

## SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors  
March 17, 2009

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on March 17, 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

and the following directors absent:

Kenneth W. Heussner, Asst. Secretary  
Derek D. Drawhorn, Treasurer

Also present were Mr. Joshua Moss, representing the District's operator; Mr. Dale Conger, representing the District's engineer; Ms. Jill Henze, representing the District's auditor; 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 February 10, 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. The Board reviewed the tax assessor-collector's report, a copy of which is attached. The District's 2008 taxes are 88.4% collected. Eight checks were presented for the Board's approval. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

3. Mr. Joshua Moss presented an operations report, a copy of which is attached. The District accounted for 98% of the water produced during the month of January. The District billed \$66,482 and collected \$68,306. The sinkhole on Rustington was repaired. After it settles, the operator will re-sod the area. After discussion, upon unanimous vote, the operations report was approved as presented.

4. Mr. Dale Conger presented the engineer's report and reported that Shawn Sharkey was no longer with Cobb Fendley. The planning and preparation for the chloramine conversion project is still in progress. Weisinger is ordering the new pump as a part of the well rehabilitation project, and it will be installed next week. The engineer was notified a few days ago that there is a delinquent permit for the detention pond that serves Spring Creek Court. The permit was in the name of a former developer, but there is a letter on file in Harris County's records indicating that the District has agreed to maintain the pond. Such letters are commonly required by the county as a condition of subdivision platting. Storm Maintenance & Monitoring

has given a proposal to the District to get the pond cleaned up and begin permitting it on an annual basis. It will cost \$9,000 to perform the work necessary to bring the pond up to functional condition, and \$2,400 for the annual permitting cost. The attorney noted that the District has a contract with the Spring Creek Court Homeowners Association, and by the terms of this contract, the Association is responsible for mowing, periodic cleaning, and other tasks associated with the maintenance and use of the reservoir. The District's obligations are to operate and maintain the reservoir as necessary to insure its proper and continuous use for water detention storage purposes. The Board authorized the attorney to send correspondence to the Association notifying them that the work needs to be done. In the meantime, the Board asked the operator to give the District a bid at the next meeting on performing the work.

The engineer filed a Notice of Interest on the District's behalf with FEMA for grant funds for a generator. The District has been invited to apply through the CDBG grant program, and the engineer will further investigate.

The attorney reviewed the minutes and determined that the District had made an agreement to provide a tap with no connection charge to Plymouth Church, in exchange for their grant of an easement that was needed by the District. The engineer will contact them and let them know the tap is available when they are ready for it. Upon unanimous vote, the engineer's report was approved as presented.

5. The Board reviewed the annual storm water quality permit for the Louetta storm ceptor maintained by the District. Upon unanimous vote, the Board authorized the permit renewal to be filed as required by law.

6. There was presented to the Board the attached Order Authorizing Filing Application for Approval of Texas Commission on Environmental Quality of District's Engineering Project and Issuance of Bonds. The Board reviewed the application for approval of the District's proposed series of bonds, its plans, project, cost summary, and preliminary tax rate analysis. Upon motion duly made, seconded and unanimously carried, the Board voted to approve the order as presented and authorized the attorneys, financial advisor, and engineer to take all actions necessary to file the application as soon as possible.

7. Ms. Jill Henze presented the audit report of Breedlove & Company for the fiscal year ended November 30, 2008. The auditor expressed an unqualified opinion as to the District's books and records. The District's management letter was the same as last year's and outlined one material weakness in that the District directors do not have the financial expertise to identify any necessary adjustments to the District's financial records. The District expressed the same opinion as last year that the procedures it has in place with its consultants are sufficient to protect the District against any material misstatements in the financial statements. Director Kehlenbach asked about the District's underlying rating, and the attorney stated that she believed that the District did not have an underlying rating but she would confirm and report to the auditor. After review, upon motion duly made, seconded and unanimously carried, the Board voted to approve the audit report for the fiscal year ended December 30, 2008 and authorized its filing as required by law.

8. The Board considered the attached Order Adopting Investment Policy. The attorney noted that the District is annually required to review its investment policy, and she

had noted one minor correction necessary to the District's policy. She recommended adoption of the policy as presented. Upon unanimous vote, the Board adopted the Order Adopting Investment Policy as presented.

9. The attorney requested permission to file the continuing disclosure that is required as a condition of the District's existing bond covenants. The District is required to annually update certain information that would be material to an investor, all in accordance with the promises made in the outstanding bond orders. Upon unanimous vote, the Board authorized the attorney to complete the continuing disclosure filing as required by law.

10. The Board reviewed drafts of a Drought Contingency Plan, Water Conservation Plan, and Resolution Establishing FTC Identity Theft and Red Flag Policies. The attorney noted that these policies are required by law to be adopted by May 1, and the attorney noted that many of the policies would require input from the District's operator. The Board agreed to review the policies and defer consideration of their adoption to the April meeting.

11. The Board reviewed 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