

2006-21
MINUTES OF MEETING
OF
BOARD OF DIRECTORS
December 19, 2006

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, December 19, 2006, at 6:00 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
Linda D. Theiss	Secretary
Ronald W. Schkade	Assistant Secretary
Skip Warren	Treasurer

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Mr. Tom Rolen, P. E. of Turner Collie & Braden Inc., Project Manager for the North Harris County Regional Water Authority (the "NHCRWA"); Mr. Johnny Smith of Republic Waste Services, Inc. ("Republic"), garage collection service contractor for the Districts; Ms. Terry Woodson of Waste Management; Mr. Matthew May of WCA Waste Corporation ("WCA"); Mr. Jerrell Wolff of Residential Recycling of Texas ("Residential Recycling"); Mr. Gene Conner, General Manager for the District; Ms. Pat Hall of Equi-Tax, Inc., tax assessor/collector for the District; Ms. Mary Jarmon of Myrtle Cruz, Inc., bookkeeper for the District; Messrs. Ed Shackelford, P.E. and Erich Peterson, P.E. and Ms. Dedra Ecklund of Jones & Carter, Inc. ("Jones & Carter"), engineers for the District; Mr. Joe Almaguer and Ms. Karen Sears of Aqua Services, LP, operators for the District; Lieutenant David Blankenship of the Harris County Precinct Four Constable's office; Mr. Bob Hudson of Texas Investment & Development Company and Mr. David Glunt of Glunt Investment & Development Company, developers of the Bridgestone Lakes, Gosling Pines, Senterra Lakes, and Villages of Senterra Lakes subdivisions within the District and the proposed Fanta tract; Mr. David Alexander of McAlister Co., a property owner of land within the District; Mr. Noble Windsor, owner of a 2.9-acre tract of land located outside the boundaries of the District; Mr. Jerrod McQuain of Metro National, realtor for Mr. Windsor; and Ms. Robin S. Bobbitt and Mr. Lewis S. Kasner, attorneys, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC, 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.

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.

Upon motion by Director Schkade, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to approve the following Consent Agenda items: 1) approve the minutes of the special meeting of November 14, 2006 and the regular meeting of November 21, 2006, as written; 2) approve the following pay estimates and change order: a) Pay Estimate No. 6 and Final in the amount of \$27,361.76 from Triple B Services, LLP for construction of water sewer and drainage facilities to serve Bridgestone Lakes, Section 4; b) Pay Estimate No. 1 in the amount of \$209,420.10 from Bay Utilities, LLC ("Bay Utilities") for construction of water, sewer and drainage facilities to serve Senterra Lakes, Section 2; c) Change Order No. 1 from Big State Excavation, Inc. reducing or increasing the amount of the contract by \$59,896.55 for construction of water, sewer and drainage facilities to serve Springbrook, Section 4; and d) Pay Estimate No. 2 in the amount of \$209,469.82 from Bay Utilities for construction of water, sewer and drainage facilities to serve Spring Terrace, Section 6; and 3) authorize the execution of easements necessary to serve various District developments.

REGULAR AGENDA

AUTHORIZE TEXAS NETWORK TO IMPLEMENT WEBSITE UPDATES AND IMPROVEMENTS

Ms. Bobbitt inquired if Director Theiss had received any comments from the Board members concerning their review of the proposed website updates and improvements since the November 21, 2006 meeting. Director Theiss stated that she had not received any comments. Upon motion by Director Theiss, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Texas Network to activate the updated and improved website information for public viewing.

Ms. Hall then entered the meeting at 6:10 p.m.

REVIEW AND DISCUSS FEASIBILITY STUDY FOR ANNEXATION AND SERVICE TO 69-ACRE LEDERER TRACT

Mr. Peterson then reviewed with the Board the feasibility study for annexation and service to the 69-acre Lederer tract (the "Lederer Tract") located south of FM 2920 and north of Kuykendahl Road, a copy of which is attached hereto. Mr. Peterson informed the Board that, at the present time, the land plan for the tract includes 70 single-family homes and 11 acres of commercial property to be marketed as Gosling Grove. Mr. Peterson noted that due to the future

proposed expansion of Gosling Road, only 39 acres of the Lederer Tract will be available for development.

