCFCD") or the District, as may be applicable. Director Marks asked what detention/drainage facilities reflected on the Summary would be accepted by the HCFCD for maintenance. Mr. Shackelford stated that a majority of the drainage facilities reflected on the Summary will likely be accepted by the HCFCD, but that the timing for acceptance is not known. Mr. Shackelford went on to explain that item nos. 8, 7, 10, 11 and 12 will also likely be accepted by the HCFCD once there is a gravity outfall available for such facilities. Mr. Shackelford stated that item nos. 4 and 5, being Ditch "A" and Ditch "B", will be discussed at a later time, and that the District is currently waiting on the HCFCD for the acceptance of Ditch "C". Mr. Shackelford then explained that the construction plans for Bridgestone Lakes, Sections 1, 2 and 3 drainage facilities were prepared to comply with HCFCD requirements, but that the facilities were not built according to the plans and specifications and will require substantial reconstruction in order for them to comply with HCFCD standards. Mr. Conner stated that the list would serve as a "working document" that would be reviewed, updated and revised on a continual basis. Mr. Conner added that a more detailed review and discussion of the Summary will be scheduled for a future Board meeting.

UPDATE ON MEADOWHILL RUN STORM SEWER CONNECTION TO BRIDGESTONE LAKES DETENTION SYSTEM

Mr. Conner then briefly presented the facts concerning the discovery of the illegal connection of a storm sewer line from the Meadowhill Run development to the Bridgestone Lakes detention system. Mr. Conner recommended that the Board authorize the preparation of a letter to Sowell requiring that the section of the Meadowhill Run storm sewer line be plugged and that the portion of the line located within the District's platted right-of-way be removed by Sowell within five (5) working days or the portion of the storm sewer line will be removed by the District, the cost of which will be backcharged to Sowell. 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 General Manager's recommendation and authorized preparation of such letter to Sowell.

Mr. Hudson then questioned why there was no discussion allowed from the developers concerning the Meadowhill Run matter. Mr. Cornelius stated that he would like to be allowed to distribute copies of his packet of information regarding the matter to the Board. Director Steffes then stated that the bottom line was that the storm sewer connection was made without the knowledge or approval of the Board and expressed his disappointment with the developers after all of the meetings that they had attended and their awareness of the District's Policies and Procedures for Development.

A discussion then ensued regarding Sowell's assumption that they had obtained approval from the HCFCD and the District concerning the storm sewer connection. Mr. Cornelius stated that a letter from Jones & Carter to the HCFCD dated July 7, 2003 stated that the District had no objection to the storm sewer drainage plan for Meadowhill Run proposed by Sowell. Further discussion ensued. Mr. Shackelford stated that although the letter of "no objection" had been issued in 2003, such letter in no way authorized Sowell to construct and connect the Meadowhill Run storm sewer line to the District's existing storm sewer system without the plans for such connection being reviewed and approved by the District and the Board being apprised of the matter.

Further discussion ensued. Mr. Hudson then stated that although a mistake was made in not getting District approval of the plans for the storm sewer line and connection to the Bridgestone Lakes detention pond, he would request that Jones & Carter review and approve the plans for the storm sewer line and that evidence and information be allowed to be provided to the District that the line was constructed in accordance with the plans and specifications. Mr. Hudson added that Meadowhill Run is to be a participant in the Bonds Gully improvement project costs, and such participation will save the District a significant amount of money.

Mr. Cornelius then distributed his packet to the Board and reiterated that he was shocked to learn that the Meadowhill Run storm sewer connection was considered by the Board to be unauthorized. Mr. Hudson stated that he and Mr. Cornelius had attended several meetings concerning the proposed Bonds Gully improvement project and talked about Rhodes Landing and Meadowhill Run participating in such project. Mr. Cornelius also noted that Ms. Bobbitt's office had prepared an easement for the storm sewer line. Mr. Conner then stated that he had attended each of those meetings and had never heard the name "Meadowhill Run" mentioned. Mr. Shackelford concurred that there had never been any mention of Meadowhill Run from the July 7, 2003 letter until November 2004, and that there had never been any communication about the drainage plans for the Meadowhill Run development being approved by the City of Houston and the HCFCD. Mr. Shackelford added that the plans approved by the HCFCD allow for excavation and fill only and do not authorize construction of the detention pond and storm sewer line. Mr. Shackelford further noted that he had always assumed that Mr. Cornelius' attendance at the meetings concerning the proposed Bonds Gully improvement project was in connection with the Rhodes Landing development. Mr. Hudson noted that the concept for the combined detention with Meadowhill Run was noted on the plans for Bridgestone Lakes, Section 2. Mr. Shackelford then stated that a concept for drainage is significantly different from submitting and obtaining District approval of the plans and specifications for the project. Director Marks stated that he never heard David Harrison ever mention Meadowhill Run. Mr. Hudson stated

that he is looking into his records for information that included Meadowhill Run as participating in the costs for the proposed Bonds Gully improvements.

Ms. Bobbitt stated that the agreement between Sowell and Bridgestone Lakes Development Co., Inc. provided in Mr. Cornelius' packet, indicates that MRMUD will maintain the storm sewer line until it is accepted by the HCFCD for maintenance and questioned how MRMUD could maintain a line within the boundaries of another utility district without a written agreement between the parties to do so. Mr. Cornelius stated that Mr. Johnson, attorney for MRMUD, never raised any questions about the Meadowhill Run connection to the District's storm sewer system. Mr. Shackelford noted that the construction plans recently provided to Jones & Carter for the Meadowhill Run storm sewer connection to Bridgestone Lakes state that the District is to maintain the interceptor line between the Bridgestone Lakes, Sections 1 and 2 detention basins, but that the Board has never agreed to provide such maintenance.

Due to the lateness of the evening, Director Steffes then suggested that Mr. Cornelius meet with Mr. Conner, Mr. Shackelford and Ms. Bobbitt as soon as possible to try to resolve the matter.

There being no further business to come before the Board, the meeting was adjourned at 9:50 p.m.

PASSED, APPROVED AND ADOPTED this 17th day of May, 2005.

/s/Ronald W. Schkade

Secretary, Board of Directors

(DISTRICT SEAL)

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