

HEAR FROM THE PUBLIC

The Board first recognized Ms. Aubertin, a resident of 4303 Stallion Brook, who came to the meeting to discuss her December water/sewer service bill that reflected an abnormally high water usage of 138,000 gallons. Ms. Aubertin stated that SWWC was not able to find any leaks on her property, and asked the Board to consider adjusting her December water/sewer service bill. Ms. Aubertin also noted that she had recently received a cut-off notice. Director Steffes asked Mr. Conner and SWWC to work with Ms. Aubertin regarding her water/sewer service bill and not terminate her water service at this time.

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.

Mr. Peterson then added to the Consent Agenda Pay Estimate No. 4 in the amount of \$163,337.56 from Beyer Construction, LLP ("Beyer") in connection with the construction of the T. C. Jester Boulevard extension from Alvin A. Klein Road to FM 2920.

Ms. Bobbitt then noted that the minutes of the regular meeting of January 15, 2008 and the special meeting of November 20, 2007 were being presented for approval at tonight's meeting. Ms. Bobbitt added that the minutes of the executive sessions of November 13, 2007 and December 18, 2007 were not yet finalized and asked that approval of such minutes be removed from tonight's Consent Agenda.

Upon motion by Director Schkade, seconded by Director Warren, 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 15, 2008 and the special meeting of November 20, 2007; 2) authorize design of the 12-inch water line to serve The Sanctuary; 3) authorize advertising for bids, subject to Engineer's receipt, review and approval of project plans and specifications for: a) the Upper Seals Gully detention system improvements; b) the 2.5 million gallons per day Wastewater Treatment Plant expansion; and c) the water line extension on Kuykendahl Road; 4) review bid tabulations and award contract for construction of the following projects: a) clearing and grubbing for The Sanctuary; and b) construction of sanitary sewer line extension to serve Eagle Water Management, Inc. ("Eagle Water Management"); 5) approve the following pay estimates: a) Pay Estimate No. 4 in the amount of \$163,337.56 from Beyer for construction of the T. C. Jester Boulevard extension from Alvin A. Klein Road to FM 2920; b) Pay Estimate No. 5 in the amount of \$33,199.35 from Pace Services, LP for water, sewer and drainage facilities to serve Bridgestone Lakes, Section 3; c) Pay Estimate No. 4 and Final in the amount of \$49,368.09 from Lecon, Inc. ("Lecon") for Ditches "A" and "B" improvements; d) Pay Estimate No. 2 and Final in the amount of \$16,572.60 to Menendez-Donnell & Associates, Inc. for construction of public water lines to serve the District; and e) Pay Estimate No. 5 and Final in the amount of \$91,275.43 from Kenneth Lamb Construction Co., Ltd. for construction of water, sewer and drainage to serve Village of Senterra Lakes, Section 1; 6) authorize Jones & Carter to prepare the bond application

report for the District's 11th bond issue; 7) authorize execution of any necessary easements to serve various developments within the District and/or District projects; and 8) ratify the adoption of a Resolution requesting Harris County Appraisal District for an Estimate of Assessed Values.

HARRIS COUNTY PRECINCT 4 CONSTABLE'S REPORT

Lieutenant Glaze then reviewed with the Board the Constable's Report for the month of January, a copy of which was previously distributed to the Board and is attached hereto. 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 Constable's Report.

Lieutenant Glaze then exited the meeting.

BOND SALE AGENDA

OPEN AND ACCEPT BIDS FOR \$17,015,000 BRIDGESTONE MUNICIPAL UTILITY DISTRICT WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS, SERIES 2008 (THE "SERIES 2008 BONDS")

Mr. Short first distributed a summary of the three (3) bids that were received earlier in the day for the purchase of the District's Series 2008 Bonds, a copy of which is attached hereto. Mr. Short then recommended that the Board accept the bid of Wachovia Securities, LLC ("Wachovia") to purchase the Series 2008 Bonds at a cash price of \$16,504,550, which represents 97% of the par value at a net effective interest rate of 5.002668%. Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to accept the bid of Wachovia for the purchase of the Series 2008 Bonds.

