

2007-15
MINUTES OF MEETING
OF
BOARD OF DIRECTORS
July 17, 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 Jerry Thomas Center, 4403 Lost Lake Lane, Spring, Texas, its regular meeting place within the boundaries of the District, on Tuesday, July 17, 2007, at 7:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Adrian E. Steffes	President
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. Jon Kemp, facilities manager of Northwoods Catholic School; 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, operators for 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 and the proposed Fanta tract; Lieutenant Ronnie Glaze of the Harris County Precinct 4 Constable's office; and Ms. Robin S. Bobbitt, and Mr. Jonathan Polley, 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.

PRESIDENT'S COMMENTS

Director Steffes then reported that at the Board's special meeting of June 28, 2007, the Board determined that in order to shorten the meeting time of the regular meetings, they would like to review the consultants' reports prior to each meeting and approve such reports without any

discussion if there are no questions or concerns about the reports. Director Steffes also noted that the Board would like to receive a draft of the minutes on the Monday following the regular meeting dates. Ms. Bobbitt explained that she could not meet that deadline, but would try to have a draft of the minutes to the Board by the second Monday following the regular meeting date or as soon thereafter as possible. Ms. Bobbitt noted, however, that she and Ms. Dold would be out of town most of next week and, therefore, would not be able to prepare the minutes from tonight's meeting by the second Monday following the meeting date, but would try to get the minutes out as soon as possible. Ms. Bobbitt explained that preparation of the Board's meeting minutes takes a considerable amount of time, and that the minutes are generally very lengthy and detailed to the length and complexity of the meeting.

Ms. Bobbitt then suggested that if the Board is concerned about the cost of preparing the minutes, they may want to consider recording the meetings and having the minutes transcribed. A discussion then ensued regarding the possible advantages and disadvantages of recording the meetings. Ms. Bobbitt then stated that recording the special meetings would be beneficial and noted that the notes from the special meeting of June 28, 2007 did not appear to reflect the details of what was actually discussed by the Board. Ms. Bobbitt stated that she would further investigate the feasibility of recording the meetings and the type of recorder that would be best to use for such purpose.

Mr. Kemp then entered the meeting at 7:10 p.m.

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. Ms. Bobbitt noted that the minutes of the special meetings of January 10, 2007, April 10, 2007 and May 22, 2007, the certified agenda of June 19, 2007 and the regular meeting of June 19, 2007 were being presented for approval at tonight's meeting. Ms. Bobbitt suggested that, since several sets of minutes had been sent out earlier today, the Board approve all of the minutes subject to final review by the Board, and that any comments or corrections should be submitted to her office by the end of the week. Ms. Bobbitt then asked that Consent Agenda item nos. 5, 6 and 7 be deferred until the August 21, 2007 meeting. Mr. Peterson noted that three (3) bids were received for the construction of the water, sewer and drainage facilities to serve Villages of Senterra Lakes, Section 2, with the lowest qualified bid being submitted by Terbo Construction, L. P. ("Terbo") based on their bid of \$595,123.76.

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 the following Consent Agenda items: 1) approve the minutes of the special meetings of January 10, 2007, April 10, 2007 and May 22, 2007, the certified agenda of June 19, 2007 and the regular meeting of June 19, 2007, subject to the Board's final review and submission of any comments to Ms. Bobbitt's office by Friday, July 20th; 2) approve the award of construction contract to Terbo in the amount of \$595,123.76 for construction of the water, sewer and drainage facilities to serve Villages of Senterra Lakes, Section 2; 3) approve the following pay estimates and change orders:

a) Pay Estimate No. 5 in the amount of \$73,338.80 from C. E. Barker, Ltd. for the construction of water, sewer and drainage facilities to serve Gosling Pines, Section 2; b) Pay Estimate No. 2 in the amount of \$22,774.50 from Rebel Dozer Service & Construction, Ltd. for construction of the Kuykendahl Road 6-inch sanitary sewer force main; c) Pay Estimate No. 6 and Final in the amount of \$20,935.00 and Change Order No. 2 in the amount of \$1,595.00 for the installation of rip rap around the 42-inch storm sewer outfall from Bay Utilities, LLC ("Bay Utilities") in connection with the construction of the water, sewer and drainage facilities to serve Senterra Lakes, Section 2; d) Pay Estimate No. 6 in the amount of \$92,207.53 from B & D Construction Co., Inc. for construction of the water, sewer and drainage facilities to serve Northcrest Village, Section 6; e) Change Order No. 3 in the amount of \$750.00 for the removal and replacement of a damaged inlet cap from Clearwater Utilities, Inc. in connection with the construction of the water, sewer and drainage facilities to serve Spring Terrace, Section 5; f) Change Order No. 2 in the amount of \$15,400.00 for adjustment of a manhole from Bay Utilities in connection with the construction of the water, sewer and drainage facilities to serve Spring Terrace, Section 6; and g) Pay Estimate No. 3 in the amount of \$19,411.57 from L & Y Contractor for clearing and grubbing of Villages of Senterra Lakes, Section 2; and 4) authorize the execution of any necessary easements to serve various District developments.

PUBLIC COMMENT

Director Steffes next recognized Mr. Kemp, who stated that the flow of storm water at Northwoods Catholic School ("Northwoods") is not draining properly and noted that there is a problem with drainage at the intersection of FM 2920 and Gosling Road. Mr. Shackelford explained that Harris County (the "County") is currently designing the extension of Gosling Road, which is slated for construction in late 2007 or early 2008. Mr. Shackelford further explained that the County will install double box culverts in connection with the road extension, which should correct the drainage problems. Mr. Shackelford also stated that until the County's project is completed, there is not a lot that can be done to correct the drainage problems along Gosling Road. Mr. Conner noted that Northwoods' best hope is to try to get the Texas Department of Transportation ("TxDOT") to keep the drainage ditches cleaned until the County's Gosling Road extension project is completed. Mr. Conner asked Mr. Kemp to call him to get the contact information for Mr. Doug Stephens of TxDOT.

REGULAR AGENDA

TAX ASSESSOR/COLLECTOR'S REPORT

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of June, a copy of which is attached hereto. Ms. Hall reported that to date, 95.8% 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 for payment. Ms. Hall noted that as of July 1, 2007, the 20% additional penalty was applied to the District's 2006 delinquent accounts.

Ms. Hall then noted that she had submitted the District's request for a Certificate of Estimated Values, as of July 1, 2007, to the Harris County Appraisal District ("HCAD") last week, and then received an email from HCAD requesting that the District provide information regarding any new commercial development or new sections of residential development within

the District. Mr. Peterson stated that he would provide such information to Ms. Hall within the next several days. Ms. Bobbitt asked Ms. Hall to try to get the Certificate of Estimated Value back from HCAD as soon as possible, since it is needed in connection with the District's ninth (9th) bond application report ("BAR No. 9"). Ms. Hall then noted that it is likely that HCAD will not certify the 2007 tax rolls until late September.

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 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. Ms. Hall reported that the owner of Rigia's Pizza has agreed to pay the 2005 and 2006 delinquent taxes. Director Marks noted that the Tax Account checks included a refund to Mr. Richard Soete, who is listed on the Delinquent Tax Attorney's Report. Ms. Hall stated that she would hold the refund check and contact the Delinquent Tax Attorney about the matter. Ms. Hall noted that no action was required on the Report.

HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

Lieutenant Glaze then reviewed the Constable's Report for the month of June, a copy of which was previously distributed to the Board and is attached hereto.

Lieutenant Glaze then exited the meeting.