Mr. Shackelford then entered the meeting at 6:12 p.m.

Mr. Peterson went on to explain that the estimated water capacity needed for the Lederer Tract is 62,400 gallons per day ("gpd"). Mr. Peterson explained that an existing 12-inch water line along the south right-of-way of FM 2920 will need to be extended to provide water service to the Lederer Tract, at the Developer's cost, approximately 2,600 feet along the proposed Gosling Road from FM 2920 to Kuykendahl Road. Mr. Peterson noted that the water line extension would be a reimbursable cost to the developer and some of the onsite facilities may also be eligible for reimbursement.

Mr. Peterson next reported that if the Board decides to proceed with constructing an elevated storage tank (the "EST"), the District will need to acquire a three (3) acre site from Mr. Lederer, which would further reduce the developable acreage to 36 acres.

Concerning sanitary sewer service, Mr. Peterson explained that the Lederer Tract would need 49,500 gpd of capacity. Mr. Peterson added that the Lederer Tract will connect to the District's sanitary sewer system by extending a sewer line from a manhole located at Lift Station No. 5 and along the proposed Gosling Road alignment to FM 2920, a distance of approximately 3,700 feet. Mr. Peterson noted that the developer will be responsible for the cost of the sewer line extension, which may be eligible for reimbursement from the District.

Mr. Peterson next noted that it will be the developer's responsibility to determine the drainage outfall and any detention requirements for the Lederer Tract.

In summary, Mr. Peterson stated that a bond requirement of approximately \$1,653,000 would be required to finance 100% of the eligible utility costs for the Lederer Tract. Mr. Peterson added that the financial analysis shows that the development would add an estimated \$19.3 million in assessed valuation to the District, and that 91.3% of the development costs would be eligible to be reimbursed by the District at the current tax rate. Mr. Peterson noted that the District does not currently have adequate bond authorization to fund the development.

Mr. Peterson noted that plans to develop the Lederer Tract would coincide with the future extension of Gosling Road. Director Steffes asked if multi-family buildings might be built on the Lederer Tract. A discussion ensued. Mr. Peterson responded that multi-family development may be a possibility on the Lederer Tract. The Board agreed that if plans for the development of the Lederer Tract change, the Board will want to review the revised plans prior to proceeding with annexation of the Lederer Tract. Upon motion by Director Theiss, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Lederer Tract feasibility study.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of November, a copy of which is attached hereto. Ms. Hall reported that 1.5% of

the District's 2006 taxes have been collected to date. Ms. Hall also reported that the 2006 certified value is currently at \$457,510,382 and there is \$57,484,574 that remains uncertified.

Upon motion by Director Schkade, seconded by Director Theiss, 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 with the Board the Delinquent Tax Attorney's Report, a copy of which is attached hereto. No action was required on the Delinquent Report.

REVIEW AND DISCUSS FEASIBILITY STUDY FOR ANNEXATION AND SERVICE TO 2.9-ACRE WINDSOR TRACT

Mr. Peterson next reviewed with the Board the feasibility study for annexation and service to the 2.9-acre Windsor tract (the "Windsor Tract") located southwest of the intersection of Gosling Road and FM 2920, a copy of which is attached hereto. Mr. Peterson informed the Board that, currently, the land plan for the tract is for light retail/commercial development.

Mr. Peterson explained that the estimated water capacity need for the Windsor Tract is 7,500 gpd. Mr. Peterson noted that there is an existing 12-inch water line along the south side of FM 2920 that can provide service to the Windsor Tract without further extension. Mr. Peterson stated that the cost of the water tap and the cost of onsite water lines will be the responsibility of the property owner or developer.

