

2007-18
MINUTES OF MEETING
OF
BOARD OF DIRECTORS
August 21, 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, August 21, 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 Steffes, thus constituting a quorum. Also attending the meeting were: Mr. Friedel ("Fred") Grundmeyer, owner of the property located at FM 2920 and Bridgestone Lane (golf driving range); 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; 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; Sergeant Dean Coleman 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 ("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 Marks then reviewed with the Board the items reflected on the Consent Agenda. Director Marks 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 regular meeting of July 17, 2007 were being presented for approval at tonight's meeting. Director Warren noted that Director Steffes should have an opportunity to make changes to the minutes upon his return. 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 minutes of the regular meeting of July 17, 2007, as written.

Concerning the engineering portion of the Consent Agenda, Mr. Peterson requested that item no. A.2.a. be pulled from the Consent Agenda and noted that after he had prepared the Engineer's Report, he received Change Order No. 1, in the amount of \$1,280.00, from Rebel Dozer Service & Construction, Inc. ("Rebel Dozer"), for landscaping and sodding of the entrance to Villages of Senterra Lakes and recommended approval of such change order.

Ms. Bobbitt then requested that item nos. 6, 7 & 8 of the Consent Agenda be removed from the Consent Agenda and stated that such items would be included on the September 18th agenda.

Mr. Peterson then interjected that checks to Harris County (the "County") would need to be written to cover the costs for the two (2) Turf Establishment Agreements for Ditch A and Ditch B (\$12,973.86) and Seals Gully (\$19,370.90) and held by Ms. Bobbitt until the Turf Establishment Agreements are approved and executed by the County.

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 following Consent Agenda items: 1) approve the minutes of the regular meeting of July 17, 2007, subject to the final review and submission of any comments by Director Steffes to Ms. Bobbitt's office by Friday, August 24th; 2) approve the award of the construction contract to Beyer Construction, LLP in the amount of \$1,175,327.00 for construction of the T. C. Jester Boulevard extension from Alvin A. Klein to FM 2920; 3) approve the following pay estimates and change orders: a) Pay Estimate No. 3 in the amount of \$95,932.39 from Lecon, Inc. for the construction of the Ditch A and Ditch B improvements; b) Change Order No. 1 in the amount of \$1,280.00 from Rebel Dozer for landscaping and sodding of the entrance to Villages of Senterra Lakes subdivision; c) Pay Estimate No. 3 and Final in the amount of \$20,359.25 from Pace Services, LP for construction of the water, sewer and drainage facilities to serve Northcrest Village, Section 3; d) Pay Estimate No. 2 in the amount of \$405,495.45 from L. N. McKean, Inc. for construction of the Upper Seals Gully channel detention; and e) Pay Estimate No. 4 and Final in the amount of \$11,529.15 from L & Y Contractor for clearing and grubbing of Villages of Senterra Lakes, Section 2; 4) authorize the execution of any necessary easements to serve various District developments/projects; and 5) authorize execution of Harris County Flood Control District Turf Establishment Agreements for Ditch A and Ditch B and Seals Gully and approve the corresponding checks for such agreements.

REGULAR AGENDA

CONSIDER REQUEST FROM MR. GRUNDMEYER REGARDING UPPER BONDS GULLY PROJECT

Mr. Conner then reported that he had met with Mr. Grundmeyer and Jones & Carter several times in the last few months to discuss the possibility of converting the portion of the open ditch at the back of the Grundmeyer property near the residential area to a closed storm sewer in order to preserve the row of trees that separates the residential lots from the driving range. Mr. Conner noted that the cost estimate from Jones & Carter to convert to the closed storm sewer system is \$180,000.00. Mr. Grundmeyer then addressed the Board and explained that he has been working with the District on the proposed Upper Bonds Gully project for the past two (2) or three (3) years and would like to preserve the trees, if at all possible. Mr. Grundmeyer added that maintenance along the stormwater ditch would require removal of the trees, which protect the residential neighbors from the lights and errant golf balls from the driving range. Mr. Grundmeyer reiterated that the barrier of trees is good for the driving range and for the property owners. Mr. Grundmeyer stated that he cannot pay the additional cost for the conversion portion of the Upper Bonds Gully project and, therefore, is asking the Board to consider sharing the cost of the project with him. In the future, Mr. Grundmeyer added that he would like to develop his land as an upscale retail center; however, for the time being, he will continue to lease the property for the operation of the driving range.

