

NO. 2003-14

MINUTES OF MEETING  
OF  
BOARD OF DIRECTORS  
August 11, 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 regular session, open to the public, at the Bridgestone Baptist Church, 21825 Bridgestone Lane, Spring, Texas, its regular meeting place within the boundaries of the District, on Monday, August 11, 2003, at 6:00 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, 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 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. Robert Hudson of Texas Investment and Development Company, developer of the Bridgestone Lakes and Gosling Pines subdivisions within the District and developer of the proposed Bridgestone Estates tract to be annexed into the District; Mr. David Harrison of Sowell & Co., developer of the Rhodes Landing subdivision within the District; Mr. Jim West of West/Hallbeck Investments, representing the owners of a 9.9-acre commercial tract within the District; Mr. Ron Walkoviak of Development Consultants Inc., development manager of the Spring Terrace subdivision within the District; Messrs. James E. Moehlman, P.E. and John R. Moy, P.E., Project Manager, of LJA Engineering & Surveying, Inc., engineers for the Spring Terrace subdivision within the District; Mr. Jim Ridgway, P.E. of NewQuest Properties ("NewQuest"), developers of the Walgreens (located at Kuykendahl and Spring-Cypress) and Wal-Mart commercial developments within the District; Mr. David Klein of NewQuest, developer of a proposed commercial development within the District; Messrs. Perry Senn and Ronnie Matthews of H.H. Estates, LP, developer of the proposed Villages of Bridgestone subdivision within the District; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC, attorneys for the District. Copies of the sign-in sheets for those in attendance at the meeting are attached hereto.

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.

### DEVELOPER'S REPORT

Mr. Hudson stated that he had to leave the meeting early and asked that the Board allow him to give his report. Mr. Hudson reported that Houston Lighting and Power will be staking utility lines in Bridgestone Lakes on Thursday and that power should be available to the development within the next week. Concerning the Gosling Pines subdivision, Mr. Hudson stated that the utility contractor was proceeding with the construction of utilities.

### REVIEW ANNEXATION FEASIBILITY STUDY FOR 37-ACRE BRIDGESTONE ESTATES SUBDIVISION

Mr. Peterson then distributed copies of the feasibility study for the Bridgestone Estates subdivision, proposed to be developed on a 37-acre tract currently located outside of the District at Kuykendahl Road and Rhodes Road, north of the Bridgestone West subdivision. A copy of the feasibility study is attached hereto. Mr. Peterson noted that the proposed development of the tract includes 155 single-family homes that will have an average value of approximately \$175,000 each. Mr. Peterson explained that there is an existing 12-inch waterline located along the western right-of-way ("ROW") of Kuykendahl Road that would need to be extended 2,000 feet to the northern boundary of the tract to provide water service. Mr. Peterson added that there are existing 8-inch and 12-inch sanitary sewer lines at the stub streets from Bridgestone West. Mr. Peterson stated that the wastewater flow from the tract could utilize the existing lines within Bridgestone West, as well as Lift Station No. 2, and noted that the developer of the tract would be responsible for the extension of the on-site sanitary sewer lines from Bridgestone West. Mr. Peterson explained that the stormwater runoff from the tract would need to be incorporated into Harris County's (the "County") existing storm sewer system, either into the roadside ditches or the ditches adjacent to the property. Mr. Peterson noted that if additional detention is required by the County, discussions with the District will be necessary to determine the operation and maintenance responsibilities for the detention facilities. Mr. Peterson explained that the District's Sewage Treatment Plant (the "STP") may need to be expanded to provide adequate sewer capacity for the tract. Mr. Peterson stated that from an existing sanitary sewer manhole located in the western ROW of Stone Forest Drive, the sanitary sewer line could be extended along the northern ROW of Spring-Cypress Road to serve the tract. Mr. Peterson noted that the estimated costs to provide utility service to the tract, including the water and sanitary sewer line extensions, are included in the summary of costs contained in the feasibility study. Mr. Peterson added that the proposed development has a projected valuation of \$27,125,000 and based on the estimated project costs, would support a developer reimbursement of 100%. Mr. Peterson added that bonds totaling approximately \$1,850,000 would be required to finance 100% of the eligible utility costs for the tract. Mr. Peterson further explained that the tract had not been included in the August 2001 bond authorization election, but stated that the District could reallocate the existing voted bonds to reimburse the development costs, if necessary. Director Warren asked if the developer would be required to relocate the District's interconnect line with Northwest Harris County Municipal Utility District No. 32. Mr. Shackelford stated that the developer would be required to relocate the interconnect line, but noted that the developer can be reimbursed by the

