

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
June 9, 2009

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on June 9, 2009 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. Mark Ivy, the District's operator; Mr. Dale Conger, 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 May 12, 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. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 99% of the water produced during the month of May. The District billed \$70,895.20 and collected \$68,696.56. Mr. Ivy reported that a water leak at Whittaker's business on Louetta Road was repaired, and the District repaired a driveway failure that resulted. Now, Mr. Whittaker is complaining of a second driveway failure. The parking lot has three different pours. The Board President reviewed the situation with the operator. It will cost \$8,500 to repair all the driveways, and the operator cannot determine that the District was responsible for the second driveway failure. The Board authorized the engineer to review the site to determine whether the repairs to the District's lines caused the driveway cracks. After discussion, upon unanimous vote, the operations report was approved as presented.

3. The Board reviewed the tax assessor-collector's report with Ms. Pat Hall, and a copy is attached. The District's 2008 taxes are 99% collected. Four checks were presented for the Board's approval. Preliminary values of \$161,800,000 were received from Harris County Appraisal District. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

4. Mr. Dale Conger presented the engineer's report and reported that the chloramine plans were approved by the TCEQ. The engineer stated that the Board needed to

make a decision on whether to defer repainting at water plant no. 1. The water well rehabilitation is not yet complete. The District had delayed the planned painting to allow completion of the North Harris County Regional Water Authority work. There is also additional tank work planned in the chloramines project. Most of the recoating could be deferred except for the hydropneumatic tanks. The District could defer the repainting for two to three years, and only the recoating of the hydro tanks would be made a part of the upcoming chloramines project. However, the Board wants to do all the repainting at the same time, the work should be put into one contract soon after the completion of the chloramines project. The Board noted that it would be preferable to do all the work at once while the contractor was on site, and accordingly authorized the engineer to begin making preparations for the painting as one contract.

The engineer discussed the Spring Creek Court detention pond. Storm Maintenance & Monitoring has done a minimal amount of work on the pond to get it permitted through Harris County. The operator expressed the concern that the homeowners association would not be able to maintain the pond as it has presently been rehabilitated. The Board noted that the contractor had done the work required by his proposal, and the District will wait to see if Harris County permits the detention pond as the work has been done. Upon unanimous vote, the engineer's report was approved as presented.

5. The Board considered whether to void the license agreement with Gene Schaezler. The attorney noted that she had received correspondence from Mr. Schaezler indicating that he is no longer interested in pursuing the license agreement with the District. Upon unanimous vote, the Board voided the license agreement with Mr. Schaezler.

6. The Board discussed the schedule for sale of the District's \$1,125,000 Series 2009 Unlimited Tax Bonds. The attorney noted that the District had received a staff memorandum from the Texas Commission on Environmental Quality approving the bond application and the issuance of the bonds. She recommended that the Board concur with the recommendations made in the staff memo. She noted that one of the recommendations was very favorable in that the District will not be required to escrow the money for the chloramines conversion project. Instead, the District is directly simply not to expend the money until plans and specifications have been approved by all jurisdictions, and the engineer just reported receipt of those approvals. On the other hand, the District will be required to escrow the capital contribution to the Bammel Utility District sewage treatment plant and will be required to make an application to remove the funds from escrow and demonstrate that funds have been received from all other parties and that plans and specifications for the project have been approved. While this is not optimal, the attorney recommended that the District approve the staff memorandum as written.

The financial advisor proposed a schedule for the sale of the bonds as follows: approve preliminary official statement on July 14, 2009; sell bonds on August 11, 2009; close on September 3, 2009. Upon unanimous vote, the Board authorized the attorney to execute the concurrence with the staff memorandum as presented and approved the preliminary schedule for the sale of bonds.

7. The Board reviewed the bookkeeper's report with Ms. Claudia Redden, and a copy is attached. The bookkeeper reported that Suez Energy is sending numerous bills.

The bookkeeper will contact Legacy with the billing issues. After discussion, upon unanimous vote, the Board approved the bookkeeper's report and payment of bills listed thereon.

8. Ms. Claudia Redden noted that she acts as Investment Officer for the District. As such, she is required to disclose any relationships she has with entities seeking to sell investments to the District. She disclosed that she has a business relationship with Wells Fargo. A copy of the disclosure document is attached. The Board authorized the attorney to file the documents with the Texas Ethics Commission and with the District's records, as required by law.

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

Secretary