REVIEW AND APPROVE DOCUMENTS FOR SALE OF THE SERIES 2008 BONDS

Ms. Bobbitt then stated that she would review and explain agenda item nos. 2, 3, 4, 5, 6 and 7 and encouraged the Board to ask any questions they may have on these items. Ms. Bobbitt then explained that the procedures at tonight's meeting are done to comply with all of the statutory requirements applicable to municipal utility districts for the issuance of bonds. Ms. Bobbitt stated that the Bond Order is a contract between the District and the bondholders, and noted that the Bond Order would be finalized to include the details of the sale and delivery of the Series 2008 Bonds in order to be submitted with the transcript of bond proceedings of the Series 2008 Bonds.

Ms. Bobbitt next explained that Mr. Short would insert the details of the sale of the Series 2008 Bonds and prepare the Official Statement for printing and distribution by the end of the week.

Ms. Bobbitt went on to explain that the General Certificate is a summary of the District's history and outlines the authority by which the District issues the Series 2008 Bonds. Ms. Bobbitt explained that the Signature Identification and No-Litigation Certificate is also included in the Texas Attorney General's (the "AG") transcript of proceedings in connection with the bond issuance and will be dated the date of the Texas Attorney General's approval of the

bond transcript. Ms. Bobbitt then stated that the Certificate of Tax Exemption, along with the Bond Counsel opinion, certifies that the proceeds from the sale of the Series 2008 Bonds are tax-exempt and will not be used contrary to the provisions of the Internal Revenue Code. Ms. Bobbitt then noted that The Bank of New York Trust Company, N. A. has been appointed as the paying agent/registrar for the Series 2008 Bonds. Ms. Bobbitt next presented for Director Steffes' execution a letter to the AG and Comptroller of Public Accounts regarding instructions for the delivery of the Series 2008 Bonds.

Ms. Bobbitt went on to explain that the closing for the Series 2008 Bonds is tentatively scheduled for Wednesday, March 26, 2008, subject to the timing of receiving approval of the Series 2008 Bonds from the AG's office. Ms. Bobbitt then requested that the Board authorize the President or Vice President and the Secretary or Assistant Secretary of the Board to execute any and all other documents necessary for the issuance and delivery of the Series 2008 Bonds.

Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve and authorize the distribution of the Official Statement; 2) adopt the Order Authorizing Issuance of the Series 2008 Bonds; 3) approve and authorize the execution of the General Certificate; 4) approve and authorize the execution of the Tax Exemption Certificate; 5) approve and authorize the execution of the Signature Identification and No-Litigation Certificate; 6) approve and authorize the execution of the letters to the AG's office and Comptroller of Public Accounts in connection with the issuance and delivery of the Series 2008 Bonds; 7) approve and authorize execution of the Paying Agency/Registrar Agreement with The Bank of New York Trust Company, N. A.; and 8) approve and authorize execution of all other documents and take all other actions necessary for the issuance and delivery of the Series 2008 Bonds. Copies of each of the bond documents outlined above are attached hereto.

Mr. Short then reported that Wachovia included with their bid a proposal from Assured Guaranty Corp. for municipal bond issuance on the Series 2008 Bonds, reflecting a premium of \$460,000, which amount will be paid by the purchaser, Wachovia. Mr. Short further explained that the Series 2008 Bonds received an underlying rating of BBB+ from Standard & Poor's and will receive a AAA rating with the municipal bond insurance policy.

ELECTION AGENDA

ADOPT ORDER CALLING DIRECTORS ELECTION (THE "ORDER")

Ms. Bobbitt then presented the Order for the upcoming May 10, 2008 Directors Election (the "Election"), a copy of which is attached hereto. Ms. Bobbitt noted that Directors Marks, Theiss and Schkade's terms expire in May. A brief discussion ensued regarding potential locations for early voting and election day polling places and voting times and potential election officials.

Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order.

