

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors May 12, 2009

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on May 12, 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
Derek D. Drawhorn, Treasurer
Kenneth W. Heussner, Asst. Secretary

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; Mrs. Derek Drawhorn; 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 April 14, 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 with Ms. Pat Hall, and a copy is attached. The District's 2008 taxes are 94.1% collected. Three checks were presented for the Board's approval. In general, residential property values are down in Harris County from 4 to 10%. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

3. The attorney reported that a previous developer had some cost overruns that were not reimbursed in the District's last bond issue. The District has been reimbursing the developer based upon the value added by the development to the District. The tax assessor-collector computed a payment for 2009 of \$9,056.89 based upon the maintenance taxes assessed on the value added by the development, and upon motion made by Director Drawhorn, seconded by Director Frakes, the Board voted unanimously to make a payment of \$9,056.89 to the developer.

4. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 97% of the water produced during the month of April. The District billed \$69,057.92 and collected \$66,806. There was a cave-in in a parking lot which was caused by a water leak. The operator made necessary repairs. The operator is coordinating with the

North Harris County Regional Water Authority on the surface water transmission line coming into the District, and they are approximately 60% complete with the line that runs into the District's plant. Director Heussner questioned the operator about a sidewalk repair, and Mr. Ivy will investigate. After discussion, upon unanimous vote, the operations report was approved as presented.

5. Mr. Dale Conger presented the engineer's report and reported that the chloramine plans for the water plant are still undergoing review at the TCEQ. The water well rehabilitation is proceeding. The well pump was installed yesterday, and the contractor should be finished this week. The engineer, operator and attorney attended the North Harris County Regional Water Authority meeting to discuss the schedule for chloramine conversion and use of surface water. The District will still need to maintain its system to provide peak flows. Mark Ivy reported that the District will need to add more controls at the water plant site when the surface water conversion is completed. The District will also need to flush its lines in advance of the change in the disinfection to avoid water quality complaints from customers.

The engineer reported that the rehabilitation of Spring Creek Court detention pond has been begun by Storm Maintenance & Monitoring. However, the completion of the project has been delayed by rain. With regard to the access easement to the pond, the engineer reported that there are two storm drainage easements to the pond. The engineer reviewed the plat, and one lot owner has an uncleared easement. There is, however, no gap in the plat. The homeowner may simply not know that the underlying fee belongs to them. Upon unanimous vote, the engineer's report was approved as presented.

6. There was presented a request for consent to encroachment from Able Permits on behalf of Ronald and Barbara Gatewood of Lot 16, Block 21, Spring Creek Forest, Section 3. The homeowners have a one-story framed garage extending approximately two feet nine inches into the District's eight-foot wide utility easement. The engineer confirms that there are sewer lines in that easement. If the lines ever have to be repaired, the garage might have to be torn down or bored under. The attorney recommended that the consent to encroachment be granted with the stipulation that the District would have the right to remove any encroachment should it become necessary to repair District facilities, all at the homeowners' cost. The homeowners should pay the costs associated with preparation of the consent to encroachment document as well. Upon motion made by Director Frakes, seconded by Director Drawhorn, the Board voted unanimously to approve the consent to encroachment for the lot as recommended by the attorney.

7. The Board considered a License Agreement with Mr. Gene Schaezler. The District owns 1.097 acres of land that was previously used as access to the District's water plant site. The District no longer uses the District property. In the past, the District conveyed another license agreement to a separate neighboring landowner for use and maintenance of a portion of this property. Mr. Schaezler has requested a similar agreement for the portion of the property adjacent to his home. Upon unanimous vote, the Board approved the License Agreement with Mr. Schaezler as presented.

8. The Board reviewed the bookkeeper's report, a copy of which is attached. The bookkeeper reported receipt of another payment from FEMA for reimbursement of

Hurricane Ike damages in the amount of \$82,445.16. 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