

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
July 14, 2009

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on July 14, 2009 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Dave Simac, Vice President
Janet E. Frakes, Secretary
Kenneth W. Heussner, Asst. Secretary
Derek D. Drawhorn, Treasurer

and the following directors absent:

R. W. (Rick) Kehlenbach, President

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; Ms. Anthea Moran and Mr. Greg Lentz, representing the District's financial advisor; and Ms. Lori G. Aylett, attorney for the District.

The Vice 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 June 9, 2009 were presented for the Board's review and approval. Upon motion made by Director Frakes, seconded by Director Heussner, the Board approved the minutes as presented.

2. The Board reviewed the tax assessor-collector's report with Ms. Pat Hall, and a copy is attached. The District's 2008 taxes are 95.9% collected. Six checks were presented for the Board's approval. Preliminary values of \$155.9 million were received from the Harris County Appraisal District. The Board authorized write-off of one small business personal property account, as the statute of limitations for collection had passed and the taxpayer was no longer in business. 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 101% of the water produced during the month of June. The District billed \$81,101 and collected \$71,165. Mr. Ivy reported that there were several main line breaks in the District. Bearings failed on the new well motor, but the contractor is repairing it under warranty. The operator presented a list of write-offs, and upon unanimous vote, the Board approved the write-offs. The operator asked the Board members to visit the operator's website to try out the online billing option. The operator is continuing to monitor water conservation and drought conditions, and will advise the Board as necessary. After discussion, upon unanimous vote, the operations report was approved as presented.

4. Mr. Dale Conger presented the engineer's report and reported that the chloramine conversion project is ready to be advertised for bids, and the engineer requested and the Board gave its authorization to advertise. Weisinger has completed the water plant rehabilitation project. There were some repairs made under warranty as discussed by Mr. Ivy under the operations report. The engineer recommended final payment to Weisinger and the issuance of a notice of completion, and the Board concurred. The engineer also inspected the parking lot on Spring Creek Forest Drive. The engineer does not believe that the problems with the driveway are related to the water line installation. The Board requested that the engineer advise the owner of the findings. Upon unanimous vote, the engineer's report was approved as presented.

5. The Board discussed the License Agreement for use of an abandoned District access road previously entered into between the District and Cecilio and Cynthia Miranda. The attorney explained that the Board President had received correspondence from the Spring Creek Forest Homeowner's Association indicating that the Mirandas had erected a fence on the license property in violation of the deed restrictions. The Mirandas had indicated to the homeowner's association that they believed that the License Agreement permitted construction of the fence. The attorney noted that the License Agreement states that the Licensees, the Mirandas, will comply with all legal requirements. Upon motion made by Director Frakes, seconded by Director Heussner, the Board voted unanimously to authorize the attorney to direct correspondence to Mr. and Mrs. Miranda notifying them that if they do not bring their fence into compliance with deed restrictions, the District will cancel the License Agreement.

6. The Board discussed the schedule for sale and issuance of \$1,125,000 Series 2009 Unlimited Tax Bonds.

Ms. Anthea Moran presented drafts of Preliminary Official Statement ("POS") and Notice of Sale. She stated that the POS would be electronically distributed, and the financial advisor will receive bids at 11:00 a.m. at their office on August 11, 2009. The bonds are scheduled to close on September 3, 2009. The District engineer indicated that the first pay estimate for the chloramines conversion project will not be presented until the September meeting at the earliest, so funds should be available to pay the costs. Ms. Moran explained the procedures for sale of the bonds in detail to the Board of Directors, along with all the bidding procedures for the bonds. After a thorough review, upon motion made by Director Frakes, seconded by Director Heussner, the Board voted unanimously to approve the attached Resolution Authorizing Issuance and Distribution of the Preliminary Official Statement.

The financial advisor also requested authorization to publish and distribute the Notice of Sale for the Series 2009 Unlimited Tax Bonds. Upon unanimous vote, the Board authorized publication and distribution of the Notice of Sale.

7. There was presented the attached Resolution Authorizing District's Financial Advisor to Bid on District's \$1,125,000 Unlimited Tax Bonds, Series 2009. The attorney noted that the District must authorize its own financial advisor, First Southwest Company, in writing to bid on the Series 2009 Bonds. The sale of the bonds is awarded to the bidder whose bid produces the lowest net effective interest rate, so it is to the advantage of the District to obtain as many bids as possible. Upon motion made by Director Frakes, seconded by Director Heussner, the Board voted unanimously to adopt the Resolution as attached.

8. There was presented the attached Resolution Expressing Official Intent to Reimburse Costs of Certain Improvement Projects. The attorney noted that IRS regulations require the District to express its official intent to reimburse the general fund with bond proceeds. The District will be paying for certain engineering and design costs, as well as the Bammel Utility District capital contributions, from the general fund, and will reimburse it at a later time with the proceeds of the Series 2009 Bonds. Accordingly, it would be appropriate to adopt the resolution to express this intent to reimburse. Upon motion made by Director Heussner, seconded by Director Frakes, the Board voted unanimously to approve the resolution as presented.

9. There was presented an Interlocal Agreement with the Harris-Galveston Coastal Subsidence District regarding sponsorship in the Water Wise program. The Subsidence District is asking that the District renew its sponsorship of half of the fifth grade students at Ehrhardt, the same commitment the District made last year. Approximately 65 students would be sponsored at a price of \$32.50 per student, so the total approximate cost is \$2,242.50. The District would receive Series B credits of \$5,460,000 in exchange for the sponsorship. Upon motion made by Director Heussner, seconded by Director Frakes, the Board voted unanimously to approve the Interlocal Agreement with Harris-Galveston Coastal Subsidence District as presented.

10. 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