

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
May 11, 2010

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on May 11, 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; 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. The President executed Certificates of Election indicating that Directors R. W. Kehlenbach, Dave Simac, and Derek Drawhorn were elected without opposition to serve four-year terms on the Board. The Directors presented their Statements of Appointed/Elected Officer, Letters of Qualification, and Oaths of Office. Upon unanimous vote, the Board accepted their Oaths of Office, included them under the Directors Performance Bond, and the directors participated in the remainder of the meeting.

2. The newly elected directors completed disclosure statements indicating that they had no conflicts of interest to disclose to the Board of Directors. The directors also completed questionnaires regarding public access to certain information about the directors. Each of the newly elected directors confirmed that they had previously completed the necessary Open Meetings and Public Information Act training.

3. The Board discussed election of officers and agreed not to make any changes.

4. Minutes of the meeting of April 13, 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.

5. 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 97.6% collected. Three checks were presented for the Board's approval. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

6. 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 \$72,972.78 and collected \$62,617.55. Water plant no. 1 is back on line. Customers are now using e-checks and credit cards to pay their bills, and adjustments and refinements will need to be made to provide the bookkeeper with the necessary information so that she can reconcile deposits. After discussion, upon unanimous vote, the operations report was approved as presented.

7. Ms. Amber Hurd presented the engineer's report and reported that water plant no. 1 drainage improvement design is ongoing. The chloramines system start-up is scheduled for Thursday. The required public notice regarding the change in disinfection systems has been sent to the District's customers, the Texas Commission on Environmental Quality, and the North Harris County Regional Water Authority. Water plant no. 1 painting is complete.

The engineer responded to requests for information from potential developers. A utility reservation was sent pursuant to the Board's previous approval for a Dairy Queen restaurant on the northwest corner of Louetta Road and Seven Pines. The engineer also responded to a general inquiry from a potential developer of a tract of land north of the proposed Dairy Queen. The parties are negotiating the sale of the land to an automotive accessories store, but no utility requests have been received at this time.

With regard to the ongoing project to share resources during natural disasters or emergencies with Bilma PUD, Louetta Road UD, and Terra Nova West, the engineers and operators had a joint meeting. A field test of the systems will be scheduled for June after all the districts have completed the conversion to surface water.

8. The Board considered a cell tower site lease with T-Mobile West Corporation at the Bammel Wastewater Treatment plant with an option, memorandum of lease, and a certificate of resolution and authority. All of the Bammel plant participants have been asked to approve the lease, which will provide additional operating revenues to Bammel. After discussion, upon unanimous vote, the Board adopted the attached resolution and certificate of authority authorizing the Board President to execute the cell tower lease, option, and memorandum of lease as presented.

9. 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.

10. The Board discussed the District's Rate Order. The attorney discussed various technical amendments that were proposed to the Rate Order to improve its enforceability. The attorney noted that the District can also impose penalties of up to \$5,000 for each violation, and a notice will have to be published before such penalties can be enforced.

There was a lengthy discussion regarding the costs for surface water, the anticipated amount to be delivered by the North Harris County Regional Water Authority, the amount of water loss the District is likely to experience, and other administrative costs associated with the provision of surface water. After discussion, it was the Board's consensus that the District should charge its customers the surface water rate plus a 10% surcharge to cover costs of administration and water loss. Upon motion duly made, seconded and unanimously carried, the Board voted to adopt the attached Resolution for Adoption of Order Establishing Policy and Rates for Water and Sewer Service.

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

Secretary