

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
December 8, 2009

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on December 8, 2009 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; Mr. Dale Conger, representing the District's engineer; Mr. B. J. Aldridge of Weisinger; 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 10, 2009 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, a copy of which is attached. The District's 2008 taxes are 99.7% collected. Four checks were presented for the Board's approval. Some 2009 taxes have been collected. 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 92% of the water produced during the month of November. The District billed \$65,437.26 and collected \$81,136.17. The District's facilities fared the freeze and snow without incident. There were no major repairs during the month. There was a discussion regarding electronic meter reading systems, but the Board determined that no action was warranted at this time. After discussion, upon unanimous vote, the operations report was approved as presented.

4. Mr. Dale Conger presented the engineer's report. The chloramines conversion project is on schedule, and completion is expected by February 5, 2010. The engineer reported on the status of the well pump motor. Mr. Aldridge of Weisinger addressed

the Board and stated he hoped he could get some resolution. According to Mr. Aldridge's records, the motor was new in 2004. The motor shop repacked the bearings in June and it failed again in September. The motor shop believes failure was a result of a power surge or lightning. The motor shop claims it lost the records and has no record of the successful winding test it conducted. Weisinger proposed that the District pay \$3,500 for one month's rental of the motor that is currently on the well. The Board approved Weisinger's proposal as presented and authorized payment of one month's rental for the motor.

The engineer has been coordinating with Bilma PUD regarding their request for information to develop a cooperative response in future hurricanes.

The engineer reported on receipt of correspondence from Bammel Utility District to its plant participants. Bammel Utility District discovered that Harris County MUD 44 had been overcharged for the past two years, and recommended that an adjustment for the overcharge be made to the remaining participants. The District's share of this adjustment was \$944.55. The engineer confirmed that the capacity and usage amounts sent by Bammel Utility District were correct. The Board discussed the proposed adjustment in some detail. The Board noted that it was likely that adjustments could be requested and made by all parties to some degree. However, the Board noted that the amount of the requested adjustment was not substantial. Upon motion made by Director Simac, seconded by Director Frakes, the Board voted unanimously to approve the adjustment as requested by Bammel UD on behalf of MUD 44.

Storm Maintenance & Monitoring has completed the annual cleaning and maintenance of the storm ceptor unit at Cypress Trace and has prepared the permit renewal forms for the District's signature. The President executed the renewal forms as presented. Storm Maintenance & Monitoring has also completed the initial mowing of the Spring Creek Court detention pond and met the operator on site to discuss some sinkhole problems. The operator will be monitoring the sinkholes to see if further work is warranted.

The Board then reviewed the bid tabulations for Protective Coatings at water plant no. 1. The engineer reported that the District received nine bids, but there were problems with the two lowest bids. The low bidder failed to acknowledge one of the addenda and failed to submit a price for one of the units. The second low bidder was based in Sterling Heights, Michigan but had performed several local projects. However, some references indicated that the contractor has problems with contractual and accounting matters although the actual painting work is good. The third bidder, MK Painting, Inc., bid a price of \$131,250 and appears to be qualified to perform the work, although that company is not local either. In response to a question from the Board, the attorney confirmed that the Board can award the contract in any form or composite of forms to any responsible person that in the Board's judgment will be most advantageous to the District and result in the best and most economical completion of the work. In other words, the District does not have to award the contract to the low bidder. The Board discussed the advantages and disadvantages of awarding the contract to a local company. One director pointed out that this contract was for a painting job, and once the painting has been completed to the engineer's specifications and certifications, there will be nothing left to be done. The painting is not ongoing in terms of operations, so there is nothing to break down that would require a local contractor to repair. After discussion, upon motion made by Director Simac, seconded by Director Heussner, the Board voted unanimously to act in accordance with

the engineer's recommendation and accept the bid of MK Painting, Inc. for the contract price of \$131,250.

5. The Board discussed the need for an Emergency Preparedness Plan. The attorney noted that because the District is located in Harris County, it is required by law to have an Emergency Preparedness Plan on file with the Texas Commission on Environmental Quality by March 1, 2010. The Texas Commission on Environmental Quality recently released its template for the plan so work can begin. Upon unanimous vote, the Board authorized the engineer and operator to prepare the Emergency Preparedness Plan as required by law.

6. The Board reviewed the bookkeeper's report with Ms. Claudia Redden, and a copy 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.

Secretary