

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
April 8, 2008

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on April 8, 2008 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

R. W. (Rick) Kehlenbach, President
Dave Simac, Vice President
Janet E. Frakes, Secretary
Kenneth W. Heussner, Asst. Secretary
Derek D. Drawhorn, Treasurer

and the following directors absent:

None

Also present were Ms. Claudia Redden, representing the District's bookkeeper; Ms. Pat Hall, representing the District's tax assessor-collector; Mr. Mark Ivy, representing the District's operator; Mr. Dano Lozano and Mr. Shawn Sharkey, representing the District's engineer; and Ms. Lori G. Aylett, attorney for the District.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. Minutes of the meeting of March 11, 2008 were presented for the Board's review and approval. Upon motion made by Director Simac, seconded by Director Drawhorn, the minutes were approved as presented.

2. Ms. Pat Hall presented a tax assessor-collector's report, a copy of which is attached. The District's 2007 taxes are 91.1% collected. Eight checks were presented for the Board's review and approval. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

3. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 94% of the water produced. The District billed \$60,553 and collected \$71,451. The operator reported that minor service line leaks were repaired. Graffiti artists have tagged the plant fence again. The Board reviewed the request of Cecilio and Cynthia Miranda who own the property at 6502 Spring Leaf. They requested permission from the District to sell them a portion of the utility easement owned by the District that borders their east property line. The easement was formerly used as access to the District's water plant, but the District does not utilize this access any more and the land is surplus. The Board noted that an item should be placed on the next agenda to further consider this request. Perhaps the District could entertain an agreement to allow the Mirandas to fence this old right-of-way. The District would have to be

indemnified against any damage or loss occurring on this property if it is fenced by them. Upon unanimous vote, the operator's report was approved as presented.

4. Mr. Dano Lozano presented an engineer's report, a copy of which is attached. Mr. Lozano reported that he had submitted plans to Harris County for water well rehabilitation. They wanted to get approvals from other "dry" utilities so the engineer delayed advertising until that is done. Pay estimate no. 3 is for the release of retainage at water plant no. 2, and the Board approved it pending the engineer's final review of the site. The engineer introduced Shawn Sharkey of Cobb Fendley. Dano Lozano reported that he will be leaving Cobb Fendley to start his own company, and Mr. Sharkey will be the new Cobb Fendley representative attending the District's Board meetings. The Board welcomed Mr. Sharkey.

5. The Board reviewed an interconnect agreement with Harris County Municipal Utility District No. 24. MUD 24 made certain proposed revisions to the District's form of contract. Understanding that the District may soon be required to convert to chloramine disinfection, MUD 24 wanted the assurance that the contract could be cancelled if the two districts are not using the same disinfection system. The Board discussed the fact that the MUD 24 board had indicated a price of \$0.75 per 1,000 for any water used. Since it more likely that the District will receive water than supply water, the Board accepted this change to the contract. Upon motion duly made, seconded and unanimously carried, the Board voted to approve the interconnect agreement with MUD 24 with the changes as proposed by MUD 24.

6. There was presented the attached Order Adopting Investment Policy. The attorney explained the investment policy to the Board of Directors. The main purpose of the Investment Policy is to emphasize the safety of principal over yield. The public's money must not be used for speculative investments. The attorney also presented a list of brokers with whom the District is authorized to solicit investments, and the bookkeeper recommended approval of the list as presented. The District's investment policy is in compliance with the Public Funds Investment Act and provides that the District can invest in any investment authorized thereunder. Upon motion duly made, seconded and unanimously carried, the Board approved the Order Adopting Investment Policy as presented.

7. The Board then reviewed an Order Declaring Unopposed Candidates Elected and Canceling Election reflecting that the candidates in the District's directors election were unopposed. Therefore, upon unanimous vote, the Board adopted the attached order declaring unopposed candidates elected and canceling the May 10, 2008 director election.

8. Ms. Claudia Redden presented a bookkeeper's report, a copy of which is attached. The bookkeeper reported that the first quarter assessment to North Harris County Regional Water Authority has been paid. The tax-assessor computed the District's annual developer incremental tax report with Cypress Trace Ltd., and pursuant to the previous agreement, the developer has added enough tax value to warrant a payment of \$6,500. After review, the Board voted unanimously to approve the bookkeeper's report as presented and authorized payment of the bills listed thereon.

9. The Board discussed the audit received from Bammel regarding the Regional Sewage Treatment Plant fund. The bookkeeper confirmed that the Bammel sewage

treatment plant bookkeeper is investing the money and earning interest on the proceeds. The interest proceeds go into the plant fund to be used for plant projects.

10. Under pending business, the Board discussed the fencing around one of the District's lift stations. There appears to be an area between the District's fence and the homeowner's fence that should be cleared. The fence may need to be extended, and the District should consider extending the concrete wall to the fence. The operator will get price quotes for the work for the Board's consideration at the next meeting.

The attorney noted that next month she would present a draft Code of Ethics for the Board's review.

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

Secretary