

## SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors  
December 9, 2008

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on December 9, 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  
Derek D. Drawhorn, Treasurer  
Kenneth W. Heussner, Asst. Secretary

and the following directors absent:

None

Also present were Mr. Mark Ivy, representing the District's operator; Ms. Pat Hall, representing the District's tax assessor-collector; Mr. Shawn Sharkey and Mr. Dale Conger, representing the District's engineer; Ms. Claudia Redden, the District's bookkeeper; Ms. Anthea Moran, the District's financial advisor; Ms. Wanda Kannarr, a resident of the District; 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 November 13, 2008 were presented for the Board's review and approval. Upon motion duly made, seconded and unanimously carried, the minutes were approved as presented.

2. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 102% of the water produced during the month of November. The District billed \$68,400 and collected \$76,706. The hydrotank and ground storage tank were inspected while the plant was down. The ground storage tank needs to be cleaned out and pressure washed. The hydrotank needs to be coated. The Board discussed putting stucco on Mr. Scott's side of the District's lift station fence at a cost of approximately \$8,500. Director Frakes expressed the opinion that the District should consider rebuilding the wood fence. The concrete fence is encroaching on Ms. Kannarr's property, and it is difficult to find contractors to maintain the concrete fence. Ms. Kannarr stated that she had no objections to the encroachment, but the Board members noted that a future homeowner might not be so accommodating. The Board discussed various options regarding resolution to the boundary issues and the different types of fence. After a thorough discussion, Director Simac made a motion to remove the concrete fence and build an 8-foot wood fence with galvanized posts on the boundary line, remove the chain link on the west side and build a new chain link fence on the property line, and have existing chain link fence on the south and east sides remain in place. Director Frakes seconded the

motion, and upon unanimous vote, the action was approved as presented. Director Simac noted that he would correspond or speak with the neighboring property owner, Jeff Scott, regarding the construction of the 8-foot wood fence that will be on his property line. The engineer noted that they would set the corners for the fence contractor. Mark Ivy will locate a contractor and schedule an installation after consultation with neighboring homeowners.

3. Mr. Shawn Sharkey presented the engineer's report and reported that he estimates a cost of \$319,000 for the water plant no. 1 chloramine conversion. Water plant no. 2 is estimated at \$220,000. An alternate plan for water plant no. 1 includes new protective coatings on the existing ground storage tank. An additional alternate is the removal and disposal of the existing ground storage tank overflow nozzle and pipe with installation of an overflow at the weir. According to the results of the inspection of the tanks reported earlier by Mark Ivy, the hydropneumatic tank currently needs to be recoated, but the ground storage tank is in good condition at this time. The overflow weir will need to be installed before the North Harris County Regional Water Authority delivers surface water. After discussion, upon motion made by Director Drawhorn, seconded by Director Heussner, the Board voted unanimously to proceed with the preparation of plans and specifications for the chloramine conversion, including installation of the overflow at the weir and coating of the hydropneumatic tank.

The contractor is continuing to work on the water well rehabilitation. The well has continued to improve in quality, but it is still making very muddy water. To date, the District has spent \$26,300 in an attempt to rehabilitate the well. Mr. Sharkey recommended that the contractor be allowed to continue to air lift the water to settle solids, conduct at least two more days of agitation, and then install a test pump at the end of the week or the beginning of the next week. The test pump will establish the volume of water being produced, which will tell the District whether it is worth continuing with the well development. The Board authorized the engineer to contact the President with details of the continuing well rehabilitation project.

The engineer attended the Bammel Wastewater Treatment Plant meeting. The capital contributions have been estimated at \$66,111 in 2009 and \$123,300 in 2010. Bammel expects the 2009 capital contribution to be made in two equal installments, one due in January and the other in July. The 2010 capital contribution will cover the costs of installation of a second clarifier. Upon unanimous vote, the engineer's report was approved as presented.

4. Ms. Pat Hall presented a tax assessor-collector's report, a copy of which is attached. The District's 2007 taxes are 97.915% collected, and five checks were presented for the Board's approval. The Board agreed there is no need for an aerial photo of the District. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

5. The Board reviewed a cost summary for a bond application report. The engineer presented several alternative bond issue cost estimates. Anthea Moran stated that it was likely the District would use an 8% interest rate in computing capitalized interest. There is only one AAA insurer left in the market, and the bond market has been subject to quite a bit of recent volatility. The current cost summary includes conversion of water plant no. 1 and water plant no. 2 to chloramines, along with all associated engineering and construction observation fees. The cost summary also includes the scheduled 2009 and 2010 capital contribution to Bammel Utility District for the regional plant improvements. The Board also noted that the District would want to include the cost of recoating the hydropneumatic tank during the chloramine

conversion process and installation of the overflow weir. After a thorough review of the cost summary, the Board instructed the engineer to being preparations of a cost summary for a bond issue in the amount of \$1,200,000 to include the chloramine conversion project, tank recoating, overflow weir installation and the Bammel capital contributions. The engineer will begin work on the bond application report for approval at the next month's meeting.

6. Ms. Claudia Redden presented the 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.

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

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Secretary