REVIEW AND DISCUSS SCHEDULE FOR THE PROPOSED SALE OF THE DISTRICT'S \$8,100,000 WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS, SERIES 2007 (THE "SERIES 2007 BONDS")

Mr. Short then briefly reviewed the draft of the Notice of Sale and Preliminary Official Statement with the Board and noted that the document had previously been distributed to the Board and consultants. Mr. Short stated that he is proposing August 14, 2007 for the sale of the Series 2007 Bonds with the closing/funding projected for September 26th. Mr. Short noted that he has applied to Standard & Poors for a rating on the Series 2007 Bonds and reminded the Board that the District's Series 2004 Bonds had a BBB+ rating. Mr. Short also stated that he would take bids from the various bond insurance companies to insure the Series 2007 Bonds. Mr. Short reported that the Notice of Sale must be published ten (10) days prior to the sale date of the bonds.

Director Steffes mentioned that he might not be present at the Board's August 21st meeting, because he may be driving his daughter to college. Ms. Bobbitt asked that Director Steffes notify her office when he is sure of the dates of his trip, so that her office can be certain to prepare the bond documents for execution by the officers of the Board who will be present at the meeting.

Mr. Shackelford then reported that he has a meeting scheduled for July 19, 2007 with Mr. Justin Taack of the Texas Commission on Environmental Quality (the "TCEQ") to review and discuss the District's BAR No. 9 prior to submitting it for the TCEQ's expedited review. Mr. Shackelford noted that a draft of BAR No. 9 had been provided to the Board at tonight's meeting, a copy of which is attached hereto.

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: 1) approve the sale of the Series 2007 Bonds on August 14, 2007 and authorize the District's consultants to take any necessary actions regarding same; 2) approve the Preliminary Official Statement for sale of the Series 2007 Bonds; 3) adopt the Order Adopting Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of Preliminary Official Statement, and Authorizing Publication of Notice of Sale for the Series 2007 Bonds, a copy of which is attached hereto; 4) authorize execution of the Certificate of Revenues and Expenditures, a copy of which is attached hereto; 5) review, approve and authorize execution of Paying Agent/Registrar Agreement with The Bank of New York Trust Company, N.A. in connection with the Series 2007 Bonds, a copy of which is attached hereto; and 6) adopt a Resolution Requesting HCAD for an Estimated Appraisal of Property as of July 1, 2007, a copy of which is attached hereto.

RECEIVE AND DISTRIBUTE INSURANCE PROPOSALS

Mr. Conner then opened the envelopes containing the insurance proposals that had been received from AquaSurance, L.L.C. in the amount of \$25,842.00, The Essential Group in the amount of \$21,164.00, and Anco-McDonald Waterworks Insurance Services, L.L.C. in the amount of \$24,679.00 and distributed copies of such proposals to the Board. Mr. Conner stated that he and Director Marks would review the proposals and make a recommendation to the Board at the August 21st meeting. Mr. Conner asked Jones & Carter to verify that \$9,815,000.00 is the correct value of the District's facilities.

Ms. Hall then exited the meeting at 8:17 p.m.

REVIEW FEASIBILITY STUDY FOR SERVICE TO THE 6.95-ACRE WELLSTONE DEVELOPMENT, LLC ("WELLSTONE") (THE "WELLSTONE TRACT") (FORMERLY REFERRED TO AS THE GOSLING 6.95 INVESTMENTS, LTD. TRACT)

Ms. Ecklund next presented the Board with a copy of the feasibility study for the 6.95-acre tract under contract to be purchased by Wellstone for light retail commercial development and located within the District, on the northeast corner of Gosling Road and FM 2920, a copy of which is attached hereto.

Concerning water service, Ms. Ecklund estimated that the Wellstone Tract would require approximately 21,000 gallons per day ("gpd") average flow of water capacity and noted that the District currently has adequate water capacity to serve the property. Ms. Ecklund explained that water service would be available by the tract connecting to an existing 12-inch waterline along the east side of Gosling Road. Ms. Ecklund stated that no further extension of a public waterline would be necessary to serve the Wellstone Tract, and added that the developer would be

responsible for the cost of the connection to the District's water system and any on-site water lines.

