

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
February 12, 2008

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on February 12, 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 director 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, representing the District's engineer; Mrs. Patricia Heussner; 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 January 8, 2008 were presented for the Board's review and approval. Upon unanimous vote, 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 2006 taxes are 98.3% collected, and 2007 taxes are 69% collected. Four checks were presented for the Board's review and approval. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

3. There was presented the attached Resolution Authorizing Petition Challenging Appraisal Records. The attorney noted that adoption of this resolution would provide the tax assessor-collector with authorization to challenge the preliminary appraisal roll when it becomes available. Upon motion made by Director Frakes and seconded by Director Simac, the Board voted unanimously to approve the order as presented.

4. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 108% of the water produced. The operator billed \$59,879 and collected \$63,660. The water accountability percentage was skewed because the District billed Bilma PUD for the water they used during their development. The water was used over the course of several months but billed all in one month. A well performance test was done at water well no. 1. The test showed that the well performance is poor. The well is producing brass,

which indicates the pump is failing. This is the only water source while water plant no. 2 is down. The engineer thinks water plant 2 will be back on line within one week. As soon as repairs are complete, water well no. 1 should be pulled as soon as possible for further evaluation.

The Board received and reviewed a bid from Roger Schuett to paint the water plant fence at a cost of \$500. The bid contained an alternate of \$2,500 to trim out the fence. Upon motion made by Director Frakes, seconded by Director Simac, the Board voted unanimously to approve the bid for painting and trimming out the water plant fence.

The operator reported on an inquiry from a neighbor to the lift station. The lift station has a chain link fence on three sides and concrete fence on one side. The fence is falling down. The customer has stated to the operator that she plans to write a letter to the Board requesting construction of the concrete fence. Before the next meeting, the Board members will review the location of the lift station and await the customer's letter. Upon unanimous vote, the operator's report was approved as presented.

5. Mr. Dano Lozano presented an engineer's report, a copy of which is attached. Mr. Lozano reported that the TCEQ requested additional information on water plant no. 1 request for change in plans and release of funds from escrow. The TCEQ requested copies of plans and specifications, but that work has not been done because the engineer wanted approvals from the TCEQ before bidding the job. Pay estimate no. 3 for water plant no. 2 in the amount of \$67,095 was presented for the Board's review and approval. The District is still holding 10% retainage. The engineer recommended and the Board approved payment of pay estimate no. 3.

The engineer has been meeting with representatives of the North Harris County Regional Water Authority. Their schedule is to provide surface water to the District within three years, but their pump station is not yet complete. The District will need to rehabilitate water plant no. 1 and convert it to chloramine disinfection. The engineer will make recommendations for the order of events for the well rehabilitation.

6. The Board then considered the attached Order for Election of Directors. The Order calls a directors' election to be held May 10, 2008. The District's previous polling place is no longer available, and a new polling place will have to be located and new officials will have to be appointed. After discussion by the Board, upon unanimous vote, the Board approved the order as presented. The Board further authorized the attorney to make the necessary Voting Rights Act submission. The directors will attempt to locate election officials to be paid \$10.00 per hour.

7. The Board discussed the status of Bammel Utility District regional sewage treatment plant agreement. Director Frakes expressed her concern that the District has been charged yet another capital contribution. This capital contribution, which should have been charged for three years, has now been charged for five years, and the capital assessments appear to be ongoing. The District may be able to sell its interest in the plant, but the sales price would not offset the cost of buying into another plant or building the District's own plant. Another neighbor, Bilma, has been discussing a sewage treatment plant expansion. It may be an

opportune time for the District to speak to them about the possibility of getting involved in their regional plant.

Mr. Lozano stated that he would contact the Bammel engineer to find out more information about the capital charge being assessed to the District. The engineer will try to determine what the money is being spent on. The engineer will also review the status of the capacity. The District may be using less capacity than it has purchased. The District operator will get an estimate for installing a meter at the lift station so that the District can verify the amount of sewage that it is sending to the Bammel regional plant.

8. The Board discussed an emergency water supply contract with Harris County MUD No. 24. The attorney explained the terms of the emergency water supply agreement in detail with the Board of Directors. The attorney has reviewed the form of the contract with the District operator and engineer, who will be the first responders in the event the emergency interconnect is ever used. Upon motion made by Director Frakes, seconded by Director Heussner, the Board voted unanimously to approve the form of the emergency water supply contract with MUD 24 as presented and further authorized the attorney to send the contract to the MUD 24 attorney for their review.

9. Ms. Claudia Redden presented a bookkeeper's report, a copy of which is attached. The bookkeeper will request that the auditor perform an arbitrage/rebate calculation on the District's bond proceeds. After review, the Board voted unanimously to approve the bookkeeper's report as presented and authorized payment of the bills listed thereon.

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

Secretary