Director Marks then asked what size of box culverts would be required for the conversion project. Mr. Peterson responded that six (6) foot by nine (9) foot box culverts would be required for the conversion.

Director Warren questioned what guarantee the District would have that a future property owner would not tear down the trees in order to develop the property and asked what benefit the proposed conversion project will provide to the District's taxpayers. Mr. Grundmeyer responded the preserving the trees would benefit the community.

Mr. Peterson then reminded the Board that the Upper Bonds Gully project is a developer participation project split between four (4) developers, including Bridgestone Lakes Development Company, Inc., K Hovnanian of Houston, L.P., dba Parkside Homes, Sowell Property Partners – Rhodes Landing, L.P. and Sowell Interests - Meadowhill, L.P., along with the District and, therefore, the District has minimal cost participation in the full Upper Bonds Gully project.

Director Marks then asked what kind of future maintenance issues and/or costs the District might face with the proposed conversion from an open ditch to a closed storm sewer system. Mr. Peterson responded that having the closed storm sewer system, rather than an open ditch, makes no difference to the District for maintenance purposes, since it is anticipated that the County will accept the facility for maintenance.

Director Marks then questioned Mr. Grundmeyer about what amount of the anticipated cost he is proposing to pay. Director Marks also suggested that Mr. Grundmeyer convince the other developers to concur with the conversion project, and suggested that Mr. Grundmeyer pay

for what would be the District's share of the conversion project. Director Marks further questioned Mr. Grundmeyer about his future plans for the development of the property. Mr. Grundmeyer responded that he is holding the property with the expectation of developing it in two (2) to three (3) years.

Mr. Shackelford then entered the meeting at 7:28 p.m.

Director Marks then stated that the Board has no problem with the concept being presented by Mr. Grundmeyer, as long as it is not at the expense of the District.

Mr. Peterson then reminded the Board that the proposed Upper Bonds Gully improvements on Mr. Grundmeyer's driving range could only be done between May 15th and August 15th, because the driving range has contracts with various high schools, and that the work on Mr. Grundmeyer's property is scheduled to begin next May.

Ms. Bobbitt then reminded the Board that Mr. Grundmeyer's driving range property is not currently within the boundaries of the District. Ms. Bobbitt stated that when the District negotiated the purchase of the drainage easement from Mr. Grundmeyer, the letter agreement contemplated that the Board would consider the property for future annexation.

Mr. Hudson then asked how wide of an easement would be required if the conversion project goes forward and wondered if a portion of the previously acquired easement land could be deeded back to Mr. Grundmeyer. Mr. Peterson stated that he did not know, at this point, if the width of the drainage easement could be reduced as a result of the conversion project.

Mr. Grundmeyer then thanked the Board for their consideration and exited the meeting at 7:33 p.m.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of July, a copy of which is attached hereto. Ms. Hall reported that to date, 96.3% 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 for payment.

Ms. Hall noted that the Tax Assessor/Collector's Report was emailed and mailed to the directors and consultants prior to the meeting. Ms. Hall then stated that the Harris County Appraisal District has not yet produced the certified tax rolls for 2007. Ms. Hall asked that an item be placed on the September agenda to discuss the 2007 tax rate recommendation.

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. Bobbitt noted that a trial has been set for September 14, 2007 regarding the Rigia's Pizza 2005 and 2006 delinquent taxes. Ms. Hall noted that no action was required on the Report.

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 Delinquent Tax Attorney's Report.

STATUS OF THE DISTRICT'S \$8,100,000 WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS, SERIES 2007 (THE "SERIES 2007 BONDS")

Ms. Bobbitt next reported that JRPB is gathering all the necessary documents to include in the transcript for submission to the Office of the Attorney General of Texas for approval of the Series 2007 Bonds. Ms. Bobbitt noted that copies of the Official Statement had been distributed to the Board at tonight's meeting. Ms. Bobbitt also reported that the \$8,100.00 check to the Attorney General had been received by her office and would be submitted with the transcript for the Series 2007 Bonds.

RENEWAL OF DISTRICT INSURANCE COVERAGES

Mr. Conner reported that at the special meeting on August 7, 2007, the Board had considered proposals from Anco-McDonald Waterworks Insurance Services, L.L.C. ("Anco"), the present insurance provider for the District, AquaSurance, L.L.C. ("AquaSurance") and The Essential Group ("Essential"). Mr. Conner stated that the premiums reflected in such proposals ranged from \$21,164.00 to \$25,842.00, and that Director Marks had reviewed and compared the three (3) proposals. Mr. Conner noted that concern had been expressed by the Board that AquaSurance has not been able to timely deliver the insurance policies to the District, and that Essential does not yet have a proven history for the Board to rely upon and, therefore, it is recommended that the District renew its insurance coverages with Anco.

