

MINUTES OF MEETING  
OF  
BOARD OF DIRECTORS

December 13, 2011

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 Jerry Thomas Center, 4403 Lost Lake Lane, Spring, Texas, its regular meeting place within the boundaries of the District, on Tuesday, December 13, 2011, at 6:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Adrian E. Steffes	President
Jim Marks	Vice President
Linda D. Theiss	Secretary
Ronald W. Schkade	Assistant Secretary
Skip Warren	Treasurer

All members of the Board were present, except Director Schkade, thus constituting a quorum. Director Schkade monitored the meeting by conference call. Also attending the meeting were: Mr. Gene Conner, General Manager for the District; Messrs. Erich Peterson, P.E., Joshua Lee, P.E., and Tobin Synatschk, P.E. of Jones & Carter, Inc. ("Jones & Carter"), engineers for the District; Mr. Danny Staab of Water District Management, Inc. operators for the District; and Mr. Jonathan D. Polley 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.

REVIEW AND DISCUSS ENGINEER'S RECOMMENDATIONS FOR SANITARY SEWER  
ODOR ABATEMENT TREATMENT

Mr. Synatschk then reviewed the PowerPoint presentation regarding Liquid and Vapor Phase Odor Controls for the District's Sanitary Sewer System, a copy of which is attached hereto. Mr. Synatschk reported that Jones & Carter had formulated two (2) Odor Control options as follows: 1) Liquid Phase Odor Control, which introduces chemicals into the sanitary sewer system to prevent the production of hydrogen sulfides; and 2) Vapor Phase Odor Control, which treats hydrogen sulfides after they have formed in the sanitary sewer system. Mr. Synatschk then reviewed the costs for four (4) of the odor control treatments:

Odor Control Treatment	Capital Costs	Annual Costs	Total 1 <sup>st</sup> Year
Ferrous Sulfate	\$100,000	\$ 51,000	\$151,000
Chlorine	\$ 65,000	\$109,000	\$174,000
Thioguard	\$100,000	\$108,000	\$208,000
Biological Vapor	\$540,000	\$ 13,000	\$553,000

Mr. Synatschk noted that these options and costs represent what Jones & Carter thinks will fix 100% of the District's odor problems. Mr. Synatschk noted that the Board may desire to do less than 100% to stop the odor problems. Mr. Synatschk added that Jones & Carter recommends the use of liquid Ferrous Sulfate and possibly some Thioguard to boost the alkalinity in the District's sanitary sewer system. Mr. Synatschk noted that the District's tanks and pumps would be useable with either Ferrous Sulfate or Thioguard.

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 follow the recommendation of Jones & Carter to transition to the use of Ferrous Sulfate once all the existing Thioguard has been used and to continue testing the sanitary sewer system to monitor the odor problems.

DISCUSS PROPOSED PLANS FOR THE CHANGE IN SCOPE AND ISSUANCE OF UNISSUED \$1,785,000 IN BONDS FROM THE DISTRICT'S \$8,255,000 WATERWORKS AND SEWER SYSTEM COMBINATION TAX AND REVENUE BONDS, SERIES 2011 PREVIOUSLY APPROVED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ")

Mr. Polley explained that the TCEQ approved the issuance of \$8,255,000 bonds in an order dated April 22, 2011. Mr. Polley stated that the District only issued \$6,470,000 in 2011, which leaves \$1,785,000 that the District could issue in 2012. Mr. Polley noted that the TCEQ approval of bonds is for a period of one (1) year. Mr. Peterson reported that there are no developer projects that currently qualify to be reimbursed, but stated that the District is about to commence construction of the Lower Bonds Gully Improvements project with money from the District's Operating account. Mr. Peterson suggested that the unissued \$1,785,000 bonds be issued to fund the Lower Bonds Gully Improvements project and that funds from the operating account be used to establish a true up fund related to multiphase developer reimbursements. Mr. Polley stated that creating a true up fund with money from the District's operating account avoids many of the tax related issues that would arise if the District used bond proceeds for the same purpose. A discussion ensued regarding making an application to the TCEQ to change the scope of the project to include the Lower Bonds Gully Improvements project and to request an extension of time in which to issue the bonds, if necessary.

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 authorize Jones & Carter and Johnson Radcliffe to prepare the necessary resolution to the TCEQ for approval of the change in scope and requesting an extension of time for the Board's review and adoption at the December 20, 2011 meeting and to authorize Ms. Mary Jarmon to establish a true up fund within the operating account with the money previously designated for the Lower Bonds Gully Improvements.

DISCUSS PROPOSED INTERCONNECT WITH BILMA PUBLIC UTILITY DISTRICT ("BILMA") AND APPOINT COMMITTEE OF THE BOARD TO REVIEW AND DISCUSS OPTIONS REGARDING SAME

Mr. Peterson then reviewed an aerial map with two (2) location options for the proposed interconnect with Bilma, a copy of which map is attached hereto. Mr. Peterson proposed that the Board proceed with Option 1 at an estimated cost of \$200,000. A discussion ensued regarding how Bilma and the District should share the cost to construct the water line needed to connect their water systems and concurred that they should evenly split the cost.

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 Mr. Peterson to make an offer to Bilma that the cost of the proposed interconnect on Kuykendahl Road be split 50/50.

Director Marks stated that he would not be present at the December 20, 2011 meeting.

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

PASSED, APPROVED AND ADOPTED this 17<sup>th</sup> day of January, 2012.

  
Secretary, Board of Directors