District for such relocation costs. Mr. Hudson noted that the lot sizes would either be 60 feet by 110 feet (155 lots) or 50 feet by 110 feet (177 lots).

Mr. Matthews then entered the meeting at 6:22 p.m.

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 accept the feasibility study and authorize preparation of an Annexation and Service Agreement and Agreement for Financing of Facilities for the 37-acre Bridgestone Estates tract.

Mr. Hudson then thanked the Board and exited the meeting at 6:25 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.

Director Dill then requested that items 3a and 3c on the Consent Agenda be moved to the Regular Agenda. 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: 1) approve the minutes of the regular meeting of July 14, 2003; 2) authorize the advertising for bids for the clearing and grubbing and water and sanitary sewer facilities for the Villages of Bridgestone and the off-site 12-inch waterline on Kuykendahl Road; 3) approve Pay Estimate No. 4 for the Wal-Mart off-site utilities in the amount of \$378,008.17 to Reddico Construction Company; 4) approve Pay Estimate No. 8 in the amount of \$16,740 to Conn's Inc. in connection with the construction of Lift Station No. 5; 5) approve Pay Estimate No. 7 and Final in the amount of \$111,162.24 and Change Order No. 1 in the amount of \$45,319.95 to Triple B Construction in connection with the construction of the Kuykendahl Road trunkline utilities; 6) approve the payment by the District of Change Order No. 1 in the amount of \$12,289.20 to SER Construction for the wet-hauling of sewage until construction of the manhole to serve the Northwoods Catholic School and Bridgestone Lakes was completed; 7) approve the Developers Reports; and 8) ratify actions taken at the July 14, 2003 and July 22, 2003 meetings, including adoption of a Resolution Requesting Harris County Appraisal District for Appraisal of Property, approval of contract with the United States Geological Service to construct a sample water well for aquifer monitoring, authorization for the District's engineer and operator to prepare the necessary drawings for acquisition of a County permit in connection with the emergency repairs to the damaged 12-inch waterline extension and to amend the contract in connection with the construction of the waterline under Kuykendahl Road and waterline under Spring-Cypress Road.

### **REGULAR AGENDA**

#### **TAX ASSESSOR/COLLECTOR'S REPORT**

Ms. Hall then presented the Tax Assessor/Collector's Report for the month of July, a copy of which is attached hereto. Ms. Hall reported that 98.0% of the District's 2002 taxes had been collected to date. Upon motion by Director Warren, seconded by Director Dill, 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.

Ms. Hall then reviewed the Delinquent Tax Attorney's Report with the Board, a copy of which is attached hereto. Ms. Hall noted that the Delinquent Tax Attorney was requesting authorization to send service termination letters to 28 delinquent accounts. Ms. Hall noted that the property owner at 5211 Pimberton Lane had requested an installment payment agreement for his delinquent taxes. Upon motion by Director Dill, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to authorize service termination letters to all of the delinquent accounts, with the exception of item no. 18, to approve an installment payment plan for the property owner of 5211 Pimberton Lane and to authorize the filing of a lawsuit against the property owner of 4723 Lost Lake Lane.

Messrs. Moehlman and Moy then entered the meeting at 6:32 p.m.

Director Marks then entered the meeting at 6:35 p.m.