Upon motion by Director Theiss, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to accept the insurance proposal from Anco with a premium of \$24,679.00, a copy of which is attached hereto.

REVIEW FACILITIES' ENERGY SAVINGS REPORT

Mr. Conner reported that he was contacted by Mr. Mike Harrington of American Enerpower, the energy broker for the District, regarding the six (6) month energy savings report, a copy of which is attached hereto. Mr. Conner reported that the District is realizing a savings of approximately \$8,000.00 per month with the current Suez Energy contract.

GENERAL MANAGER'S REPORT

Mr. Conner next reviewed the General Manager's Report, previously distributed to the Board, a copy of which is attached hereto. Mr. Conner reported that at the special workshop meeting on August 7, 2007, the Board discussed the televising and cleaning of the sanitary sewer system in the original Bridgestone subdivision and requested that the Board authorize him to obtain proposals for such work. 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 authorize the General Manager to obtain proposals for the televising and cleaning of the sanitary sewer system in the original Bridgestone subdivision.

HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

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

Director Theiss notified Sergeant Coleman that she has observed the management of the Citgo station selling alcohol to minors.

Mr. Conner again asked Sergeant Coleman to have the constables monitor the Albertson's shopping center to try to decrease the dumping activity that is occurring at such location.

Sergeant Coleman then exited the meeting at 7:57 p.m.

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 reported that he and Mr. Almaguer had inspected the District's facilities on July 18, 2007. A copy of the Director's Inspection Report is attached hereto. Director Marks reported that everything that had been noted in the prior month's inspection had been addressed. Director Marks then requested that Mr. Almaguer remove the realtor signs that were placed on the District's property at Water Plant No. 2, which he has done three (3) times during the last month. Director Marks then inquired if the District can remove the bandit signs and charge the cost for such removal to the owners of the signs. Ms. Bobbitt responded that the Board could remove the signs on the District's property, but does not have the authority to remove signs from the Texas Department of Transportation right-of-way. Mr. Polley stated that effective September 1, 2007, the District can remove any illegally placed signs and criminal and civil penalties can be assessed to the person/entity printed on such sign, pursuant to the provisions of House Bill 413. Mr. Conner noted that Aqua Services has an operator remove the bandit signs every Monday and throw them in the District's dumpster. 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 Inspection Report. Ms. Dold reminded Director Warren that he is responsible for the inspections for the months of September and October.

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 \$18,000.00 in tap fees had been collected during the prior month. Ms. Jarmon also reported receipt of \$40,000.00 from Northwest Harris County Municipal Utility District No. 30 ("NW 30") for water service under the provisions of the Interim Water Supply Agreement. Director Marks stated that he has seen the breakdown regarding the water being provided to NW 30, and that the numbers do not appear to balance with the amounts of water the District is purchasing from the North Harris County Regional Water Authority (the "NHCRWA"). Ms. Jarmon noted that NW 30 is being billed for the amount of water that goes through the water meter to NW 30, but that such amount is not necessarily the amount of water being purchased from the NHCRWA. Mr. Conner explained that the District never buys more water from the NHCRWA than the District sells to NW 30.

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.

OPERATOR'S REPORT

Ms. Sears next reviewed the Operator's Report for the month of July 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 95.9%, and that there were 15 sludge hauls during the prior month. Ms. Sears added that there are currently 4,789 connections in the District.

Ms. Sears next reported on the receipt of two (2) non-compliance notifications from the Texas Commission on Environmental Quality (the "TCEQ") caused from grease blockages in the collection system at 6010 Wild Sage Court and 20926 Kenna Cove. Mr. Conner stated that the problems had been corrected and that the TCEQ has been notified of such corrections.

Ms. Sears next distributed a copy of a customer letter from Randall and Cheryl Smith of 4702 Neches Trail Lane, a copy of which is attached hereto. The letter complained about the rough treatment to the customer's trashcans by Republic Waste Services ("Republic") and the failure of Republic to respond to the resident's phone calls and complaints. Mr. Conner stated that he would contact Mr. Johnny Smith of Republic about the problems.

