

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
January 12, 2010

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on January 12, 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; 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 December 8, 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, and a copy of the report is attached. The District's 2009 taxes are 19.2% collected. Five 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 92% of the water produced during the month of December. The District billed \$65,329.90 and collected \$63,040.14. A mainline repair was made on New Year's Day, but otherwise operations were normal. After discussion, upon unanimous vote, the operations report was approved as presented.

4. The Board discussed whether to offer a general homestead exemption. At this time, the District does not have enough commercial development to warrant an exemption, and such an exemption would only serve to reduce tax revenues and cause the District to have to raise its tax rate. After discussion, it was duly moved, seconded and unanimously carried that no homestead exemption be granted for the year 2010.

5. There was presented the attached Order Reaffirming Adoption of Residence Homestead Exemption for Persons 65 or Older or Disabled. The attorney reported that pursuant to the Texas Constitution, the District may provide an exemption from taxation for residence homesteads of persons 65 years or older or disabled. The Board stated its desire to offer an exemption from taxation of \$25,000 as in years past, and the attached order reflecting same was presented. Upon motion duly made, seconded and unanimously carried, the Board voted to approve the order as presented.

6. The Board considered the attached Order Engaging Delinquent Tax Attorney and Levying Additional Penalty for Delinquent Taxes. The attorney noted that the law allows the early levy of additional penalties on certain business personal property accounts. With the adoption of the Order, penalties on those accounts could be levied as early as April 1. The attorney noted that the penalty on remaining real property accounts would be levied on 2009 taxes that remain delinquent on July 1, 2010. The proceeds of the penalties are used to offset the costs of engaging Smith, Murdaugh, Little & Bonham, L.L.P. to collect the delinquent taxes. Upon motion duly made, seconded and unanimously carried, the Board voted unanimously to adopt the attached order as presented.

7. Ms. Amber Hurd presented the engineer's report. The contracts with MK Painting are ready for execution, and the contract amount is \$131,250.00. The engineer will send a notice to neighboring property owners prior to commencing the paint work. The chloramines conversion project is set for final completion on March 7, 2010. The operator must send a notification to customers of the change in disinfection, and proof of the notification must then be provided to the Texas Commission on Environmental Quality. The operator requested easier access to surface water sampling by installation of a pipe run at a cost of a maximum of \$10,000 per well. The Board authorized the work to be performed.

The Spring Creek Court permit will be completed by Storm Maintenance & Monitoring. Bilma PUD sent correspondence to the District requesting more information to assist in a cooperative response to emergencies, along with the proposed price. The engineer cannot respond with the information on water modeling until after the chloramines system is in place. The engineer has not yet completed a cost analysis on whether Cobb Fendley can provide the information more cost efficiently. The Board requested that the attorney put the item on next month's agenda for further review and action.

The engineer noted that it was time to revisit the drainage project at water plant no. 1. The Board authorized the engineer to bring a proposal to the next meeting.

8. The Board reviewed the bookkeeper's report with Ms. Claudia Redden, and a copy is attached. The Board authorized Rick Kehlenbach to act on their behalf in filing a Texas Unclaimed Property Business Owner Claim Form with the Comptroller. 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