Ms. Ecklund further explained that the Wellstone Tract would require approximately 17,400 gpd average daily flow of sanitary sewer capacity, and noted that the District currently has adequate sanitary sewer capacity to serve the property. Ms. Ecklund then noted that the District's Lift Station No. 4 is located immediately north of the Wellstone Tract and would serve such tract. Ms. Ecklund stated that the developer will be required to construct a sanitary manhole adjacent to the lift station site and to extend a private 8-inch sanitary sewer line approximately 50 linear feet across the lift station site to the sanitary manhole. Ms. Ecklund stated that the developer would be responsible for the cost of the sanitary sewer line extension but, if such line serves more than one (1) property, the line may be eligible for reimbursement from the District.

Director Warren asked if the developer would be responsible for the construction of private detention facilities. Ms. Ecklund responded that the developer would be responsible for constructing private detention facilities. Mr. Peterson noted that the developer may decide to purchase capacity in the Gosling Pines detention facilities and not construct a private detention facility. Mr. Hudson commented that the Wellstone Tract will likely drain into the Gosling Pines detention basin.

Mr. Peterson noted that the developer has not requested a capacity commitment letter from the District, and added that the developer will need to submit the land plan for the proposed development to Jones & Carter for review and approval prior to the issuance of a capacity commitment letter for the tract.

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 feasibility study for the Wellstone Tract.

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.

Concerning the rehabilitation of the Albertson's detention facility, Mr. Conner reported receipt of a letter from Mr. José Gross, property manager of the Albertson's retail center, responding to emails and conversations with Mr. Conner and Mr. Peterson about the erosion occurring on the residential lots located adjacent to the Albertson's detention pond, a copy of which is attached hereto. Mr. Conner reported that Mr. David Lota and Mr. Joshua Rathweg, residents of Tulip Glen Court in Stone Forest, are experiencing a great deal of erosion that they believe is being caused by the deterioration of the Albertson's detention pond. Mr. Conner explained that Mr. Gross' letter states that the detention pond is not responsible for the damages to the residents' property, and states that the erosion of the residential lots on the north side of the detention pond is delaying the rehabilitation project. Mr. Conner also distributed photographs reflecting the erosion to the residential lots, copies of which are attached hereto.

Mr. Conner next stated that he will be scheduling a special workshop meeting of the Board for Tuesday, August 7, 2007, to discuss several items that have been pending, including: 1) the proposed water audit; 2) AMR metering in developing subdivisions and the proposed meter replacement program; and 3) the proposed sanitary sewer cleaning and television survey.

Mr. Conner then distributed photographs reflecting erosion of the Gosling Pines detention pond, copies of which are attached hereto. Mr. Hudson noted that his construction contractor would be on site tomorrow to fill the eroded sections of the detention pond.

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 General Manager's Report.

DIRECTOR'S INSPECTION REPORT

Director Marks then distributed his Director's Report from his inspection of the District's facilities conducted on July 13, 2007 with Mr. Almaguer, a copy of which is attached hereto. Director Marks then briefly reviewed his report with the Board.

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

UPDATE ON PROPOSED ACQUISITION OF LAND AND CONSTRUCTION OF DISTRICT OFFICE AND MEETING FACILITY

Director Warren reported that he and Mr. Conner met on June 27, 2007 with Lieutenant Glaze and Captain Tim Clark to discuss what space needs the constables would have if the District provides substation/office space for the constables in a District-owned building. Director Warren reported that the idea he had envisioned for a "store front" office and constable substation is not going to be practical due to local, state and federal regulations for the constable substations and offices. Mr. Conner noted that the County Precinct 4 does not have adequate funds to provide a substation in the District. Director Warren suggested that this matter be removed from future agendas.

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 \$30,813.10 in tap fees had been collected during the prior month.

Mr. Short and Mr. Kemp then exited the meeting at 8:45 p.m.

