

## SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors  
April 13, 2010

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on April 13, 2010 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, the District's bookkeeper; Ms. Pat Hall, representing the District's tax assessor-collector; Mr. Mark Ivy, the District's operator; Ms. Amber Hurd, representing the District's engineer; Mr. Al Pardoe, representing the District's developer; 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 9, 2010 were presented for the Board's review and approval. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board reviewed the tax assessor-collector's report with Ms. Pat Hall, and a copy of the report is attached. The District's 2009 taxes are 96.8% collected. The tax assessor is expecting the preliminary values from the Harris County Appraisal District in May. Six checks were presented for the Board's approval. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

3. The tax assessor presented the annual report on the assessed value added by the developer and the corresponding incremental tax payment. Based upon the value added by the development, the total amount to be paid to the developer is \$13,213.23. The Board authorized payment to be made as reported.

4. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 94% of the water produced during the month of March. The District billed \$60,370 and collected \$64,793. The valve survey has been completed, and flushing was started today. Valve locator buttons were placed on the road and will assist the operator in finding the valves in the dark or in emergency conditions. Three stack pipes need to be realigned

at a cost of \$250 each, and twelve stack pipes need to be cleaned at a cost of \$100 per pipe. Ten valves remain to be located, and the operator proposed to be paid for locating the valves on a time and materials basis. Water plant no. 1 is offline now, but the operator is preparing to return the plant to service. After discussion, upon unanimous vote, the operations report was approved as presented, and the Board authorized expenditures to realign and clean the valve stacks and locate the remaining valves.

5. Ms. Amber Hurd presented the engineer's report and reported that there is a coordination meeting with Bilma PUD to discuss a field test of cooperative emergency operations of several districts' water systems. Survey work needs to be performed to include the North Harris County Regional Water Authority facilities and to gather topographic information on the south side of Twin Leaf Drive, and the engineer proposed a price of \$2,800. The water plant painting is complete. The paint inspector believes that this will be the last time the District can successfully paint this tank before having to replace it because the tank will not sustain another blasting operation. The District can anticipate another 10 to 15 years of useful life from the tank.

The chloramines conversion is underway. The District should be ready for start-up within two weeks.

Van De Wiele Engineering requested assistance for a manhole opening for a Harris County street inspection in Spring Creek Court. The original contractor on the construction job has refused to come onto the site. The Board authorized the operator to assist Harris County and Van De Wiele Engineering in completing the inspections so that the streets may be accepted.

The engineer received a request for utility capacity commitment and an application for service for a Dairy Queen. The District is capable of providing service, and the engineer recommended the grant of utility capacity commitment in the amount of 3,305 gallons per day of water service and 2,480 gallons per day of sewer service. Upon unanimous vote, the Board authorized the grant of the utility commitment to Dairy Queen as recommended by the District engineer and approved the expenditure of \$2,800 for surveying work needed to add the North Harris County Regional Water Authority facilities to District as-built records.

6. The Board noted that it was required to review the FTC identity theft red flag program on an annual basis. The Board noted that there were no changes necessary to the program and accordingly, upon motion duly made, seconded and unanimously carried, the Board adopted the attached Resolution Affirming Identity Theft Prevention Program.

7. The Board discussed the status of ballot applications for the May 8, 2010 directors election and it was reported that three ballot applications had been received for three director places by the filing deadline. Therefore, the three candidates filing an application were unopposed. The Secretary of the Board executed a certificate evidencing the same, and upon unanimous vote, the Board adopted the attached Order Declaring Unopposed Candidates Elected and Canceling Election in accordance with the Texas Election Code.

8. Ms. Claudia Redden presented a bookkeeper's report, a copy of which is attached. After discussion, upon unanimous vote, the Board approved the bookkeeper's report and payment of bills listed thereon.

9. The Board discussed the District's Rate Order and the rates to be charged after surface water is delivered. The Board noted that the amount of the North Harris County Regional Water Authority charge to the District would change when the District begins receiving surface water. The rate the District will have to pay for surface water delivered is \$2.20 per 1,000 gallons, while the District will still pay \$1.75 per 1,000 gallons of water pumped from the District's well. The consultants noted that it would be more efficient to have a uniform charge to customers based on the North Harris County surface water rate, but the amount of the surcharge to cover lost water needs to be evaluated. The attorney noted that she would also recommend other revisions to the Rate Order to improve District procedures. After discussion, the Board agreed to defer further consideration of the Rate Order until the engineer can obtain more information on how much surface water the North Harris County Regional Water Authority plans to deliver to the District.

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

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Secretary