Concerning sanitary sewer service, Mr. Peterson stated that the Windsor Tract would require 6,300 gpd of capacity and will connect to the District's sanitary sewer system by extending a sewer line from a proposed manhole to be located approximately 1,400 feet east of Kuykendahl Road, south of FM 2920, to the eastern edge of the Windsor Tract. Mr. Peterson then stated that the cost of the sanitary sewer line extension will be the responsibility of the developer and may be reimbursable by the District if the sanitary sewer line meets the requirements for public facilities.

Mr. Peterson next noted that this development is considered "private" and, therefore, it is the developer's responsibility to determine the drainage outfall and any detention requirements.

In summary, Mr. Peterson stated that a bond requirement of approximately \$231,000 would be required to finance 100% of the eligible utility costs for the Windsor Tract. Mr. Peterson added that the financial analysis shows that the development would add an estimated \$2 million in assessed valuation to the District, and that 77.5% of the development costs would be eligible to be reimbursed by the District at the current tax rate.

Upon motion by Director Theiss, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Windsor Tract feasibility study.

Mr. Windsor and Mr. McQuain then exited the meeting at 6:28 p.m.

DIRECTOR'S REPORT

Director Warren then presented the Director's Report for his inspection of the District's facilities on December 15, 2006, a copy of which is attached hereto. Director Warren reported that all of the District's facilities were in good shape. Director Warren noted that he was not pleased with the paint job at Water Plant No. 3, and that there is still considerable construction rubble and debris on the site. Director Warren noted that the ants need to be sprayed and Lift Station No. 4 needs some weeding done. Upon motion by Director Schkade, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Director's Report.

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, feasibility studies and/or easement acquisitions.

Ms. Jarmon next reported that the District had received \$49,280 in tap fee revenues during the prior month.

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, the investment report and the payment of the checks reflected therein.

The Board asked that approval of the proposed budget for the fiscal year ending December 31, 2007 (the "2007 Budget") be deferred until Director Marks arrives at the meeting.

OPERATOR'S REPORT

Ms. Sears next reviewed the Operator's Report for the month of November with the Board, including the termination list, copies of which are attached hereto. Ms. Sears reported that the District's four (4) month water accountability ratio was 90.4%, and that there were 12 sludge hauls during the month. Ms. Sears added that there are currently 4,358 connections in the District.

Upon motion by Director Theiss, 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 to authorize the termination of service to the delinquent accounts, in accordance with the provisions of the District's Rate Order.

GENERAL MANAGER'S REPORT

Mr. Conner next presented the General Manager's Report, previously distributed to the Board, a copy of which is attached hereto.

Mr. Conner distributed a copy of the Garbage Collection Proposal Comparison (the "Proposal Comparison") for the Board's review, a copy of which is attached hereto. Mr. Conner reported that he had received proposals for garbage collection services from Republic, Waste Management and WCA and noted that Allied Waste Services of Houston did not respond to his request for a proposal. In addition, Mr. Conner explained that he had also received proposals from Republic, Waste Management, WCA, and Residential Recycling for recycling services. Mr. Conner noted that Residential Recycling proposes to charge a fee of \$2.32 per connection for recycling services for the first year, with such cost to include the cost of recycling bins, and \$1.82 per connection after the first year. Director Warren stated that he was in favor of providing recycling services separately from the garbage collection services. A discussion ensued regarding whether the District would be interested in changing their Monday/Thursday garbage collection schedule to Wednesday/Saturday, an option proposed by WCA. Director Warren stated that he thought Wednesday/Saturday would be good, especially since so many holidays fall on Mondays. The rest of the Board then stated they did not want to change the current collection schedule. Director Steffes suggested that recycling continue to be on Mondays, and that the Board can revisit the garbage collection schedule again in April, 2007.

