

2006-17  
MINUTES OF MEETING  
OF  
BOARD OF DIRECTORS  
November 14, 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 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 Tuesday, November 14, 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, except Director Schkade, thus constituting a quorum. Director Schkade was linked to the meeting by telephone. Also attending the meeting were Mr. Gene Conner, General Manager of the District; Mr. Joe Almaguer of Aqua Services, LP ("Aqua Services"), operators for the District; and Mr. Lee Conatzer, a water meter consultant and sales representative with L & M Environmental Services.

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.

GARBAGE COLLECTION SERVICES

The first order of business was to review and discuss the letter submitted by Republic Waste Services informing the Board they wish to discontinue their garbage collection service contract with the District upon the December 31, 2006 expiration date of the contract and requesting negotiation of a new contract. A copy of such letter is attached hereto. 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 Mr. Conner to solicit proposals for garbage collection services, with recycling services as an option, from other garbage collection service companies.

## REVIEW AND DISCUSS PROPOSED INSTALLATION OF AUTOMATED METER READ REPLACEMENT METERS

The Board then discussed the proposed installation of automated meter read ("AMR") replacement meters throughout the District and the implementation of an AMR meter reading, accounting and billing system. Mr. Conner recommended that the AMR meter and electronic reading technology ("ERT") replacement program be conducted over the course of a one (1) year period. Mr. Conner explained that Aqua Services will need to reprogram its current customer billing system to accept the AMR data. Mr. Conner noted that the cost of an AMR meter is \$65.00, the cost of the ERT is \$74.00 and the cost of the meter box is \$15.00 for such equipment. The Board then discussed whether Aqua Services should conduct a survey of the commercial meters to identify all the existing turbine meters within the District and determine the best method to replace the turbine meters with compound meters to further increase the water accountability in the District. It was then determined that no action would be taken at the meeting, and that both matters would be discussed further at the upcoming regular meeting scheduled for November 21<sup>st</sup>.

## REVIEW AND DISCUSS DISTRICT'S FUTURE WATER SUPPLY REQUIREMENTS

The final item discussed by the Board was the proposed construction of Water Plant No. 4 ("WP No. 4") and/or the construction of an elevated storage tank ("EST"). The Board expressed concern that the proposed EST was more for the benefit of the North Harris County Regional Water Authority (the "NHCRWA") and had little or no benefit to the District. Mr. Conner responded that the proposed EST will in no way be utilized by or provide any benefit to the NHCRWA. Mr. Conner went on to explain that generally speaking, ESTs in the Houston area do not provide all the benefits that ESTs can provide when designed in proper sequence with the overall development of an area. Mr. Conner stated that the factors that differentiate the proposed EST for the District and that makes the proposed EST the most cost effective alternative for the District as compared to a fully developed WP No. 4 with two (2) ground storage tanks, two (2) wells and a booster station include: 1) the NHCRWA can provide 1.0 million gallons per day of water to the District directly to a future EST in a dedicated line that the NHCRWA will construct at their sole cost; 2) the EST can be located in a strategic location in the District, so that the EST can provide water with an average pressure of greater than 55 psi to all areas of the District; 3) the EST can provide water pressure to the region to be supplied by WP No. 4 without an additional well or wells being drilled in the northwest sector of the District; 4) the EST will satisfy the Texas Commission on Environmental Quality (the "TCEQ") requirements for elevated storage in districts with more than 2,500 connections; 5) the EST will reduce electric power consumption by minimizing the operation of the District's other three (3) water plant facilities; and 6) the EST will further reduce electric power consumption once the NHCRWA provides surface water to the District at a pressure of 60 psi or greater, since the in-line booster station will no longer be needed to lift water into the EST.

Projected energy savings are estimated to be approximately \$8,000,000 over the 30-year life of the EST.

Mr. Conner concluded his remarks by stating that the District is not obligated to construct an EST in any manner and, therefore, the Directors have the option to continue with plans to construct WP No. 4 as outlined in the District's existing water Master Plan. Mr. Conner went on to explain that the EST has been presented as an alternative to achieve and maintain compliance with TCEQ rules and regulations concerning the adequacy of the District's water capacity, storage and distribution capabilities to keep pace with the rapid development going on in the District.

Director Schkade then requested that the cost of running a water line from WP No. 3 to the future WP No. 4 site be considered by the Board. Director Schkade suggested that constructing a water line from WP No. 3 would allow the District to pump the NHCRWA water to the WP No. 4 site, thereby providing the needed water at that location, and thereby allowing WP No. 4 to be constructed with a minimal ground storage tank capacity and booster station, and not having to drill either of the two (2) water wells proposed to be included at WP No. 4.

It was then determined that the matter will be further reviewed and discussed at the upcoming meeting scheduled for November 21<sup>st</sup>.

There being no further business to come before the Board, the meeting was adjourned at 10:00 p.m.

PASSED, APPROVED AND ADOPTED this 19<sup>th</sup> day of December, 2006.



  
Secretary, Board of Directors

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