#### 2003 TAX RATE

Ms. Bobbitt then reported that the District had received notice from the Harris County Appraisal District of the certification of the District's tax rolls for 2003 on Friday, August 8, 2003, a copy of which is attached hereto, and explained that Mr. Short was unable to prepare his tax rate recommendation in time for tonight's meeting. Ms. Bobbitt stated that the Board had two (2) options, including: 1) scheduling a special meeting before September 1<sup>st</sup> to set the 2003 tax rate; or 2) if they choose to wait until the September meeting, comply with the new Truth in Taxation procedures required by Senate Bill 392 that becomes effective on September 1, 2003.

A discussion then ensued concerning the scheduling of a special Board meeting. The Board then determined that a special meeting would be held on Tuesday, August 19, 2003, at 7:00 p.m., at the STP.

#### ADOPT RESOLUTION EVIDENCING INTENT TO REIMBURSE EXPENDITURES WITH PROCEEDS OF UNLIMITED TAX AND REVENUE BONDS REGARDING WALGREENS 12-INCH OFF-SITE WATERLINE EXTENSION

Ms. Bobbitt explained that if the Board wants to reimburse the District's operating fund for the \$32,000 expenditure for the 12-inch waterline extension under Kuykendahl Road and the extension of a 12-inch waterline under Spring-Cypress Road, including the related engineering costs of approximately \$40,000, it would be necessary to adopt a resolution evidencing the District's intent to reimburse said expenditures from proceeds of a future bond issue. 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 adopt the Resolution, a copy of which is attached hereto.

#### AMENDED AGREEMENT FOR FINANCING OF FACILITIES

Ms. Bobbitt reported that she had prepared an Agreement for Financing of Facilities in connection with the Villages of Bridgestone with VOB, LP, as previously authorized by the

Board, and presented such Agreement for the Board's approval and execution, a copy of which is attached hereto.

Ms. Bobbitt then reported that it was necessary to amend the Agreement for Financing of Facilities with 2920-Kuykendahl Partners, Ltd. in connection with the utilities to serve the West/Magee office development to include language regarding payment of such development's pro rata share of the costs for the Kuykendahl Road trunkline facilities and Lift Station No. 5. A copy of the Amended Agreement is attached hereto.

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 approve and authorize the execution of the Agreement for Financing of Facilities with VOB, LP and the Amended Agreement for Financing of Facilities with 2920-Kuykendahl Partners, Ltd.

### DIRECTOR'S INSPECTION REPORT

Director Marks then presented a report on his inspection of the District's facilities on August 9, 2003, a copy of which is attached hereto. Director Marks stated that the five (5) lift stations were in good working order. Director Marks reported a possible leak at Water Plant No. 1 and noted that there is an unburied power or phone line running along the ground on the south side of the plant site. Mr. Almaguer stated that the line was a phone line that will be buried. Director Marks further noted that the hydropneumatic tanks at Water Plant No. 1 need to be cleaned and/or painted. Concerning Water Plant No. 2, Director Marks reported that there were several items that need cleaning and that the strip outside of the plant site adjacent to the Mac Haik property needs mowing. Director Marks stated that everything else appears to be in good order.

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

Ms. Hall then exited the meeting at 6:49 p.m.

### OPERATOR'S REPORT

Ms. Sears then reviewed the Operator's Report for the month of July with the Board, including the delinquent account list, copies of which are attached hereto. Ms. Sears reported that the water accountability ratio for the month was 91.4%, with a four (4) month average of 92.4%, and that there were eight (8) sludge hauls during the month. Ms. Sears added that there are currently 2,447 connections in the District, including 112 builder accounts and 29 vacancies. Ms. Sears noted that there had been no excursions at the STP during the prior month, and there is one (1) month remaining on the District's Harris-Galveston Coastal Subsidence District water withdrawal permit.

Mr. Almaguer then reminded the Board that at the May meeting, he had reported that brass had been detected in a well performance test of Water Well No. 1, which often indicates wear within the pump bowl. Mr. Almaguer added that as directed by the Board, Aqua Services had performed another well performance test on the well three (3) months later and reviewed the

results of the test performed on July 23, 2003, a copy of which is attached to the Operator's Report. Mr. Almaguer stated that no brass had been detected and that the pump appears to be operating in satisfactory condition.

