

2007-11
MINUTES OF MEETING
OF
BOARD OF DIRECTORS
May 15, 2007

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, May 15, 2007, at 7:00 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. 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; Ms. Karen Sears and Mr. Joe Almaguer of Aqua Services, LP ("Aqua Services"), operators for the District; Lieutenant Ronnie Glaze and Sergeant Dean Coleman of the Harris County Precinct 4 Constable's office; Mr. Bob Hudson of Texas Investment and Development Company, Inc., developer of the Bridgestone Lakes, Gosling Pines, Senterra Lakes and Villages of Senterra Lakes subdivisions within the District and the proposed Fanta tract; Messrs. Perry Senn and Ronnie Matthews of Peron Development, Inc., developers of the Northcrest Village, Bella Sera and Villages of Bridgestone subdivisions within the District; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("JRPB"), 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 March 6, 2007, the regular meetings of March 20, 2007 and April 17, 2007, and the certified agenda of March 6, 2007, as written; 2) award the contract for construction of the waterline to serve 2920 Business Park, LP to the lowest qualified bidder, M. R. Gibbs Group, Inc. in the amount of \$24,880.00; 3) approve the following pay estimates and change orders: a) Pay Estimate No. 4 in the amount of \$25,649.33 from Pace Services, LP for the construction of water, sewer and drainage facilities to serve Bridgestone Lakes, Section 3; b) Pay Estimate No. 1 in the amount of \$104,737.95 and Change Order No. 1 in the amount of \$12,200.00 from Lecon, Inc. for construction of the Ditch A and Ditch B improvements; c) Pay Estimate No. 4 in the amount of \$25,697.42 from C. E. Barker, Ltd. for construction of the water, sewer and drainage facilities to serve Gosling Pines, Section 2; d) Pay Estimate No. 3 in the amount of \$129,332.00 from TBA Contractor, LLC ("TBA") for construction of the Klein Independent School District water and sewer lines extension along FM 2920; e) Pay Estimate No. 4 in the amount of \$32,735.95 from B & D Construction Co., Inc for construction of the water, sewer and drainage facilities to serve Northcrest Village, Section 6; and f) Pay Estimate No. 3 in the amount of \$30,069.67 from Bay Utilities, LLC for the construction of the water, sewer and drainage facilities to serve Spring Terrace, Section 6; and 4) authorize the execution of any necessary easements to serve various District developments.

REGULAR AGENDA

Director Steffes then noted that the Board will meet in special session on Tuesday, May 22, 2007, at 7:00 p.m. to discuss personnel matters.

APPROVE AND AUTHORIZE EXECUTION OF ACKNOWLEDGMENT OF ASSIGNMENT OF REIMBURSEMENT PROCEEDS TO RAYFORD ROAD INVESTMENTS, LTD.

Ms. Bobbitt reported that Rayford Road Investments, Ltd, along with Gosling Road Development Company, Inc., has made a loan to Senterra Lakes, L.P. ("Senterra Lakes") and has submitted an Acknowledgment of Assignment of Rights of the Agreement for Financing of Facilities between the District and Senterra Lakes, dated August 11, 2003, for approval and execution. 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 and authorize execution of the Acknowledgment of Assignment of Rights, a copy of which is attached hereto.

AUTHORIZE FEASIBILITY STUDY FOR SERVICE TO NORTHSIDE CHRISTIAN CHURCH (THE "CHURCH")

Mr. Peterson reported that the Church has submitted an application for out-of-District service and paid a \$3,000.00 deposit for the preparation of a feasibility study on such request. Mr. Peterson stated that he had recently met with Mr. David McCampbell, Mr. Scott Adkisson and a representative of the Church regarding the extension of utilities along the future re-

alignment of Gosling Road. 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 authorize Jones & Carter to prepare a feasibility study regarding the District's provision of out-of-District service to the Church.

ADOPT AMENDED AND RESTATED ORDER DESIGNATING INVESTMENT OFFICER AND ESTABLISHING RULES, POLICIES, CODE OF ETHICS FOR THE INVESTMENT OF DISTRICT FUNDS AND REVIEW OF INVESTMENTS (THE "RESOLUTION")

Ms. Bobbitt next reminded the Board that at the May 2, 2007 special meeting, Director Steffes asked to resign from serving as the District's Investment Officer. Ms. Bobbitt explained that the Resolution has been amended to designate Ms. Mary Jarmon as the District's Investment Officer. 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 adopt the Resolution, a copy of which is attached hereto.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of April, a copy of which is attached hereto. Ms. Hall reported that to date, 94.3% of the District's 2006 taxes have been collected and noted that there were a large number of tax refund checks included in tonight's checks. Ms. Hall reported that the District's preliminary valuation for 2007 is \$522 million.

Ms. Hall then reported that following the April meeting, she sent out two (2) installment payment plans for delinquent taxes, but stated that the executed installment plans have not yet been returned to her by the taxpayers.