Ms. Jarmon next reported that the payment for water received from the North Harris County Regional Water Authority (the "NHCRWA") and the corresponding invoice to Northwest Harris County Municipal Utility District No. 30 ("NW 30") for water purchased from the District has been straightened out.

Concerning the T. C. Jester Boulevard extension/drainage project the District is managing and administering for the County, Ms. Jarmon reported that she had opened a Special Projects Account at Texas State Bank and deposited the County's \$1,108,795.00 share of costs, KB Homes' \$661,736.00 share of costs and the District's \$184,000.00 share of costs into such account.

Director Steffes asked if any funds had been received in connection with the District's Strategic Partnership Agreement (the "SPA") with the City of Houston. Ms. Jarmon responded that no SPA revenues have been received. Ms. Bobbitt reported that she had heard that SPA checks would be processed in late July or early August.

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

OPERATOR'S REPORT

Ms. Sears next reviewed the Operator's Report for the month of June 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 95.2%, and that there were 28 sludge hauls during the prior month. Ms. Sears added that there are currently 4,780 connections in the District.

Ms. Sears next reported that she had contacted the NHCRWA regarding the water conservation brochures for distribution to District customers. Ms. Bobbitt then provided a flyer to Ms. Sears regarding water conservation billing inserts that are now available from Water Lily Press. Ms. Dold stated that she would forward a copy of the flyer to Directors Steffes and Schkade for their review.

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 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.

ENGINEER'S REPORT

Mr. Peterson then reviewed the Engineer's Report with the Board, previously distributed to the Board, a copy of which is attached hereto. Mr. Peterson stated he had nothing further to report.

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.

AUTHORIZE ENGINEERS TO UPDATE DISTRICT LIST OF CAPITAL ASSETS

Ms. Bobbitt noted that GASB 34 requires the District to maintain a list of capital assets for auditing purposes and that the insurance carriers require an updated value of the District's facilities each year and, therefore, it is necessary for Jones & Carter to review and update the list and value of the District's capital assets. 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 authorize Jones & Carter to update the District's capital asset values for the fiscal year ending December 31, 2007 and for insurance purposes.

APPROVE AND AUTHORIZE EXECUTION OF EMERGENCY WATER SUPPLY CONTRACT WITH NW 30

Ms. Bobbitt then presented the proposed Emergency Water Supply Contract with NW 30 (the "Contract") for the Board's approval and execution, a copy of which is attached hereto. 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 and authorize execution of the Contract.

Ms. Bobbitt next reported receipt of a letter from Mr. Abraham Rubinsky, attorney for Northwest Harris County Municipal Utility District No. 32 ("NW 32") requesting an Emergency Water Supply Contract with the District, a copy of which is attached hereto. Mr. Peterson noted that NW 32 would need to construct a water line along FM 2920, at their sole cost, in order to connect to the District's water system.

ATTORNEY'S REPORT

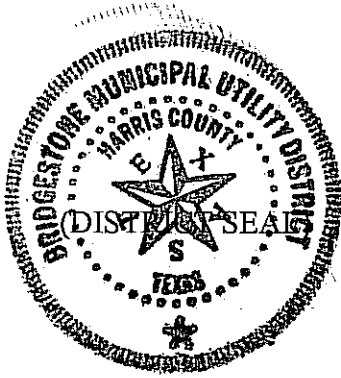
Concerning Mr. Hudson's request for public information pursuant to the provisions of the Texas Public Information Act dated May 29, 2007, relating to capital projects and bond issues, Ms. Bobbitt noted that Mr. Hudson had received copies of most of the documents requested and that provision of the remainder of the documents requested is subject to an Attorney General's decision on such documents, which should be received around August 17th.

MISCELLANEOUS MATTERS

Ms. Bobbitt reminded the Board that the bond sale meeting will be held on Tuesday, August 14, 2007, at 7:00 p.m., and that the Board's next regular meeting is scheduled for Tuesday, August 21, 2007, at 7:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 21st day of August, 2007.



Linda Hein
Secretary, Board of Directors