Mr. Almaguer then presented a proposal from NTS to install galvanized metal mesh cages on the ladders of the ground storage tanks at Water Plant Nos. 1 and 2 in the amount of \$950 per ladder, a copy of which is attached hereto. Mr. Almaguer recommended acceptance of the proposal. Upon motion by Director Warren, seconded by Director Joyce, after full discussion and the question being put to the Board, the Board voted unanimously to authorize NTS to install the metal mesh cages on the ground storage tank ladders.

Mr. Ridgway then entered the meeting at 6:51 p.m.

Mr. Almaguer next reported that booster pump no. 2 at Water Plant No. 2 was rattling and recommended that the check valve be repaired or replaced at an estimated cost of \$850. Mr. Conner asked how many bids had been obtained for such work. Mr. Almaguer responded that only one (1) bid had been obtained. Mr. Conner stated that he wanted to look at the booster pump before the Board took action on the matter.

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 Operator's Report and authorize the termination of service to the delinquent accounts.

#### 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 District has a debt service payment due on November 1, 2003. Ms. Jarmon also noted that the District had refunded \$1,604 to Eagle Management, which represents the balance of their deposit for their feasibility study. Ms. Jarmon also stated that check no. 6701, written to Barbara Payne, was for preparation of a PowerPoint presentation for the July 22, 2003 special meeting.

Ms. Jarmon next reported that she was adding, from the operating account, check no. 6732 in the amount of \$68.00 to Neal's for tonight's dinner and check no. 6733 in the amount of \$12,289.20 to SER Construction Partners, Ltd. for Change Order No. 1 for the wet-hauling of sewage in connection with the construction of the trunklines to serve the Northwoods Catholic School and Lift Station No. 4.

Concerning the cost sharing payments for the Kuykendahl Road/FM 2920 trunk utility lines and Lift Station No. 5 projects, Ms. Jarmon noted that D.R. Horton had skipped a payment in April. Mr. Senn stated that he thought all of the pro rata splits had been paid and asked Ms. Jarmon to forward the unpaid invoice to him for payment.

Director Dill commented that he did not think that the PowerPoint presentation at the July 22, 2003 meeting warranted the expense of \$500. Mr. Shackelford stated that he and Mr. Conner thought it would be a good way to present the information to the Board.

Upon motion by Director Joyce, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report and the payment of the checks reflected therein.

### ENGINEER'S REPORT

Mr. Shackelford then presented the Engineer's Report, a copy of which is attached hereto. Mr. Shackelford first discussed Change Order No. 1 to the construction contract with Precision Piping & Excavating for the Rhodes Landing detention pond contract that was moved from the Consent Agenda to the Regular Agenda. Mr. Shackelford noted that action on the Change Order had been deferred at a prior Board meeting, pending a response from the developer's engineer regarding a clarification of the additional expenses. Mr. Shackelford explained that there had been additional costs for excavation to make the bottom of the detention pond sloped, rather than a flat bed, and for a temporary generator that had been used to operate the pump station until power was installed to the control panel, resulting in a total increase of \$16,387 (from \$352,000 to \$368,000) to the construction contract. Director Dill inquired why the District should pay for the additional costs. Mr. Shackelford stated that the District was not paying the increase, but was being asked to approve the increase to the contract, a portion of which would be reimbursable to the developer. Director Marks asked how Jones & Carter keeps track of all the items that the District does not reimburse to the developers. Mr. Shackelford explained that all of the construction contract pay estimates and change orders are reviewed in connection with the preparation of the audit report for the reimbursement amounts to the developers for each bond issue, and that the bond application report submitted to the Texas Commission on Environmental Quality (the "TCEQ") includes all of the information regarding what is and is not allowed as a reimbursable to a developer under TCEQ rules and regulations. Director Dill inquired if Jones & Carter had inspected the Rhodes Landing detention pond during construction. Mr. Shackelford stated that they did not inspect the project during construction, and noted that the work was performed prior to the Board's decision to have Jones & Carter serve as Construction Manager for all of the development projects. 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 approve Change Order No. 1 to the construction contract with Precision Piping & Excavating for the construction of the Rhodes Landing detention pond.

