

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors

January 11, 2011

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on January 11, 2011 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

and the following directors absent:

Derek D. Drawhorn, Treasurer

Also present were Ms. Claudia Redden, the District's bookkeeper; Ms. Pat Hall, representing the District's tax assessor-collector; Mr. Dale Conger, representing the District's engineer; Mr. Mark Ivy, the District's operator; 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 December 14, 2010 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 99.7% collected, while 2010 taxes are 22.4% collected. Two checks were presented for the Board's approval. Credit card payments have tripled over the past year. Upon unanimous vote, the Board approved the tax assessor-collector's report 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. The District billed \$69,629.87 and collected \$101,950.55. The recirculation pump is working well and appears to have addressed all the issues relating to chlorine residuals in the ground storage tank. The quality of the surface water received from the North Harris County Regional Water Authority appears to be acceptable and has been stable. Dairy Queen paid for a television inspection of its lines. All of their facilities passed inspection, and the restaurant is open for business. The Spring Creek Court Homeowner's Association requested an irrigation tap and requested a waiver of the District tap fee. Upon unanimous vote, the Board approved the irrigation tap for the HOA to be provided at the District's cost with no markup.

4. There was presented the attached Order Adopting 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. There are 122 people in the District who qualify for this exemption. 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 unanimously to approve the order as presented.

5. 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 2010 taxes that remain delinquent on July 1, 2011. 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.

6. Ms. Claudia Redden presented a bookkeeper's report, a copy of which is attached. Ms. Redden reported that Bammel adopted an annual capital improvement plan for the wastewater treatment plant, and the District's share is \$49,500. After discussion, upon unanimous vote, the Board approved the bookkeeper's report and payment of bills listed thereon.

7. Mr. Dale Conger presented the engineer's report and reported that the chloramines conversion project is complete. The engineer recommended acceptance of the project and payment of the final pay application of \$41,652.20. After discussion, upon unanimous vote, the Board approved the final payment and authorized the engineer to issue a certificate of acceptance.

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

Secretary