Ms. Hall next reported that Wells Fargo Bank, National Association (the "Bank") has requested an updated Depository Pledge Agreement from the District for the Tax Account, a copy of which is attached hereto. Ms. Bobbitt stated that she would like to review the updated form before it is returned to the Bank.

Ms. Hall then reported that following the April meeting, she researched Director Warren's question about why Neal's Restaurant has not received any tax statements since they opened their new business. Ms. Hall explained that the Harris County Appraisal District (the "HCAD") tax rolls reflect Stimac Enterprises, Inc. ("Stimac") as the owner of the commercial center where the Neal's Restaurant is located. Ms. Hall further reported that her office has provided HCAD with the names of the tenants in the Stimac commercial center, but that the personal property for each tenant has not been added to the District's tax rolls.

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 Tax Assessor/Collector's Report, to authorize payment of the checks reflected therein and to authorize execution of the Depository Pledge Agreement with the Bank.

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. Director Warren asked about the status of the Rigia's Pizza delinquent tax account and noted that such business is still operating and conducting business. Ms. Hall stated she would follow-up on such matter with the District's Delinquent Tax Attorney. Ms. Hall noted that no action was required on the Report.

Ms. Hall then reported that Mr. Franck T. Kpetehoto, the owner of an undeveloped lot at 5610 Sequin Drive, requested a waiver of penalty and interest on his 2006 taxes. Ms. Hall explained that HCAD had incorrectly assessed Mr. Kpetehoto's undeveloped lot as having a residence on it in 2005. Ms. Hall noted that Mr. Kpetehoto did not pay his 2006 taxes, because he was waiting for HCAD to process his refund on his 2005 taxes and was charged penalty and interest on his 2006 taxes. Ms. Hall recommended that Mr. Kpetehoto's request for waiver of the penalty and interest be granted. 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 approve the waiver of Mr. Kpetehoto's penalty and interest on his 2006 taxes.

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 stated that he would discuss other matters in executive session later in the meeting.

DIRECTOR'S INSPECTION REPORT

Director Theiss then distributed her Director's Report from her inspection of the District's facilities conducted on May 9, 2007 with Mr. Almaguer, a copy of which is attached hereto. Concerning Water Plant No. 3, Mr. Almaguer reported that the North Harris County Regional Water Authority (the "NHCRWA") contractor has been informed that the blow-off valve is leaking. In addition, the NHCRWA contractor must replace the broken two (2) way meter with a temporary one (1) way meter at Water Plant No. 3 and at the point of delivery to Northwest Harris County Municipal Utility District No. 30 ("NW 30").

Lieutenant Glaze and Sergeant Coleman entered the meeting at 7:30 p.m.

Director Schkade then asked about the status of the washed out area behind the building at Water Plant No. 3. Mr. Almaguer reported that the washed out area has been repaired. 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 Director's Inspection Report.

Ms. Bobbitt then reminded Ms. Sears and Mr. Almaguer that they must notify the District's bookkeeper and engineers when the District begins to supply water to NW 30.

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 went on to report that \$19,680.00 in tap fees had been collected during the prior month. Ms. Jarmon further noted that checks being presented for payment include check No. 9968 to TBA Pay Estimate No. 3 in the amount of \$129,332.00, check No. 9969 to Allan R. Klein, et. al. in the amount of \$7,448.76 for the acquisition of a sewer line easement and check No. 9970 to the Texas Commission on Environmental Quality in the amount of \$1,066.50 for the Wastewater Treatment Plant permit fee.

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 approve the Bookkeeper's Report, the investment report and the payment of the checks reflected therein.

HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

Lieutenant Glaze then reviewed the Constable's Report for the month of April, a copy of which was previously distributed to the Board and is attached hereto. Lieutenant Glaze stated that he would prepare a call volume summary for the Board's next meeting.

Director Steffes then asked Lieutenant Glaze to notify his constables that their cooperation with the District's operator, Aqua Services, would be appreciated when the operator is performing operational responsibilities in the District.

Lieutenant Glaze and Sergeant Coleman then exited the meeting at 7:45 p.m.

OPERATOR'S REPORT

Ms. Sears next reviewed the Operator's Report for the month of April 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 91.5%, and that there were 17 sludge hauls during the month. Ms. Sears added that there are currently 4,654 connections in the District. Ms. Sears then reported that she had been advised that the Association of Water Board Directors – Texas (the "AWBD") no longer provides water conservation brochures to utility districts. Ms. Dold stated that it is the NHCRWA, not the AWBD, that currently offers free water conservation brochures.

Concerning the District's 2006 Consumer Confidence Report (the "2006 CCR"), Ms. Sears reported that she is waiting to receive the President's statement from Director Steffes in order to finalize and distribute the 2006 CCR. Director Steffes stated that he has drafted his statement and will email it to the Board and consultants tomorrow for review and comment.