Director Dill stated that in the future, the Board will not approve construction contract change orders if they were not submitted to the Construction Manager in advance of the work being performed.

Mr. Shackelford then reported on Construction Management activities for the past month. Mr. Shackelford stated that construction of the 12-inch waterline to serve the Walgreens at Kuykendahl and Spring-Cypress was complete. Mr. Almaguer reported that the results of the bacterial tests had been received.

Mr. Shackelford next reported that the clearing and grubbing for Spring Terrace was underway.

Mr. Shackelford next reported that Jones & Carter was making periodic inspections of the construction of the Wal-Mart on-site utilities. Mr. Shackelford noted that several unauthorized

changes had been made to the construction plans for such facilities, and that the developer had been warned that such activity may jeopardize the ability of the developer to receive reimbursement from the District. Mr. Shackelford stated that Pay Estimate No. 4 for such project had previously been approved as a Consent Agenda item. Mr. Shackelford noted that \$366,571.69 of the \$378,008.17 pay estimate amount was eligible for reimbursement by the District.

Concerning construction of the Kuykendahl Road/FM 2920 trunk utilities, Mr. Shackelford reported that construction of the project is complete and that the final inspection of the project was performed on July 29, 2003. Mr. Shackelford added that Pay Estimate No. 7 and Final and Change Order No. 1 for such contract had been approved on the Consent Agenda. Mr. Shackelford explained that the Change Order included additional costs for the realignment of the sanitary sewer line and waterline due to the existence of a high-pressure gas line previously installed on the same alignment as the waterline. Mr. Shackelford added that there was also a deduction to the final contract amount for well pointing and wet sand construction that was not needed.

Mr. Shackelford then reported that construction of Lift Station No. 5 was also complete and operational, that the final inspection of the project was performed on July 31, 2003 and that the contractor is nearly complete with the punch list items.

Concerning the Bella Serra development, Mr. Shackelford reported that D.R. Horton has requested that Jones & Carter begin design of the off-site facilities for such development. Mr. Shackelford also reported that D.R. Horton has requested that Jones & Carter update the feasibility study for the tract to incorporate the current land plan, including the developer reimbursement calculation. 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 Jones & Carter to update the feasibility study for the 50-acre tract.

Mr. Shackelford next reported on the status of the District's seventh bond application. Mr. Shackelford stated that Jones & Carter was waiting for information from R.G. Miller Engineers Inc. ("R.G. Miller") regarding the Rhodes Landing development to complete the application. Ms. Bobbitt then requested that Mr. Harrison urge R.G. Miller to submit the requested information to Jones & Carter as soon as possible. Director Dill stressed that the Rhodes Landing project would be dropped from the bond application if the information is not supplied to Jones & Carter immediately.

Concerning the Walgreens 12-inch waterline extension, Mr. Shackelford reported that construction was complete, including the casing under Kuykendahl Road, that the taps had been made and the Walgreens store is now open. Mr. Shackelford added that Jones & Carter is working with Mr. Conner to determine the appropriate amount of the change order to the contract that is payable by the District. Mr. Conner stated that this would be an item for discussion on the August 19<sup>th</sup> special meeting agenda.

Concerning the fluoride levels in Water Well No. 4 at Water Plant No. 2, Mr. Shackelford reported that a response had been received from the TCEQ regarding the District's letter to the TCEQ requesting a waiver to use Water Well No. 4 without the need for

blending of water from Water Well No. 2. Mr. Shackelford stated that before the TCEQ makes its determination on the waiver request, the TCEQ will conduct water sampling tests to document that the fluoride levels in the District's water system do not exceed the maximum contaminant level. Mr. Shackelford stated that the PLC at Water Plant No. 2 will be reprogrammed for blending the water during this period.

