

NO. 2003-7

MINUTES OF MEETING  
OF  
BOARD OF DIRECTORS  
March 18, 2003

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 Sewage Treatment Plant, 21106 Slippery Rock, Spring, Texas, a meeting place within the boundaries of the District, on Tuesday, March 18, 2003, at 7:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

|                   |   |                              |
|-------------------|---|------------------------------|
| Adrian E. Steffes | - | President/Investment Officer |
| Brad Dill         | - | Vice President               |
| Robert J. Joyce   | - | Secretary                    |
| Jim Marks         | - | Assistant Secretary          |
| Skip Warren       | - | Treasurer                    |

All members of the Board were present except Director Warren, thus constituting a quorum. Also attending the meeting were Mr. Gene Conner, General Manager for the District, and Ms. Robin S. Bobbitt of Johnson Radcliffe Petrov & Bobbitt PLLC ("Johnson Radcliffe"), 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.

MEETING PURPOSE

Director Steffes noted that tonight's special meeting was scheduled to review and discuss the General Manager's duties and responsibilities with Mr. Conner, to authorize expenditure of funds for the office set-up and organization and to take any other necessary actions regarding such matters.

Ms. Bobbitt entered the meeting at 7:16 p.m.

An extensive discussion was in process concerning the timely receipt of meeting information by the Board, including the schedule for processing the District's monthly invoices and expenses. The Board suggested that Mr. Conner contact the District's consultants and make recommendations regarding when the consultants should submit their monthly reports to the

General Manager for timely distribution to the Board or any changes in the process and procedures. Director Marks asked if it would be possible to change the date of the monthly meeting in order to provide more time for invoices, etc. to be processed. Director Dill noted that a change in meeting date would only be possible if all of the various consultants of the District had another meeting date available. The Board noted that the bookkeeper's package used to be delivered on Friday evenings but, in the last several months, has been delivered on Saturdays. Ms. Bobbitt stated that she was certain that Ms. Jarmon was not aware of the packages not being delivered on Friday evenings and that she will contact Ms. Jarmon regarding such matter.

Concerning the set-up and organization of the General Manager's office, Mr. Conner reported that he had reviewed the General Manager job description and prepared a list of office equipment and supplies he anticipates needing to set-up his office, a copy of which is attached hereto. The Board reviewed and discussed the list with Mr. Conner. Director Steffes suggested that Mr. Conner wait to purchase a pocket PC, but stated that a digital camera (which is included on the list) would be very helpful and should be purchased.

The Board then discussed whether the office e-mail system could be set-up through the District's Web site and whether the Board members could receive e-mail through the Web site, rather than through their own Internet service. Ms. Bobbitt stated that she would contact Ms. Barbara Payne regarding such matters. The Board requested that a policy for the use of e-mail be prepared by Ms. Bobbitt for review by the Board.

The Board then discussed telephone service for the General Manager's office. The Board concurred that the office may require a separate telephone line for a fax machine and a DSL line for Internet service. Director Dill suggested that a contingency line item of \$500 be added to Mr. Conner's cost estimate for office organization and set-up expenses. The Board concurred with such suggestion. Director Steffes noted that a Nextel cell phone that is currently used by Mr. Almaguer should be considered by Mr. Conner. Mr. Conner stated that Nextel service was not good during out-of-town use, and stated he would shop around for a cell phone service that offered a sufficient number of minutes at a good price.

Director Dill inquired why Mr. Conner wanted a laptop computer instead of a desktop computer. Mr. Conner explained that he is used to carrying a laptop with him and felt that it would work best in his situation. Director Dill commented that carrying data and backing up that data on a laptop can sometimes be a problem. Director Marks then asked what Mr. Conner would be doing that he needed a computer. Mr. Conner responded that he is used to doing all of his work on a computer and that he wanted to begin keeping a history of repairs, maintenance items, etc. in the District. Director Dill then inquired what software Mr. Conner proposes to use. Mr. Conner stated that he prefers the Lotus program but also works in Excel.

Ms. Bobbitt then prompted discussion concerning the procedures for the expense reimbursements to the General Manager. Mr. Conner noted that he would prefer to submit his expenses to the District for reimbursement at the monthly meetings, rather than having a District credit card.

Director Dill then commented that if Mr. Conner did not have a pager, he would need to have a cellular phone on a 24/7 basis. The Board agreed that Mr. Conner should obtain cellular phone service with a minimum of 500 to 600 minutes.

The Board then discussed the dollar limit for non-emergency repair and maintenance items without obtaining at least three (3) bids or proposals. Upon motion by Director Dill, seconded by Director Joyce, after full discussion and the question being put to the Board, the Board voted unanimously to establish a limit of \$5,000 for non-emergency repair and maintenance items without obtaining at least three (3) bids or proposals for such items.

Mr. Conner then began review of a list of General Manager responsibilities he had prepared, based on his review of the General Manager job description, a copy of which is attached hereto. A discussion ensued regarding development activities in the District and the long- and short-term goals for the District.

The Board then identified several items that they would like Mr. Conner to work on, including, but not limited to, the proposed District meeting facility, flooding/drainage issues in the District, the District assuming responsibility for the Constable security contracts and recreational facilities, security proposals for the District's various plant facilities and the District's five (5) year capital plan.

The Board then discussed the pros and cons of hiring Mr. Conner as a contract consultant or as a District employee. Mr. Conner noted that he looked into the matter and preferred to be a contract consultant to the District through his company, G.E. Conner, Inc. Mr. Conner stated that there are certain tax advantages he can utilize if he is a contract consultant. Mr. Conner stated that as a contract consultant, he would be responsible for his own social security and Medicare costs and requested that any of such costs that the District would have paid on his behalf as an employee of the District be included in his salary. Ms. Bobbitt stated that the District's portion of employment taxes totaled \$7,650, not including workers' compensation coverage. It was then determined that Mr. Conner's salary would be paid by the District on a monthly basis. The Board expressed concern that as a consultant, they could not specify the hours that the General Manager will work. Ms. Bobbitt stated that a contract could be structured to include language that would satisfy the Board's concerns.

Upon motion by Director Dill, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the attorney to prepare a letter of intent regarding Mr. Conner's employment and to authorize preparation of a contract with G.E. Conner, Inc. for general manager services, effective April 1, 2003, and distribute such contract for the Board's review prior to the April 14<sup>th</sup> meeting.

Mr. Conner then questioned whether the Board would reimburse him for health insurance. Director Dill stated that the Board intended for his salary to cover health insurance costs.

The Board requested that Ms. Bobbitt's office contact Mr. Almaguer to obtain a set of keys to the District's facilities for Mr. Conner. Ms. Bobbitt noted that the District's information

directory would be immediately updated to include Mr. Conner and would be distributed to the Board, the District's consultants and Mr. Conner.

Director Steffes and Mr. Conner then reported that they have difficulty opening documents that are sent electronically from Johnson Radcliffe. Ms. Bobbitt stated she would report such matter to the office manager in order for any problems to be resolved.

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

PASSED, APPROVED AND ADOPTED this 14<sup>th</sup> day of April, 2003.

/s/Robert J. Joyce

---

Secretary, Board of Directors

(DISTRICT SEAL)

K:\Bridgestone\Minutes\03-18-03-Special.doc/#19104.0001