Ms. Sears next reported that Aqua Services had recently responded to a call from the Primrose School ("Primrose") concerning a water line leak. Ms. Sears reported that the brass coupler in the backflow preventer had been stolen. Ms. Sears noted that the leak caused the

school's water usage to spike from 30,000 gallons to 85,000 gallons for the month. The Board declined to make any adjustment to the Primrose water bill.

Director Warren then reported a leak at the Marcin Lane shopping center on FM 2920. Mr. Almaguer noted that Aqua Services has contacted the customers, and that they are supposed to contact the management company regarding repair of the leak. Director Marks suggested that Aqua Services contact the management company directly because that is who pays the bills. Ms. Bobbitt stated that if the leak is substantial, Aqua Services could notify the management company that the leak would be repaired at the owner's expense if it has not been repaired by a certain date. Ms. Bobbitt recommended that Aqua Services send a letter to the management company giving them 10 business days in which to make the necessary repairs.

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, to authorize the termination of service to the delinquent accounts, in accordance with the provisions of the District's Rate Order, and to authorize the operator to send a letter to the management company of the Marcin Lane shopping center.

ENGINEER'S REPORT

Mr. Peterson then presented the Engineer's Report to the Board, a copy of which is attached hereto. Mr. Peterson then distributed copies of the District's Bond Application Report ("BAR") No. 9 in the proposed amount of \$17,015,000 to the Board and Ms. Bobbitt. The Board directed Jones & Carter to prepare one (1) hard copy of future BARs to be kept in the General Manager's office, rather than preparing individual copies for each Board member. Mr. Peterson added that Jones & Carter is also proceeding with the preparation of BAR No. 10.

Mr. Peterson next reviewed the Pro Rata Summary of Costs for the proposed Gosling Road utilities extension project to be allocated to the McCampbell, Lederer and National Realty Group tracts and Northside Christian Church (the "Church"), a copy of which is attached hereto. Mr. Peterson noted that the non-reimbursable cost for water service to the Church is estimated to be \$61,400, and that the non-reimbursable cost for the extension of an eight (8) inch line to the Church is estimated to be \$103,000, for a total estimated cost of \$164,400. Mr. Peterson noted, however, that if the District wants to upsize the proposed sanitary service line to a 12-inch line with the intent to serve tracts of land that may become future customers of the District, the total cost of such line is estimated to be \$137,000, and that the District would pay \$34,000 as its pro rata share for the 12-inch line.

Director Marks then questioned why the District would not require the Church to pay the full cost of a 12-inch sanitary sewer line. Mr. Conner responded that the Board's practice in the past has been to extend and size water and sewer service lines with the idea that the utility lines would be in place to serve additional land in the future.

Mr. Peterson then asked for the Board's concurrence to proceed with preparation of a Cost Sharing Agreement for the Gosling Road utility extension project, along with the annexation of the McCampbell and Lederer tracts, and to begin design work on the Gosling Road utilities.

Mr. Peterson next reported that Director Steffes had received a letter from the TCEQ regarding a "comprehensive compliance inspection" of the District's Water Plant No. 1 located on Slippery Creek, and that the TCEQ inspector had stated there are no violations, but noted on page 2 of the letter that the District currently has 4,647 connections and, in 2001, the TCEQ had granted an exception to the elevated storage tank (the "EST") requirement for up to 4,467 connections. Mr. Peterson went on to explain that in light of such comment, he had prepared a letter to the TCEQ concerning the District's intent to construct a 1 million gallon EST to comply with TCEQ storage and pressure requirements. Copies of both letters are attached hereto.

Director Marks then questioned why Jones & Carter did not seek an additional waiver of the EST requirement. Mr. Peterson responded that, as previously discussed with the Board, the process of submitting an application for an additional waiver would be approximately \$30,000 or more, and that there is no guarantee that the TCEQ will grant the exception, particularly in light of the size and expense of the District, and, therefore, Jones & Carter did not recommend proceeding with another waiver application process.

Mr. Shackelford then reported that two (2) issues came up regarding NewQuest Properties in its efforts to get plans approved for their Spring Town Center retail development, which includes the new Lowe's store. Mr. Shackelford explained that the County Permit Division has requested a detention capacity letter from the District regarding the coordinating and funding of drainage improvements for Upper Seals Gully between the proposed Gosling Road extension and Kuykendahl Road. Mr. Shackelford further explained that the County also requested a letter regarding the District's plans to eliminate the emergency overflow swale west of the detention pond, located on the northeast corner of FM 2920 and Kuykendahl Road, since there is an outlet for emergency overflow via the downstream channel. Mr. Shackelford noted that both letters had been prepared on the District's letterhead and presented them to the Board for approval and execution. 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 execution of such letters to the County, copies of which are attached hereto.