Mr. Shackelford next reported that at the July meeting, action was deferred on a request from Northwoods Educational Foundation ("Northwoods") for the District to pay a portion of Change Order No. 1 to the construction contract with SER Construction Partners, Ltd. in connection with the Northwoods trunklines and Lift Station No. 4 project in the amount of \$12,289.20 for the wet-hauling of sanitary sewer flow from Northwoods while the manhole located at FM 2920 was being constructed. Mr. Shackelford noted that the Board had approved payment of the Change Order earlier on the Consent Agenda.

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 approve the Engineer's Report.

#### REQUEST FOR FEASIBILITY STUDY FROM A-K TEXAS VENTURE CAPITAL

Mr. Shackelford then reported that Mr. Klein had requested a feasibility study for a proposed CVS Pharmacy and retail center to be developed on the 10-acre tract located near the northwest corner of Rhodes Road and FM 2920. Mr. Klein then submitted an Application for Service/Annexation and a check in the amount of \$3,000 to Ms. Bobbitt and addressed the Board, noting that one (1) acre of the 10-acre tract was not in the District and requested annexation of such land. Mr. Klein stated that the proposed commercial center would add an estimated \$7,000,000 of value to the District's tax roll. Mr. Klein stated that he was requesting a feasibility study for the annexation of the one (1) acre tract and for service to the proposed development, a capacity commitment letter, an Annexation and Service Agreement and an Agreement for Financing of Facilities for the commercial tract. A copy of the request letter and the Application for Service/Annexation is attached hereto. Upon motion by Director Dill, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Application for Service/Annexation and authorize Jones & Carter to prepare the feasibility study for service to the 10-acre tract.

#### REQUEST FOR REVISED FEASIBILITY STUDY FOR SCHOESSOW TRACT

The Board then recognized Mr. Senn, who reported that he was negotiating for the purchase of the remainder of the Schoessow property consisting of approximately 205 acres, and requested a revised feasibility study for service to the tract located on Kuykendahl Road at FM 2920. Mr. Senn briefly reviewed a proposed development plan with the Board and stated that there would be approximately 711 residential lots, 27 acres of commercial development, 18 acres for detention facilities, and two (2) acres designated for use as a water plant site and a recreation center. 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 authorize Jones & Carter to update the feasibility study for the remaining 205 acres of the Schoessow tract, upon receipt of an Application for Service/Annexation and a check in the amount of \$3,000. A copy of Mr. Senn's request letter to Jones & Carter is attached hereto.

Mr. Conner and Director Steffes temporarily exited the meeting at 7:30 p.m.

#### ATTORNEY'S REPORT

Ms. Bobbitt first reported that she was in receipt of the general liability insurance and workman's compensation insurance information regarding Mr. Conner and that she will now be able to finalize the Agreement for General Manager Services with G.E. Conner, Inc.

Ms. Bobbitt next reported that pursuant to the Board's direction at the July meeting, a memorandum and flyer regarding the special election on the Constitutional amendments to be held on September 13, 2003, including Proposition 4, which if approved by voters, will allow utility districts in certain counties to develop and finance parks and recreational facilities with tax-supported debt, had been prepared and forwarded to Aqua Services to mail out with the District's bills on August 28, 2003. A copy of the memorandum and flyer is attached hereto. Director Steffes urged the Board to also educate themselves regarding Proposition 19.

Ms. Bobbitt noted that Director Steffes had questioned page nine, paragraph 2 of the July 14, 2003 minutes regarding the variance request for the grease trap installation requirement for the Bridgestone Homeowners Association (the "HOA"). Ms. Bobbitt explained that it was her understanding that authority to grant variance requests on the grease trap requirements had been given to Mr. Conner by the Board and stated that the paragraph would be modified accordingly.

Upon motion by Director Dill, seconded by Director Marks, after full discussion and the question being put to the Board, the Board voted three (3) votes in favor, with Directors Warren and Steffes abstaining, to approve a variance request for the HOA regarding a grease trap at the new Bridgestone Community Center.

