



stated that the minutes of the special meeting on October 4, 2005 and the developer reports have been removed from the Consent Agenda.

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 following Consent Agenda items: 1) approve the minutes of the regular meeting of January 17, 2006, as corrected, and the executive session of December 20, 2005; 2) approve the following pay estimates: a) Pay Estimate No. 3 in the amount of \$88,212.69 to Pace Services, L. P. for construction of the water, sewer and drainage facilities to serve Senterra Lakes, Section 1; b) Pay Estimate No. 6 and Final in the amount of \$87,198.85 to Big State Excavation, Inc. for construction of the water, sewer and drainage facilities to serve Spring Terrace, Section 1; c) Pay Estimate No. 3 in the amount of \$14,865.60 to Clearwater Utilities, Inc. for construction of the water, sewer and drainage facilities to serve Spring Terrace, Section 5; and d) Pay Estimate No. 12 in the amount of \$71,935.56 to Cedar Ridge Excavation, Ltd. for construction of the detention pond to serve Spring Terrace; 3) authorize execution of any necessary easements to serve various District developments; 4) ratify the General Manager's authorization for Jones & Carter to prepare the engineering design and plans/specifications for the emergency repairs and recoating of the ground storage tank at Water Plant No. 3; and 5) acceptance of the Spring Terrace detention pond for maintenance.

## **ELECTION AGENDA**

### **ADOPT ORDER CALLING DIRECTORS ELECTION (THE "ORDER")**

The Board then recognized Mr. Kasner, who presented the Order for the upcoming May 13, 2006 Directors Election (the "Election"). Mr. Kasner explained that Directors Steffes and Warren's terms expire in May. Mr. Kasner also noted that the District's intent to use direct recording electronic voting machines ("DREs") in accordance with the requirement of the Help America Vote Act of 2002 had been included in the Order. Ms. Dold noted that the Order provided for early voting to be conducted at the Bridgestone Community Center and the election day polling place to be at Roth Elementary School. Upon motion by Director Warren, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order, a copy of which is attached hereto.

### **AUTHORIZE PREPARATION OF VOTING RIGHTS ACT SUBMISSION LETTERS TO U. S. DEPARTMENT OF JUSTICE (THE "DOJ")**

Mr. Kasner then explained that the newly-required use of the DREs and any changes in voting times or polling locations for early voting and election day voting constitute changes in the District's election procedures and, therefore, require preparation and submission of a letter to the DOJ requesting approval of such changes pursuant to the provisions of Section 5 of the Voting Rights Act of 1965, as amended. Mr. Kasner then requested authorization to prepare the necessary submission letter(s) to the DOJ once the election information is known and if such submission letter(s) are necessary.

Upon motion by Director Warren, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Johnson Radcliffe

to prepare the necessary submission letter(s) to the DOJ regarding changes in voting procedures and/or changes in voting times and/or polling locations.

**DETERMINE CANVASSING DATE FOR DIRECTORS ELECTION**

Mr. Kasner next asked the Board to select a date for canvassing the Election, explaining that such date must be no earlier than three (3) days following the Election, such date being May 16, 2006, and no later than 11 days following the Election, such date being May 24, 2006. Upon motion by Director Thomas, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to designate Tuesday, May 23, 2006, as the date for canvassing the Election.

**REGULAR AGENDA**

**ORDER ADDING LAND AND REDEFINING BOUNDARIES OF THE DISTRICT**

Mr. Kasner then reported that the City of Houston had consented on February 1, 2006, to the annexation of a 10.5627-acre commercial tract of land located on FM 2920 west of Rhodes Road, owned by 2920 Business Park, L.P. into the District. Mr. Kasner presented an Order Adding Land and Redefining Boundaries of the District (the "Order") concerning the addition of such property to the District for the Board's approval. Upon motion by Director Warren, seconded by Director Thomas, after full discussion and the question being put the Board, the Board voted unanimously to adopt the Order, a copy of which is attached hereto.

**APPROVE AND AUTHORIZE EXECUTION OF AMENDED DISTRICT INFORMATION FORM**

Mr. Kasner then explained that pursuant to Section 49.452 of the Texas Water Code, as amended, the District is required to amend its District Information Form any time information in such form is revised or updated and, therefore, since the District's boundaries have been redefined, an amendment to the District Information Form is necessary. Upon motion by Director Warren, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize the execution of the Amended District Information Form, a copy of which is attached hereto, and to authorize the District's attorneys to file such amendment in the Harris County Real Property Records and with the Texas Commission on Environmental Quality (the "TCEQ"), as required by law.

