

2007-16
MINUTES OF MEETING
OF
BOARD OF DIRECTORS
August 7, 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 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, August 7, 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, except Director Schkade, thus constituting a quorum. Director Schkade monitored the meeting by conference call. Also attending the meeting was: Mr. Gene Conner, General Manager for the District. No other District consultants were present at the meeting. These minutes of the meeting have been prepared from notes taken by Mr. Conner.

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.

CONSIDER PROPOSAL BY JBS AND ASSOCIATES ("JBS") TO PERFORM WATER AUDIT

The Board first discussed the proposal by JBS to perform a water audit of the District's water distribution system, a copy of which is attached hereto. After review and discussion, the Board concluded that the District's current accountability ratio is typically exceeding 90 percent (90%), and that the highest realistic accountability ratio to be expected is approximately 95 percent (95%). The Board then decided to defer the water audit at this time. Director Marks suggested that Mr. Conner provide a proposal for upgrading the two-inch (2") and larger commercial meters to the more accurate compound or combination meters. It was further determined that the Board will consider Mr. Conner's proposal regarding this matter and the cost effectiveness of the meter change at a future regular meeting of the Board. Mr. Conner stated he will have AquaServices, LP, operators for the District, provide an updated list of the commercial

meters with sizes and current accountability information and, then, prepare a report for the Board to consider at the October regular meeting of the Board.

CONSIDER INSTALLATION OF AMR WATER METERS

A discussion then ensued regarding replacement of the existing residential meters in the District's established subdivisions with AMR water meters (meters that can be read remotely and electronically). The Board concluded that installation of AMR meters in the new subdivisions of the District and replacement of damaged meters with AMR meters in the established subdivisions of the District will continue. However, the Board stated that they did not feel it is necessary to replace existing residential meters at this time due to the high percentage of water accountability being experienced. No further action on this matter was taken.

CONSIDER OBTAINING BIDS FOR TELEVISION SURVEY OF EXISTING SANITARY SEWER LINE IN THE BRIDGESTONE AND BRIDGESTONE WEST SUBDIVISIONS

The Board then discussed whether to obtain public bids or solicit competitive bids from qualified contractors for the televising of lines for the provision of providing television inspection services and associated repairs of the sanitary sewer systems located in the original Bridgestone and Bridgestone West subdivisions. The Board requested that Mr. Conner solicit bids from qualified contractors to provide routine sanitary sewer line cleaning, televising and recordkeeping. A discussion then ensued regarding requesting the successful contractor to enter into a long-term service contract with the District to provide sanitary sewer system cleaning, televising, recordkeeping and routine and emergency repair services, as well as other related services. Mr. Conner stated that he will present sealed proposals to the Board for review at a special meeting of the Board in November.

CONSIDER SEALING AND COATING OF SANITARY SEWER MANHOLES

The Board next discussed the sealing and coating of the sanitary sewer manholes in the District, but concluded that the televising of the sanitary sewer lines needs to be completed in order to determine the condition of the sanitary lines before making repairs to the existing manholes in the original Bridgestone and Bridgestone West subdivisions. The Board concurred that repair of the manholes can be considered once the condition of the existing sanitary lines has been determined or repaired. Mr. Conner stated that he will present a proposal for the repair of the manholes upon completion of the televising of the sanitary sewer lines.

DISCUSSION OF RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board next discussed the insurance proposals received from Anco-McDonald Waterworks Insurance Services, L.L.C. ("Anco"), AquaSurance, L.L.C. ("AquaSurance") and The Essential Group ("Essential"). Director Marks commented that it seems that each of the companies was virtually equal in their coverages and rating of the underwriters. Director Theiss stated that she was concerned that AquaSurance was very late in producing the actual policies for 2006-2007. Director Marks concurred that such practice is unacceptable. The Board concluded that there was only a few thousand dollars difference in the proposals submitted by the high bidder, AquaSurance, and the low bidder, Essential. The Board then determined that it would

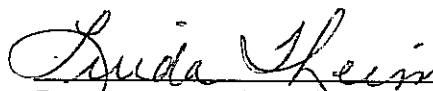
consider award of the District's insurance coverages to Anco at the upcoming regular meeting on August 21st, since Anco has a proven record and are competitive in their insurance package and pricing.

MISCELLANEOUS MATTERS

Mr. Conner then presented a brief report on a meeting he had attended earlier today at Ms. Robin S. Bobbitt's office, Johnson Radcliffe Petrov & Bobbitt PLLC ("JRPB"), attorneys for the District. Mr. Conner explained that those in attendance at the meeting included Messrs. Robert A. Hudson and David Glunt, developers in the District; Mr. John Cannon of Winstead P.C., attorney representing Messrs. Hudson and Glunt; Mr. Jim Goette, an investor in several of Mr. Hudson's development projects; Messrs. Ed Shackelford, P.E. and Erich Peterson, P.E. and Ms. Dedra Ecklund of Jones & Carter, Inc., engineers for the District; Mr. L. Carlin Short II, financial advisor for the District; and Ms. Bobbitt and Mr. Jonathan A. Polley, attorneys, and Ms. Brooke T. Dold, paralegal of JRPB. Mr. Conner reported that information concerning the status of bond issue no. 8 and bond application report nos. 9 and 10 and the items proposed to be included in such bond applications was provided to those attending the meeting. The Board requested that Mr. Conner consider invoicing the expenses of this type of meeting to those parties requesting the meeting. Mr. Conner stated that he would discuss this matter with Ms. Bobbitt in preparation for discussing the merits of invoicing the meeting expenses incurred by the District to the party requesting any such meeting. The Board agreed to take appropriate action on the matter at the upcoming August 21st meeting.

There being no further business to come before the Board, the meeting was adjourned at 8:30 p.m.

PASSED, APPROVED AND ADOPTED this 18th day of September, 2007.


Secretary, Board of Directors