DETERMINE CANVASSING DATE FOR THE ELECTION

Ms. Bobbitt 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 13, 2008, and no later than 11 days following the Election, such date being May 21, 2008. Ms. Bobbitt reminded the Board that only two (2) members of the Board need to be present for the canvassing of the Election results. Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to designate Tuesday, May 20, 2008, as the date for canvassing the Election.

REGULAR AGENDA

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 to date, 67.1% of the District's 2007 taxes have been collected.

Ms. Hall went on to report that to date, the Harris County Appraisal District ("HCAD") has certified \$674 million of the District's 2007 assessed valuation. Ms. Hall further reported that HCAD has not yet completed the estimate of District value as of December 1, 2007, which is needed for the District's tenth (10th) bond application currently being prepared by Jones & Carter.

Mr. Short then exited the meeting at 7:27 p.m.

Upon motion by Director Marks, 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

Mr. Sandin next reviewed with the Board the Delinquent Tax Attorney's Report, a copy of which is attached hereto. Mr. Sandin noted that his office had sent out a significant number of termination notices last month in accordance with the Board's direction and authorization at the January meeting. Mr. Sandin then stated that the only action item for the Board is to consider a request from Mr. Lawrence Willinsky of 4935 Bridgemont Lane for an installment payment plan. Mr. Sandin noted that Mr. Willinsky's letter is attached to the Delinquent Tax Attorney's Report. 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 accept Mr. Willinsky's \$100 payment on his 2006 delinquent taxes and to continue to monitor his account.

Mr. Sandin next explained that Section V of his Report contains a list of the delinquent accounts that received water termination letters following the January meeting and had not yet responded. Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the Delinquent Tax Attorney to terminate service on all of the non-responsive delinquent accounts reflected in Section V of the Report.

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

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.

Upon motion by Director Schkade, 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, 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 January with the Board, including the termination list, copies of which are attached hereto. Ms. Sears then reported that the District's four (4) month water accountability ratio was 91.3%, and that there were 20 sludge hauls during the prior month. Ms. Sears added that there are currently 4,992 connections in the District.

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 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.

DIRECTOR'S INSPECTION REPORT

Director Steffes then reported that he and Mr. Staab had inspected the District's facilities on February 12th. A copy of Director Steffes' inspection report is attached hereto. Director Steffes reported that all of the facilities were in good shape.

Director Steffes then commented that the utility companies (natural gas, cable and telephone) in most of the developments located within the District do an unsatisfactory job of backfilling after they install utility lines and asked if the District had any recourse against such utility companies. Mr. Peterson stated that if a development is still under warranty, the District could require the contractor to redo the backfill work, but that the District has little control over the utility company contractors. Mr. Hudson stated that in his projects, he asks the utility companies to mound up the dirt and the builders use the dirt to level the grade.

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 Director's Inspection Report.

Ms. Dold noted that Director Theiss is scheduled to do the District inspections during the months of March and April.

CONSIDER REQUEST FROM FIRST VICTORIA NATIONAL BANK ("FIRST VICTORIA") FOR WATER/SEWER SERVICE

Mr. Peterson then reported that First Victoria had submitted an application for service to a 6.9-acre tract located on the northeast corner of FM 2920 and Gosling Road. Mr. Peterson noted that the tract of land was formerly owned by KPC, LTD. and was annexed into the District in 2002. Mr. Peterson stated that Jones & Carter would need to update the feasibility study previously prepared for the tract to reflect the proposed land plan for the tract.

Upon motion by Director Marks, seconded by Director Schkade, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Jones & Carter to prepare the updated feasibility study for the 6.9-acre First Victoria tract.

Director Warren reported that he had met some land investors at Neal's Restaurant ("Neal's") that were looking at the 14-acre tract located adjacent to Neal's for a proposed apartment complex.

REVIEW AND AUTHORIZE EXECUTION OF AGREEMENTS FOR FINANCING OF FACILITIES

Ms. Bobbitt then presented copies to the Board of the Agreement for Financing of Facilities to serve the Eagle Water Management 3.901-acre tract of land and the Agreement for Financing of Facilities to serve The Sanctuary 67.323-acre development (collectively, the "Agreements"), copies of which are attached hereto. Ms. Bobbitt stated that the Agreements are still in draft form and will be submitted to the developers for review prior to being finalized, but that she would like to get the signature pages executed tonight. 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 and authorize execution of the Agreements.