**SUBORDINATED ASSIGNMENT FROM BRIDGESTONE LAKES DEVELOPMENT COMPANY**

Mr. Kasner next presented a Subordinated Assignment from Bridgestone Lakes Development Company, Inc. to Brighton Homes regarding the Bridgestone Lakes, Section 4 development for the Board's approval and execution. Upon motion by Director Warren, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Assignment, a copy of which is attached hereto.

### ASSIGNMENT OF CONTRACT RIGHTS BY VOB, LP

Mr. Kasner then presented an Assignment of Contract Rights by and between VOB, LP and Woodforest National Bank regarding the Villages of Bridgestone development for the Board's approval and execution. Upon motion by Director Warren, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Assignment, a copy of which is attached hereto.

Ms. Hall then entered the meeting at 6:10 p.m.

### FUNDING OF GROUND STORAGE TANK RECOATING PROJECT

Mr. Conner and Mr. Shackelford then recommended that the Board use operating funds to fund the recoating of the ground storage tank at Water Plant No. 3, rather than apply to the TCEQ for approval to use surplus funds for such project.

### DIRECTOR'S REPORT

Director Warren then reported that he had recently inspected the District's facilities with Mr. Almaguer. Director Warren noted that the new fences at the various District facilities were installed and looked really good and that the District's water plant was in great condition.

Ms. Dold reminded Director Schkade that he is scheduled to inspect the District's facilities for the months of March and April. Director Schkade noted that he will not be able to do the March inspection. Director Thomas offered to inspect the facilities in March, rather than Director Schkade.

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

### TAX ASSESSOR/COLLECTOR'S REPORT

The Board then recognized Ms. Hall, who presented the Tax Assessor/Collector's Report for the month of January a copy of which is attached hereto. Ms. Hall reported that 90% of the District's 2005 taxes have been collected as of today's date.

Upon motion by Director Thomas, seconded by Director Warren, 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 noted that no action was required by the Board on the Delinquent Tax Attorney's Report at this time.

## 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.

Mr. Conner first reported that additional copies of the outstanding invoices for engineering and legal services associated with the Texas Mega Storage development had been sent to Mr. Raines, but no response from Mr. Raines had been received to date.

Mr. Conner next presented the Harris County Precinct 4 Constable's Report, a copy of which is attached hereto.

Mr. Conner then reported that Southland Fence & Supply had completed the fence repairs/replacement at Water Plant Nos. 1 and 2 and Lift Station Nos. 1, 2, 4, 5 and 6 at a cost of \$37,100, plus \$800 for additional pickets that were found to be needed during the course of the work.

Mr. Conner next reported that on February 9, 2006, he and Mr. Shackelford met with a representative of the Texas Department of Transportation ("TxDOT") regarding the cleaning and re-grading of the roadside ditch along the south side of FM 2920 from Water Plant No. 2 eastward to Bridgestone Lane. Mr. Conner went on to explain that it has been determined that a significant stormwater drainage improvement is going to be required to achieve the required grade in the ditch to allow stormwater on the south side of FM 2920 to discharge into Upper Bonds Gully. Mr. Conner added that he will meet again with a TxDOT representative on February 28, 2006 to discuss whether TxDOT will participate in the cost of the improvements for Upper Bonds Gully.

Concerning the Albertson's detention pond, Mr. Conner reported that the February court date for the pending lawsuit had been postponed until May, 2006. Mr. Conner added that the detention pond contractors have now filed suit against their subcontractors, and the judge has allowed additional time for all parties to prepare their cases.

Mr. Conner then reported that the Northcrest Village detention pond is ready for final inspection and acceptance by the District. Mr. Conner stated that a maintenance agreement for such facility will need to be prepared by Johnson Radcliffe.

Mr. Conner went on to report that Superior Water Works ("Superior") has completed the raising and sealing of 50 manholes in the District. Mr. Conner noted that Superior has now completed approximately one-third of the manhole inspections in the Bridgestone subdivision and will proceed with repairs. The Board requested that the District's customers should be notified about the manhole work that is going to be done in the District. The Board directed Ms. Sears to prepare a short notice regarding the manhole repair work to be included in the message box of the District's March water/sewer service billing statement.