Mr. Peterson then noted that in the checks approved for payment tonight, there was a payment in the amount of \$22,210 to M. Marlon Ivy for the relocation of 120 linear feet of water line on FM 2920 in connection with the Upper Seals Gully project.

Director Marks then stated that a resident had reported that water from the Alphabet Soup property was running off the backside of the property into residents' yards. Mr. Almaguer stated that he investigated the report and discussed the matter with the resident.

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 Engineer's Report.

EXECUTION OF EMERGENCY WATER SUPPLY AGREEMENT WITH NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 32

Discussion regarding this matter was deferred until the Board's next meeting.

ATTORNEY'S REPORT

Ms. Bobbitt reported that the District had received notice from the NHCRWA that the 2007 fourth (4th) quarter pumpage fee would increase from \$0.84 to \$0.99 per 1,000 gallons of water pumped and recommended that the District's customers be notified of such pumpage fee increase. Ms. Sears stated that a message regarding the increased pumpage fee would be printed on the next two (2) customer billings.

REVIEW NEW LEGISLATION ENACTED BY THE 80TH LEGISLATIVE SESSION

Ms. Bobbitt then presented a Legislative Summary of the 80th Legislative Session concerning the bills that impact utility districts (the "Summary"), a copy of which is attached hereto. Ms. Bobbitt then briefly reviewed the Summary with the Board, along with several bills that directly impact the District. Ms. Bobbitt noted that House Bill ("HB") 3693, an energy conservation bill, effective September 1, 2007, will require the District to electronically record the metered amount of each utility the entity consumes and the amount the District consumes and the costs of each. Ms. Bobbitt stated that JRPB was not ready to make a recommendation to the Board as to how they will comply with this piece of legislation. Ms. Bobbitt then identified Senate Bill 3 as the Omnibus Water Bill and noted that the Board will hear more about such bill in the future. Ms. Bobbitt also pointed out that there were several pieces of legislation making revisions to the Open Meetings and Public Information Acts. Concerning elections, Ms. Bobbitt explained that HB 1921 prohibits the use of wireless communication devices inside or within 100 feet of a polling location. Ms. Bobbitt then stated that HB 989, effective September 1, 2007, requires evidence of payment of taxes when filing plats, and that HB 3674, effective September 1, 2007, makes most property owners' associations subject to the Open Meetings and Public Information Acts.

UPDATE ON REVISIONS TO CONFLICTS DISCLOSURE REQUIREMENTS UNDER CHAPTER 176 OF THE LOCAL GOVERNMENT CODE

Mr. Polley then presented a memorandum regarding updates on the conflicts disclosure requirements under Chapter 176 of the Local Government Code pursuant to HB 1491 and reviewed such information with the Board, a copy of which is attached hereto. Mr. Polley explained that vendors no longer need to prepare an annual update if their current vendor's disclosure is correct.

UPDATE ON STATUS OF PREPARATION OF RESPONSE TO PUBLIC INFORMATION ACT REQUEST SUBMITTED BY MR. HUDSON

Ms. Bobbitt then reviewed the status of Mr. Hudson's public information request and distributed copies of the Attorney General's response to the District's request for a ruling under Chapter 552, Public Information Act, a copy of which is attached hereto. Ms. Bobbitt noted that approximately one-half (½) of the information submitted to the Attorney General must be disclosed and provided to Mr. Hudson. Ms. Bobbitt stated that Ms. Regina Adams of JRPB would be sending a letter with an estimate of additional costs to Mr. Hudson, and that JRPB would respond in accordance with Mr. Hudson's response to such letter. Director Warren questioned how much longer the response process would take. Ms. Bobbitt estimated that

Ms. Adams should complete work on the project within the next two (2) to three (3) weeks, or perhaps sooner, depending on Mr. Hudson's response. Mr. Hudson reported that he, his partners and his attorney had met with the District's consultants last week and will meet again on September 5, 2007, at the office of JRPB, to work toward a resolution.

Mr. Hudson then exited the meeting at 9:07 p.m.


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 Attorney's Report.

MISCELLANEOUS MATTERS

Ms. Bobbitt reminded the Board that the next regular meeting is scheduled for Tuesday, September 18, 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 18th day of September, 2007.


Secretary, Board of Directors

(DISTRICT SEAL)