Discussion then ensued regarding how long it would take Mr. Wolff to deliver new recycling bins to the District. Mr. Wolf estimated that it would take several weeks. The Board asked Ms. Sears to provide Mr. Wolff with the number of customers in the District and asked Mr. Wolff to order extra bins that can be stored at the District's Sewage Treatment Plant site. Director Steffes suggested that recycling bins be delivered to new homes at the same time that new meters are installed in the subdivisions. Upon motion by Director Warren, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to enter into a contract with Residential Recycling for the provision of recycling services. Ms. Bobbitt asked Mr. Wolff to forward a copy of his proposed contract to her for review. Mr. Conner stated that he would contact Mr. Wolff following the meeting to coordinate the transition of recycling services from Republic to Residential Recycling.

Mr. Wolff thanked the Board and exited the meeting at 6:55 p.m.

The Board then asked questions about the garbage collection proposals received from the various service providers. Mr. May noted that WCA can no longer offer service to the District on the Monday/Thursday schedule and cannot begin Wednesday/Saturday service until February 1, 2007. Mr. Conner explained that Republic is proposing a rate of \$10.75 per connection, which is lower than the rates proposed by Waste Management and WCA.

Director Marks then entered the meeting at 6:58 p.m.

Director Marks stated that he had reviewed the Proposal Comparison and was ready to take action on the matter. Upon motion by Director Marks, seconded by Director Theiss, 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 Warren voting in opposition, to enter into a three (3) year contract with Republic for garbage collection services. Mr. Conner again stated that he would contact Mr. Smith concerning the date that Republic will cease to provide recycling services in the District. Mr. Conner also asked Mr. Smith to determine if the District can purchase the Republic recycling bins.

Director Warren, Ms. Woodson, Mr. May and Mr. Smith then exited the meeting at 7:15 p.m.

Ms. Jarmon then noted that the new amount to be charged to District customers for garbage and recycling is \$13.98, including sales tax.

REVIEW AND DISCUSS PROPOSED GROUNDWATER TRANSFER AGREEMENT - BUYER BY AND BETWEEN THE NHCRWA AND THE DISTRICT

Ms. Bobbitt then briefly reviewed the terms of the proposed Groundwater Transfer Agreement - Buyer by and between the NHCRWA and the District (the "Agreement"), a copy of which is attached hereto. Ms. Bobbitt explained that the NHCRWA will sell up to 600,000 gpd of water to the District and that the District, in turn, will pump and sell water to Northwest Harris County Municipal Utility District No. 30 ("NW 30"). Mr. Rolen then stated that the NHCRWA is a wholesaler of water and, therefore, cannot construct a direct connection to the District's water system. Mr. Rolen explained that the NHCRWA will install an air gap connection to the District's ground storage tank.

Lieutenant Blankenship then entered the meeting at 7:22 p.m.

Mr. Shackelford then noted that in accordance with provisions of the Joint Cooperative Plan, the NHCRWA will be constructing a transmission line that will provide surface water to the District, but until that time, water will be pumped from the District to NW 30. Ms. Bobbitt then noted that the Agreement being considered is solely for the purchase of water from the NHCRWA, and that a separate water supply agreement will be prepared between the District and NW 30. Director Marks inquired if the District is obliged to supply water to NW 30 under any circumstances. Ms. Bobbitt responded that the District is not obligated to supply water to NW 30 if water is not provided to the District by the NHCRWA or under situations when the District's facilities are not able to pump or provide water to NW 30.

Upon motion by Director Marks, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Groundwater Transfer Agreement - Buyer by and between the NHCRWA and the District.

Mr. Rolen thanked the Board and exited the meeting at 7:30 p.m.

ADOPT 2007 BUDGET

Ms. Jarmon next reviewed the proposed 2007 Budget with the Board, a copy of which is included in the Bookkeeper's Report. Ms. Jarmon also recommended that the Board review the budget twice a year in order to address any changes that may be necessary. Ms. Jarmon stated that she did not include any Strategic Partnership Agreement ("SPA") revenues that may be received from the City of Houston (the "COH"), water sale revenues from NW 30 or water purchase expenses to the NHCRWA in the proposed 2007 Budget. Ms. Jarmon added that she will adjust the garbage collection services revenues and expense line items to reflect the new rates for garbage collection and recycling services.