Mr. Conner next reported that he and Mr. Shackelford had met with Mr. Mannis, the owner of Progressive Pumps, on February 7<sup>th</sup> to discuss the proposed improvements to Lower Bonds Gully. Mr. Conner stated that Mr. Mannis has asked for some time to consider the different ditch alignment options.

Concerning Water Plant No. 2, Mr. Conner stated that the manufacturer of the glass lined tank had inspected the tank and will apply a repair coating to the large area on the north side of the tank and will recoat the smaller areas on the east/southeast sides of the tank. Mr. Conner noted that Water Plant No. 1 has a small leak that will also be addressed by the manufacturer.

Mr. Conner next reported that the Ditch "A" rehabilitation work has been completed and the area has been hydromulched to stabilize the soil. Mr. Conner added that Stormwater Solutions, L.P. has been awarded the project to rebuild the east bank of Ditch "A". Mr. Conner noted that the status of Ditch "B" will be discussed in the Engineer's Report.

Mr. Conner next referred to his email regarding the theft of water by two (2) different residents at 21710 Moss Agate and 21602 Castlemont, a copy of which is attached hereto. Mr. Conner explained that in both cases, the residents installed PVC pipe and fittings to reconnect their water line after service had been terminated for non-payment. Mr. Conner explained that the resident of 21602 Castlemont had called Aqua Services to make arrangements to pay his water bill in order to have service restored. Mr. Conner noted that he and Mr. Almaguer calculated that approximately 40% of the \$1,034.07 delinquent water/sewer service bill represented the District's out-of-pocket costs for water service and operator fees, and the balance of the delinquent account represents administrative fees charged to the customer for penalties, disconnect fees and meter tampering charges.

A lengthy discussion then ensued regarding the District's water theft policy currently reflected in the District's Rate Order. Mr. Conner noted that the water theft policy was originally created to address problems with commercial trucks stealing water from the District's water system. Mr. Conner stated that the fines for the water theft policy were likely excessive for residential water theft incidents and recommended that the Rate Order provisions be revised to address residential water thefts. Mr. Conner also recommended that the Board require that the Castlemont resident initially pay 50% of the outstanding amount on his account and then pay the balance of the delinquent account in installments of \$100.00 per month, in addition to his current bill, until the account is paid in full. Mr. Conner stated that there had not been any response from the resident at 21710 Moss Agate, but that he would propose the same payment arrangement for such delinquent account.

Ms. Hall then exited the meeting and Director Marks entered the meeting at 6:50 p.m.

Further discussion then ensued regarding the Rate Order and the District's water theft policy. The Board concurred that the water theft policy needs to be amended to differentiate between bulk commercial water theft and residential water theft.

Upon motion by Director Thomas, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to approve Mr. Conner's recommendation regarding the resident water theft matter and to consider amending the District's Rate Order regarding the water theft policy at the Board's next meeting.

#### 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 and/or feasibility studies. Ms. Jarmon further reported the receipt of \$52,290 in tap fees during the prior month.

Ms. Jarmon next reported that the TCEQ had approved the change in project scope, approved the release of \$794,574 from escrow and approved the use of \$54,743 in surplus funds from the District's Series 2000 Bonds, which funds will be used for Ditch "A" and Ditch "B" improvements, water line extension to Bridgestone Lakes, 18-inch sanitary sewer trunkline to serve Northcrest Village and Spring Town Center Phase III water line. A copy of the TCEQ letter is attached hereto.

Concerning the garbage rate increase effective as of February 1, 2006, Ms. Jarmon reported that the new garbage rate, such amount being \$13.13, will appear on the District's water/sewer service billing statements that will be mailed this month.

Ms. Jarmon went on to report that she had recently received a call from Teresa Neal of Neal's Restaurant ("Neal's") asking about reimbursement for the cost of hauling wastewater from Neal's to the District's Sewage Treatment Plant (the "STP") during an interim period in 2004 prior to the completion of the sanitary sewer line to serve the Stimac commercial tract. Ms. Jarmon stated that she could not recall what the Board had agreed to concerning such reimbursement. Ms. Dold stated that she vaguely recalls the reimbursement request from Mr. Neal, but has not yet been able to find the discussion on the matter in the Board's minutes of the Board's past meeting. Director Marks stated that he thought the Board had agreed to pay 10% of the costs for wet hauling wastewater for a specified time. Ms. Dold stated that she would continue with her review of the meeting minutes to determine what action the Board took and notify the Board and consultants via email as to her findings 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 Bookkeeper's Report and payment of the checks therein.