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 approve the Operator's Report, to authorize the termination of service to the delinquent accounts, in accordance with the provisions of the District's Rate Order, and to approve and authorize the filing of the 2006 CCR, pending final review of the President's statement.

Ms. Hall then exited the meeting at 7:50 p.m.

ENGINEER'S REPORT

Mr. Peterson then reviewed the Engineer's Report with the Board, a copy of which is attached hereto.

Mr. Peterson reported that the District's Water Master Plan needs to be revised to reflect what type of elevated storage tank ("EST") that will be constructed and that Jones & Carter needs to move forward with the design of the EST. Directors Theiss and Warren stated that they were not prepared to select the type of EST at tonight's meeting. Director Warren asked where he could view a 1 million gallon EST. Mr. Peterson responded that Fort Bend Water Control and Improvement District No. 2 ("WCID No. 2") located in Stafford, Texas, off US Highway 90A, is a 1 million gallon composite base EST. Director Warren stated that he would go by the WCID No. 2 EST later this week.

Director Marks then entered the meeting at 8:05 p.m.

Mr. Peterson next reported that final approval of drawings for the Upper Seals Gully Project, the portion located south of FM 2920, has been received from Harris County (the "County").

Concerning the completion of the force main to Lift Station No. 7, Director Theiss questioned why the project work days have been extended from 30 days to 45 days. Mr. Peterson responded that the project needed to be extended in order to get the contractor started, but noted that he anticipates that the work would be complete within three (3) weeks, depending on weather conditions.

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 Engineer's Report.

ATTORNEY'S REPORT

Ms. Bobbitt then reported that Mr. David Klein had accepted the District's offer for the acquisition of the sewer line easement to be located along Spring-Cypress Road, across from the entrance to the Stone Forest subdivision and across the Klein family tract, that is needed to serve the Eagle Water Management, Inc. property.

Ms. Bobbitt also reported that Ms. Diane Allen of JRPB has begun easement acquisition work for the extension of utilities along Kuykendahl Road.

Ms. Bobbitt next reported that two (2) weeks ago, the Stone Forest Homeowners Association ("Stone Forest HOA") had sent an email to Director Steffes through the District's website regarding the poor maintenance of the Stone Forest detention pond, but that such note was not sent to Mr. Conner or Ms. Bobbitt. Ms. Bobbitt further explained that Mr. Conner had noticed that the Stone Forest detention pond needed mowing and had contacted Mr. Erik Haaland, the developer of Stone Forest, requesting that the detention pond be mowed. Mr. Conner went on to explain that he never heard back from Mr. Haaland, but noticed that the detention pond had been mowed the next day after his call to Mr. Haaland, and thought that the developer had arranged for the work to be done. Ms. Bobbitt further explained that she had learned earlier today that it was the Stone Forest HOA that had mowed the detention pond. Ms. Bobbitt next reported that Ms. Cindy Angelo of Chaparral Management called her about getting an item on the next meeting agenda to discuss the future maintenance of the Stone Forest detention pond. Ms. Sears stated that she had sent Mr. Conner an email on May 14th reporting that Mr. Bob Wise and Mr. Roland Kennedy, officers of the Stone Forest HOA, had called her office to complain that the detention pond needed mowing. Mr. Conner then stated that he has now spoken with Mr. Wise and Mr. Kennedy. Mr. Conner added that at some point in the future, the detention pond is to be accepted and maintained by the County.

Messrs. Senn and Matthews exited the meeting at 8:18 p.m.

Ms. Bobbitt then stated that she would like to take the Board into an executive session.

EXECUTIVE SESSION

Director Steffes then adjourned the regular meeting at 8:20 p.m. and announced that the Board would convene in executive session pursuant to Sections 551.071(1)(A), 551.071(2) and 551.072, Texas Government Code, as amended, to consult with the District's attorney to discuss pending or contemplated litigation, regarding attorney/client privilege matters, and to discuss real property matters. The members of the Board, Mr. Conner, Messrs. Shackelford and Peterson and Ms. Ecklund, Ms. Bobbitt and Ms. Dold remained in the executive session, at which time all other persons in attendance then exited the meeting.

RECONVENE IN OPEN SESSION

Director Steffes then reconvened the meeting in open session at 9:50 p.m. where the following action was then taken by the Board. 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: 1) select the alignment for the Lower Bonds Gully project that cuts across the back portion of the Manis property; 2) authorize the consultants to proceed with negotiations for and acquisition of the Manis and County tracts for the Lower Bonds Gully project; 3) negotiate a proposed lease agreement with the County concerning their property; and 4) authorize Ms. Bobbitt to contact the appraiser concerning the Manis appraisal with regard to the Board's selection of Option 1.

MISCELLANEOUS MATTERS

Ms. Bobbitt reminded the Board that a special meeting has been scheduled for Tuesday, May 22, 2007 at 7:00 p.m., and that the Board's next regular meeting is scheduled for Tuesday, June 19, 2007, at 6:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 19th day of June, 2007.


Secretary, Board of Directors

