

## SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors  
February 10, 2009

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on February 10, 2009 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

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

and the following directors absent:

Dave Simac, Vice President

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; 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 13, 2009 were presented for the Board's review and approval. Upon motion duly made, seconded and unanimously carried, 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 2008 taxes are 60.9% collected. The tax assessor continues to process payments received as of January 30. Two checks were presented for the Board's 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 95% of the water produced during the month of January. The District billed \$65,182 and collected \$64,183. The lift station fence repairs and relocations have been made, and the drainage work is also complete. The District has notified the county several times about a sinkhole on Rustington caused by a storm sewer failure. The storm sewer is near the District's sewer line and may damage the integrity of the District's facilities. The Board authorized the operator to repair the storm sewer to protect the District's facilities. After discussion, upon unanimous vote, the operations report was approved as presented.

4. Mr. Shawn Sharkey presented the engineer's report and reported that planning and preparation for the chloramines conversion project is still in progress. With regard to the water well repair project, the engineer is analyzing data collected during test pumping to determine what size pump to use. The engineer is also working on the bond application report.

The North Harris County Regional Water Authority has bid the project to bring its surface water transmission line to the District's plant. The engineer met with Carlton Strack regarding a possible Mexican restaurant in the District. It will not be built for at least two years. Plymouth United Church has requested water and sewer service. They are located in the District, but the property may not be platted. The attorney will check the District's files to see if there is any previous correspondence regarding the tap fee to be charged. Upon unanimous vote, the engineer's report was approved as presented.

5. 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 duly made, seconded and unanimously carried, the Board voted to approve the order as presented.

6. The Board considered a Consent to Encroachment with Lou Etta Center, L.L.C. for construction of 24-foot sign in the District's easement on Louetta Road. The attorney confirmed that Lou Etta Center, L.L.C. had deposited \$1,000 with the District to cover the costs of the engineer and attorney's review of the request. The engineer has reviewed and determined that a consent can be granted under the proper terms and conditions. The Consent to Encroachment document drafted by the attorney would allow the construction of a two-pole 24-foot pylon sign with 18-inch diameter piers to be placed 18 feet deep in the District's water line easement and sanitary sewer easement paralleling Louetta Road. The Consent to Encroachment document provides that the District may require the owner or its heirs or assignees to remove the encroachment if it interferes with the District's facilities, all at the owner's cost. The owner also indemnifies and holds the District harmless against claims for injury to or death of any person or for damage to property arising out of its use of the easement, unless the injury, death or damages were caused solely by the negligence of the District. After review, upon unanimous vote, the Board approved the Consent to Encroachment as presented and authorized the President to execute the document.

7. The Board discussed a Resolution in Support of a Municipal Setting Designation. Regency Cleaners asked the District to approve its application for a Municipal Setting Designation for its location at the 7300 block of Louetta Road. The District and all other affected water suppliers in the area must execute the resolution in support of the application before the City of Houston will approve a Municipal Setting Designation for the area. If approved by the City Council, the Municipal Setting Designation Ordinance would prohibit the use of ground water between 13 to 30 feet below the ground's surface on the designated property. The Board reviewed the request in detail. The Board found and determined that there was no benefit to the District in adopting a resolution in support of the Municipal Setting Designation, and accordingly the Board declined to do so.

8. The Board considered sale of groundwater banking credits. The attorney noted that through the District's participation in the Water Wise Program, the District has Series A credits totaling 40,908,000 gallons, and Series B credits totaling 34,986,000 gallons. Since the District will soon be participating with the North Harris County Regional Water Authority in conversion to surface water supplies, the District may not need to use all of the groundwater banking certificates. The attorney noted that there is a market for the sale of the certificates. The Board members noted that they would be interested in selling the groundwater banking

certificates and authorized the attorney to indicate the District's interest to anyone who inquires. The Board determined that a fair market price for the credits would \$1.10 per thousand for Series A credits, and \$1.00 per thousand for Series B credits. The attorney will bring any offers before the Board for further action.

9. 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