A discussion then ensued regarding the amounts allocated for the implementation of automated meter replacement program. Ms. Jarmon was asked to include a replacement meter purchase expense line item of \$700,000 in the proposed 2007 Budget. Ms. Jarmon noted that the District will be required to publish certain legal notices in connection with the SPA and recommended that the Board increase the legal notice expense line item to \$12,000.

Upon motion by Director Marks, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the 2007 Budget, as discussed and revised. Ms. Jarmon stated that she would make the necessary adjustments and redistribute the 2007 Budget tomorrow to the Board and consultants. A copy of the approved 2007 Budget is attached hereto.

ENGINEER'S REPORT

Concerning the proposed amendment to the District's Master Water Plan, Mr. Peterson reported that following the November 21st meeting, he had emailed the preliminary cost estimates for Options I, II and III to the Board and noted that the three (3) preliminary cost estimates were also included in tonight's Engineer's Report. Mr. Peterson then reviewed the three (3) options with the Board. Mr. Peterson explained that Option I calls for a large Water Plant No. 4, with two (2) water wells and improvements to Water Plant No. 3 at an estimated total cost of \$6,993,500. Option II calls for a large Water Plant No. 4, with surface water also being obtained from the NHCRWA, at an estimated total cost of \$6,975,000. Option III calls for a smaller Water Plant No. 4, an additional booster pump at Water Plant No. 3 and an EST at an estimated total cost of \$5,984,000. Mr. Shackelford noted that the proposed Lowe's Home Improvement Store ("Lowe's") development will benefit from an EST, but stated that the District will need to pump surface water received from the NHCRWA into the District's EST beginning in 2010. Mr. Shackelford added that it will take anywhere from 18 to 20 months to design and construct the proposed EST. Further discussion of the options then ensued.

Upon motion by Director Marks, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to approve Option III and amend the District's Master Water Plan accordingly.

Mr. Peterson next reported on the status of the Ditch "A" and Ditch "B" improvement project. Mr. Peterson stated that approval of the plans for such project had been received from Harris County (the "County"), and that Jones & Carter will advertise for bids for such project on December 20th and have bids ready for the Board's review at the January 16th meeting. Mr. Peterson added that an official request to the Harris County Flood Control District had been made for Turf Establishment Agreements for the project.

Concerning the Bonds Gully Project, Mr. Peterson reported that he and Mr. Shackelford met with representatives of Harris County Precinct Four on December 15th to discuss the potential purchase of County property for the expansion of Bonds Gully. Mr. Peterson noted that he had prepared a letter for Director Steffes' execution to Commissioner Jerry Eversole requesting that the District be allowed to acquire a 220-foot drainage strip from the County. Upon motion by Director Schkade, 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 acquiring the 220-foot drainage strip from the County and to authorize execution of the letter to Commissioner Eversole, a copy of which is attached hereto.

Mr. Hudson then asked if the drainage strip was being acquired to accommodate the Fanta tract detention requirements. Mr. Shackelford responded that it was not. Mr. Hudson then inquired if the District is still planning to purchase the tract near Rhodes Road to provide drainage for the Fanta tract and that he has such tract under an option to purchase. Mr. Shackelford stated that that was one (1) of the options the Board is considering, but that the other tracts are being reviewed and no final decision has been made.

Mr. Peterson then reported on the status of the Upper Seals Gully improvements project. Mr. Peterson stated that the closing on the purchase of the Lowe's occurred on December 8, 2006 and had funded on December 11, 2006. Mr. Peterson reported that the District had closed on the purchase of the drainage fee strip south of FM 2920 from Northcrest 2920 LP, as previously discussed and authorized by the Board.

Mr. Hudson and Mr. Glunt then exited the meeting at 8:34 p.m.