Ms. Bobbitt then reviewed a letter from the North Harris County Regional Water Authority, a copy of which is attached hereto, regarding an increase in the pumpage fees for the fourth quarter of 2003 and for 2004 from \$0.25/1,000 gallons to \$0.34/1,000 gallons, effective October 1, 2003. The Board stated that such matter will be discussed further at the September 16, 2003 meeting.

#### GENERAL MANAGER'S REPORT

Mr. Conner then distributed copies of his report for the Board's review, a copy of which is attached hereto. Mr. Conner noted that the results of the Cathco, Inc. inspection of the District's fire hydrants is reflected in his report and stated that there was a typographical error in that there were only 10 (not 110) fire hydrants that will not open.

Messrs. Ridgway, Klein and Matthews then exited the meeting at 7:40 p.m.

Mr. Conner next reported that construction was complete on the construction and extension of the 12-inch waterline to serve the Walgreens development at Kuykendahl Road and Spring-Cypress Road. Mr. Conner explained that when service was restored following the damage to the District's water main, the District was forced to maintain low pressure in the area to prevent the damaged valve from blowing off again. Mr. Conner added that as a result of the

line damage, the District was required to install two (2) new 12-inch valves on the north and west side of the 12-inch water main in order to isolate the site where the Walgreens 12-inch waterline extension was to connect to the District's existing 12-inch water main on the northwest side of Kuykendahl Road and Spring-Cypress Road. Mr. Conner stated that Aqua Services will calculate the backcharges to the developer and contractor for the damages.

Mr. Conner went on to report that construction of the Bridgestone Community Center was progressing well and that the September 16, 2003 meeting would be held in the new facility. Ms. Jarmon inquired how Mr. Conner wanted to handle distribution of the meeting packets for September. Mr. Conner stated that the packets would be handled in the same manner, but would be provided to him and the Board members one (1) week in advance of the meeting. Ms. Jarmon asked the Board if they still wanted to receive complete meeting packets, including invoice copies. The Board stated that they did want to continue receiving the complete packet prior to the meeting.

Mr. Conner then reported that on July 22, 2003, a workshop session with the Board had been held to review the District's revised Policies and Procedures for Development, including a PowerPoint presentation on such matter. Mr. Conner noted that copies of the Policies and Procedures and the PowerPoint presentation had been provided to Directors Warren and Marks, who were not able to attend the meeting. Mr. Conner stated that the matter would be discussed further at the August 19<sup>th</sup> special meeting of the Board.

Mr. Conner then reported that he was contacting additional contractors to perform a vulnerability assessment of the District's facilities.

Mr. Conner next reported that he has a meeting scheduled on August 11, 2003 with Sergeant David Blankenship of the Harris County Precinct No. 4 Constable's Office to discuss District security matters.

Concerning District operations, Mr. Conner reported that at Water Plant No. 2, he is still waiting for the installation of a timer to be added to the motor control center to allow automated operation of both wells for the blending of water from the wells. Mr. Conner reported that the new force main from Lift Station No. 5 had been inspected and approved for operation by the District.

Mr. Conner then noted that he had received written developer progress reports from Mr. Randy Trncak (Springbrook developer) and Mr. Walkoviak (Spring Terrace developer), copies of which are attached to the General Manager's Report.

Director Dill asked Mr. Conner to please forward the e-mail reports from the developers to the Board, engineers and attorney with his General Manager's Report. Mr. Conner stated that he thought he had attached the reports to his report and that he would attach them in the future.

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

MISCELLANEOUS MATTERS

Mr. Senn reported that he had sent letters to the residents of Bridgestone West that are located adjacent to his development to advise them that surveyors would be working on the property to survey and take elevations regarding drainage concerns expressed by several residents of Bridgestone West at the Board's last two (2) meetings.

There being no further business to come before the Board, the meeting was adjourned at 7:55 p.m.

PASSED, APPROVED AND ADOPTED this 16<sup>th</sup> day of September, 2003.

/s/Robert J. Joyce

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Secretary, Board of Directors

(DISTRICT SEAL)

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