

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
March 9, 2010

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on March 9, 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; Ms. Jill Henze, representing the District's auditor; Mrs. Kenneth 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 February 9, 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 93.7% 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 February. The District billed \$62,604.80 and collected \$65,311.76. Water plant no. 1 is shut down for construction and painting. The operator had to replace some valves to isolate the plant. The operator reported on a customer request for a credit due to a huge water leak. The customer was out of town for two months and did not realize he had a leak. After discussion, the Board authorized adjustment of the water portion of the customer's bill down to an average bill but declined to adjust the surface water fee since the District must pay that fee to the North Harris County Regional Water Authority. The customer will be given an opportunity to pay the bill in installments.

In preparation for the chloramines conversion, the operator wants to flush the water system before the hot weather begins. The operator will draft a notice for the newsletter. The operator also asked the Board for authorization to lubricate and paint the fire hydrants, and the Board authorized the work. Before flushing is commenced, a survey on the mainline valve survey needs to be performed, and the Board authorized this work. After discussion, upon unanimous vote, the operations report was approved as presented.

4. Ms. Amber Hurd presented the engineer's report. Ms. Hurd reported that correspondence had been sent to Bilma PUD requesting that they perform field testing of the proposed resource sharing before preparing an engineering model. The field test would consist of operating the systems of the District, Bilma PUD, Louetta Road UD and Terra Nova West on an alternating basis to determine whether system pressure can be maintained. The Emergency Preparedness Plan has been submitted to the TCEQ as required by law. The engineer is working on water plant drainage improvement plans and specifications. A change order to the water plant coating contract in the amount of \$22,500 was necessary because the galvanized coating had failed. This work was not anticipated at the time the contract was bid but was discovered to be necessary during construction. The Board approved the change order. Another change order in the amount of \$21,122 was presented at the operator's request to add more piping for more mixing time and a better sampling point. The Board reviewed the change order with Gemini for the new piping on the well headers at water plant no. 1, and upon unanimous vote, the change order was approved as presented.

The engineer reported receipt of a phone call from the engineer for Harris County MUD 24 regarding the upcoming chloramines conversion. That district will also be converting its disinfection system.

The Board noted that when surface water is delivered, the District will need to consider amendment to its rate order to address the increased charges that will be levied by the Authority. The attorney will place an item on the next month's agenda to discuss.

5. Ms. Jill Henze presented an audit of the District's books and records for the fiscal year ended November 30, 2009. The auditor noted that they were issuing a clean opinion, and no major problems were noted during the audit process. The auditor has capitalized the costs of the chloramines conversion. The auditor added the debt service requirements for the bonds issued in 2009. The auditor reviewed the report with the Board in some detail. Upon unanimous vote, the Board approved the audit of the books and records of the District for the fiscal year ended November 30, 2009 and authorized its filing as required by law.

6. There was presented the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives. The attorney noted that according to the Public Funds Investment Act, the District is annually required to review its investment policy to assure its compliance with Texas law. The attorney recommended no revisions to the investment policy, and the auditor's report noted no deficiencies with respect to how the District's investments are handled. Upon unanimous vote, the Board adopted the resolution as presented.

7. Lori Aylett discussed the continuing disclosure filing with regard to the District's bonds. The District is required to annually update certain information, including the

audit, that might be of interest to District bondholders. Upon unanimous vote, the Board authorized the attorney to make the continuing disclosure filing as required by law.

8. Ms. Claudia Redden presented a 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.

Secretary