Mr. Peterson next reported that Jones & Carter received comments from the County for the portion of the Upper Seals Gully project south of FM 2920 and noted that Jones & Carter will advertise for such bids on December 18th. Mr. Peterson stated that he prepared a letter to Commissioner Jerry Eversole for Director Steffes' execution requesting that the County participate in the cost to construct box culverts under Kuykendahl Road and to regrade the roadside ditches. Mr. Peterson noted that the County's financial commitment would be approximately \$100,000. Upon motion by Director Marks, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the execution of the letter to Commissioner Jerry Eversole regarding the Kuykendahl Road outfall drainage improvements, a copy of which is attached hereto.

Director Marks then asked why it has taken so long to get started on the Bonds Gully project. Mr. Conner explained that implementation of the project was delayed to accommodate Mr. Fred Grundmeyer's driving range tenant. Mr. Conner added that he has been working with the owner of the Progressive Pumps property to obtain his consent to the Bonds Gully project and to obtain an easement for the project from such property owner.

Mr. Shackelford then reported that Mr. Hudson is looking for an alternate way to handle sanitary sewer flow from his Senterra Lakes and Villages of Senterra Lakes developments and has asked to utilize capacity in Lift Station No. 2 located in Bridgestone West to accommodate his sewer capacity needs. Mr. Shackelford explained that Jones & Carter would need to prepare a feasibility study of Lift Station No. 2 to determine if there is adequate capacity for Senterra Lakes and Villages of Senterra Lakes. Upon motion by Director Marks, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to deny the request from Mr. Hudson for use of capacity in Lift Station No. 2.

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

ATTORNEY'S REPORT

Mr. Bobbitt then reported that Mr. Conner and Director Steffes had attended the COH's meeting on November 30, 2006 regarding the COH's plans to proceed with an SPA with the District. Ms. Bobbitt then distributed a memorandum regarding the Timeline for SPA with the COH, a copy of which is attached hereto. Ms. Bobbitt reported that the COH could not determine an appropriate location to comply with limited purpose annexation distance requirements for the implementation of an SPA, but that Mr. Shackelford had identified a route to satisfy such requirements. Ms. Bobbitt noted that not all of the District's commercial property will be annexed by the COH for limited purposes, but stated that all of the commercial property from Boudreaux Road down Kuykendahl Road to Pinelakes Boulevard along FM 2920 from Alvin A. Klein Road to Rhodes Road would be included in the annexation area. Ms. Bobbitt explained that the District must hold two (2) public hearings regarding the District's intent to enter into the SPA with the COH. The Board agreed to hold the public hearings on January 16th and February 20th at the regular Board meetings if Ms. Bobbitt receives the SPA information from the COH in time for such meetings. Ms. Bobbitt added that, in addition to the normal posting requirements, the District will be required to publish a short notice of the public hearings in The Houston Chronicle.

A discussion ensued concerning whether the Board wants to exclude the COH fireworks ban from the SPA. Upon motion by Director Marks, seconded by Director Theiss, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Ms. Bobbitt to take any necessary action to exclude the COH fireworks ban from the SPA.

Ms. Sears then exited the meeting at 9:05 p.m.

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

HARRIS COUNTY PRECINCT FOUR CONSTABLE'S REPORT

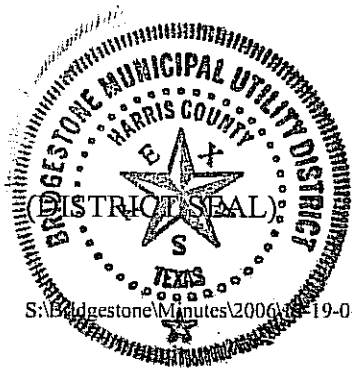
Lieutenant Blankenship then reviewed the Constable's Report with the District.

MISCELLANEOUS MATTERS

Ms. Bobbitt reminded the Board that the next regular meeting is scheduled for Tuesday, January 16, 2007, at 6:00 p.m.

There being no further business to come before the Board, the meeting was adjourned at 9:05 p.m.

PASSED, APPROVED AND ADOPTED this 23rd day of January, 2007.



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Linda Heis
Secretary, Board of Directors