DISCUSS THE STATUS OF PENDING ANNEXATIONS

Ms. Bobbitt next reported that the documents for annexation of Mr. Howard Lederer's 35.7805-acre tract of land have been returned to her office. Ms. Bobbitt next reported that the documents for the annexation of Mr. David McCampbell's 28.0669-acre tract have not yet been returned to her office.

REVIEW, APPROVE AND AUTHORIZE EXECUTION OF THE GOSLING ROAD UTILITIES COST SHARING AGREEMENT

Ms. Bobbitt next reported that the Gosling Road Utilities Cost Sharing Agreement has been drafted and asked the Board to approve and authorize execution of such Agreement. Ms. Bobbitt explained that the Agreement sets forth the terms and conditions by which Mr. Lederer, Mr. McCampbell, The National Realty Group, Inc. and Northside Christian Church will fund the construction of the Gosling Road utilities that will serve the properties of such entities. Upon motion by Director Marks, seconded by Director Warren, after full discussion and

the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Gosling Road Utilities Cost Sharing Agreement, a copy of which is attached hereto.

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 then distributed a copy of the Fire Hydrant Repair Summary prepared by Cathco, Inc. (the "Summary") for the Bridgestone, Bridgestone West and Bridgestone Ranch subdivisions, a copy of which is attached hereto. Mr. Conner noted that the proposed repairs reflected on the Summary total \$17,492. Director Marks suggested that Mr. Conner divide the District into five (5) sections and devise a five (5) year rotation plan to have the fire hydrants routinely inspected and repaired. Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to accept the proposal for repairs to the fire hydrants in Bridgestone, Bridgestone West and Bridgestone Ranch subdivisions and to authorize Mr. Conner to work up the five (5) year fire hydrant inspection and repair rotation plan.

Director Warren then reported a problem with cars cutting through Ditch "C" to avoid traffic and asked Mr. Conner to keep the pipe gate on Slippery Rock closed.

Upon motion by Director Marks, 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.

DISCUSS STATUS OF DEVELOPER REIMBURSEMENTS FROM PROCEEDS OF THE DISTRICT'S SERIES 2007 BONDS

Concerning the reimbursement to Bridgestone Lakes Development Company, Inc. for construction of the water, sewer and drainage facilities to serve Bridgestone Lakes, Section 1 from the proceeds of the District's eighth (8th) bond issue, Ms. Bobbitt reported that \$842,912.35 for such facilities had been released to Mr. Hudson immediately following the Board's January meeting. Ms. Bobbitt reminded the Board that the District is still holding reimbursement of \$125,004.49 for the Bridgestone Lakes, Section 1 detention pond costs until the proposed Detention Pond Maintenance Agreement can be finalized. Ms. Bobbitt noted that Harris County had approved release of the maintenance bond on the Bridgestone Lakes, Section 1 storm sewer system. Ms. Bobbitt then noted that a copy of the proposed Bridgestone Lakes Detention Pond Maintenance Agreement (the "Maintenance Agreement") has been sent to Mr. Hudson for review. Mr. Hudson stated that his attorney, Mr. John Cannon, is in the process of reviewing the proposed Maintenance Agreement. Ms. Bobbitt then asked the Board to approve and authorize execution of the Maintenance Agreement, upon finalization of same. Mr. Hudson then asked the Board to approve release of \$100,000 of the \$125,004.94 being held by the District and continue to hold the \$25,004.94, which is close to the amount specified in the Maintenance Agreement for future maintenance costs and/or repairs of the detention pond. Directors Warren and Marks stated that they would agree to Mr. Hudson's request, and Ms. Bobbitt stated that she was also in

agreement with the request. Ms. Jarmon stated that she could prepare handwritten wiring instructions in order to release the appropriate amount of funds to Mr. Hudson on Wednesday following the meeting.

Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put the Board, the Board voted unanimously to approve and authorize execution of the Maintenance Agreement and authorize release of \$100,000 to Mr. Hudson of the \$125,004.94 reimbursement amount being held from the proceeds of the Series 2007 Bonds for the Bridgestone Lakes, Section 1 detention pond construction costs.

ENGINEER'S REPORT

Concerning the status of the District's tenth (10th) bond application report ("BAR No. 10"), Mr. Peterson reported that he, Mr. Shackelford and Mr. Conner had a very successful and beneficial meeting with representatives of the Texas Commission on Environmental Quality on February 12, 2008 to review and discuss BAR No. 10. Mr. Peterson noted that Jones & Carter and Mr. Short cannot complete the financial analysis required for BAR No. 10 until an updated estimate of assessed valuation is received from HCAD, as discussed earlier in the meeting.

Mr. Peterson next reported that the Harris County Flood Control District (the "HCFCD") had conducted an inspection of Ditches "A" and "B" on February 7, 2008. Mr. Peterson stated that the final pay estimate for such project to Lecon had been approved earlier in the meeting, and that the HCFCD has informed Jones & Carter that they will recommend the acceptance of Ditches "A" and "B" to the Harris County Commissioner's Court.

Mr. Peterson next reported that O'Reilly's Auto Parts ("O'Reilly's") located on FM 2920 has requested a Consent to Encroachment for a store sign to be located within the District's water line easement. Mr. Peterson stated that he has received an acceptable detailed drawing showing the proximity of the proposed signage to the District's water line and recommended that the Board approve such request.

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 Engineer's Report and to authorize execution of the Consent to Encroachment for the O'Reilly's store sign.

ATTORNEY'S REPORT

Ms. Bobbitt then presented an Engagement Letter for Debt Service Yield Restriction Services and Project Fund Yield Restriction Services (the "Engagement Letter") from Arbitrage Compliance Specialists, Inc. ("Arbitrage Compliance"), a copy of which is attached hereto. Ms. Bobbitt noted that the fee for the proposed services would be \$3,650. Ms. Bobbitt then briefly reviewed the proposal and services to be provided by Arbitrage Compliance.

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 Engagement Letter with Arbitrage Compliance.

Ms. Bobbitt next reported on the status of the water line easement acquisitions for the extension of the District's 16-inch water line along Kuykendahl Road. Ms. Bobbitt reported that Mr. Stephen H. Clegg, the owner of the tract of land on Kuykendahl Road located between My Family Vet and the Church at Creek's End, wants a capacity commitment from the District. Mr. Peterson stated that he had a long conversation with Mr. Clegg and informed him that it may be difficult to run a sanitary sewer line to his tract. Mr. Peterson stated that Mr. Clegg does not want a feasibility study or to be annexed into the District at this time. Ms. Bobbitt added that her office in continuing to work on obtaining the remaining easements for the Kuykendahl water line extension project.

Ms. Bobbitt then reported that JRPB's hourly rates for legal services are being increased effective February 1, 2008 in order to cover increase in personnel, insurance and other costs. Ms. Bobbitt noted that under the terms of her legal services agreement with the District, she is required to notify the Board of any increase in her firm's hourly rates. Ms. Bobbitt explained that her rate will increase from \$275 to \$285 per hour, that the rate for work performed by Mr. Polley will increase from \$125 to \$150 per hour, that the rate for work performed by Ms. Dold will increase from \$120 to \$130 per hour, and that the rate for work performed by Ms. Judy T. Mott will increase from \$55 to \$60 per hour. A copy of the summary reflecting the new billing rates is attached hereto.

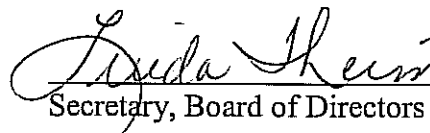
Upon motion by Director Marks, seconded by Director Warren, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Attorney's Report.

MISCELLANEOUS MATTERS

Ms. Bobbitt then reminded the Board that the next regular meeting of the Board is scheduled for Tuesday, March 18, 2008, 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 March, 2008.


Secretary, Board of Directors