#### OPERATOR'S REPORT

Ms. Sears next reviewed the Operator's Report for the month of January 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 92.8%, and that there were nine (9) sludge hauls during the prior month. Ms. Sears added that there are currently 3,620 connections in the District.

Director Thomas inquired about the recent sewer back-up at 20902 Harvest Terrace Lane in Springbrook. Mr. Almaguer reported that he had re-checked the line and found more construction concrete in the line.

Director Thomas next inquired about an invoice from Electrical Field Services in the amount of \$2,550. Ms. Sears reported that the invoice was for the installation of the new gate at the south end of the STP site.

Director Schkade asked if Aqua Services was able to trace and locate the source of the grease discharge that caused the blockage at the Bridgeview Shopping Center. Mr. Almaguer reported that he was unable to pinpoint which business was discharging the grease, but speculated that the Mexican restaurant was likely responsible for most of the grease discharge in the line. Mr. Almaguer stated that 99% of most sewer line blockages are caused by grease discharges. Mr. Conner added that to date, the District has had a very low rate of sewer line blockages.

Ms. Sears then explained that Aqua Services would prepare the District's water loss audit as required by Section 16.0121 of the Texas Water Code, as amended, and submit such audit to the Texas Water Development Board by March 31, 2006. A copy of the memo prepared by Johnson Radcliffe regarding the requirement for the water loss audit is attached hereto.

Ms. Sears next distributed copies of three (3) water conservation brochures for the Board to review and select for mailing out to the District's customers. Copies of the brochures are attached hereto. A brief discussion regarding the brochures then ensued.

Upon motion by Director Warren, seconded by Director Thomas, 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.

#### UPDATE ON STATUS OF DISTRICT WEBSITE IMPROVEMENTS

Director Thomas reported that Daniel Shaw, the artist that illustrated the **Journey to Pansophigus** book, is working on some illustrations for the District's website.

#### ENGINEER'S REPORT

The Board next recognized Mr. Peterson, who reviewed the Engineer's Report with the Board, a copy of which is attached hereto.

Mr. Peterson first reported that three (3) bids had been received for the recoating of the ground storage tank at Water Plant No. 3, with the low bidder being Angelo Painting in the amount of \$103,250. Mr. Peterson further reported that Jones & Carter had analyzed the electrical problems with the soft start control panel on Water Well No. 3 and are recommending such equipment be replaced. Mr. Peterson stated a proposal for the equipment replacement had been submitted by Neil Technical Services in the amount of \$12,850. Mr. Peterson noted that the replacement of the soft start control panel should be done at the same time as the recoating project. The Board asked Jones & Carter to check on the expected useful life of the new soft start equipment. Mr. Conner noted that he had asked Jones & Carter to select a soft start with a variable frequency drive system, which is the newest technology available.

Director Thomas questioned if the Board was needlessly spending money on Water Plant No. 3 before the Board proceeds with the construction of Water Plant No. 4. Mr. Conner assured the Board that now is the time to recoat the ground storage tank at Water Plant No. 3 and added that the District will want to have the duplicity of ground storage tanks when Water Plant No. 4 is constructed.

Director Steffes then reported that there is now a bright red fire hydrant on Aberton near Water Plant No. 3. Mr. Shackelford stated that the fire hydrant was likely installed by the Senterra Lakes utility contractor.

Concerning the proposed improvements to Bonds Gully, Mr. Peterson reported that Jones & Carter had submitted the revised drainage study to the Harris County Flood Control District (the "HCFCD") on February 3<sup>rd</sup> for review and approval. Mr. Peterson noted that as mentioned earlier, Mr. Conner, Mr. Shackelford and he had met with Mr. Mannis, owner of Progressive Pumps, regarding the alignment of the lower portion of Bonds Gully. Mr. Peterson explained that due to the timing of peak season for the driving range and the planting season for grass growth, Jones & Carter is recommending that the District proceed with advertising and bidding the Upper Bonds Gully project now. Upon motion by Director Marks, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Jones & Carter to advertise for bids for the Upper Bonds Gully improvement project.

Mr. Peterson next reported that the District's eighth (8<sup>th</sup>) bond application report (the "BAR") was received by the TCEQ on January 30, 2006, and that a letter from the TCEQ stating that the District's eighth (8<sup>th</sup>) BAR is administratively complete had been received on February 13, 2006. Mr. Peterson noted that the District's ninth (9<sup>th</sup>) BAR will be submitted to the TCEQ once the District's eighth (8<sup>th</sup>) BAR is approved.

Mr. Peterson then distributed a copy of a letter to Mr. Darren Raines of Texas Mega Storage regarding the invoices payable to the District for Jones & Carter's engineering services to the District in connection with such development, a copy of which is attached hereto.

Lieutenant Blankenship then entered the meeting at 7:45 p.m.

Mr. Peterson next explained that as discussed at the Board's January meeting, there is not enough land area in and around Ditch "B" to construct a 20 to 25 foot berm as required by the HCFCD and, therefore, suggested that the District acquire a portion of the land located behind Bill Paiko's car wash to adequately expand Ditch "B" and provide for the necessary maintenance berms. Mr. Peterson went on to report that he had spoken with Mr. Paiko, who has stated that he is willing to sell a piece of his property to the District. Mr. Kasner interjected that an appraisal of the property will need to be done to determine the value of the land prior to making an offer to Mr. Paiko. Upon motion by Director Thomas, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to proceed with the land acquisition and to authorize Johnson Radcliffe to obtain an appraisal on Mr. Paiko's property.

Mr. Hudson then displayed and discussed his land plan for the development of Augusta Village, a 20-acre tract of land within the District, located east of Rhodes Road, west of Bridgestone Lakes, Sections 2 and 3 and north and south of Seals Gully. Mr. Hudson noted that he is proposing to develop a gated community of 73 zero-lot line patio homes with the smallest lot being 40 feet by 90 feet. Mr. Hudson stated that the homes would sell in the \$130,000 to \$170,000 price range. Mr. Hudson explained that he would need to serve an additional 3.76-acre commercial tract on the south end of the development and annex a 1.32-acre residential tract on

the north end of the proposed development in order to develop the land plan that he is proposing to the Board. Mr. Hudson added that he is requesting the Board's approval in order to move forward with his proposed land plan.

Mr. Shackelford then noted that Mr. Hudson's plans for a gated community with private streets would impact his developer reimbursement. Mr. Hudson responded that his project would not be financially feasible to develop if he did not get reimbursed in the same manner as his previous developments located within the District. Mr. Shackelford noted that Mr. Hudson's initial plans for development of the 20-acre tract contained public streets and public utilities, whereas the current proposed land plan includes private streets, which will require the District or the homeowners association of the development to maintain rather than being maintained by Harris County. A lengthy discussion ensued regarding what changes Mr. Hudson would need to make on his land plan in order for the development to qualify for reimbursement. Mr. Shackelford and Mr. Conner stated that the Board would need to make a policy decision regarding the proposed development. Director Steffes then asked Mr. Conner, the engineers and Mr. Hudson to further review and discuss the proposed development outside the Board meeting.

Upon motion by Director Thomas, 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.

#### ATTORNEY'S REPORT

Mr. Kasner then reported that Johnson Radcliffe is still working to acquire the necessary easement from Randall and Barbara Johnson along Spring-Cypress Road. Mr. Hudson then stated that the Johnsons had executed their easement and is in the process of returning the easement to Johnson Radcliffe.

Mr. Kasner stated he had nothing further to report.

#### MISCELLANEOUS MATTERS

Director Thomas then reported that he anticipates the construction of his new house to be completed by the end of March, and that he will likely submit his resignation from the Board at the end of the Board's March meeting.

Mr. Kasner then noted that the next regular meeting of the Board will be held on Tuesday, March 21, 2006, at 6:00 p.m. at the Bridgestone Community Center.

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

PASSED, APPROVED AND ADOPTED this 21<sup>st</sup> day of March, 2006.

/s/Ronald W. Schkade

---

Secretary, Board of Directors

(DISTRICT SEAL)

S:\Bridgestone\Minutes\2006\2-21-06.doc