

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
November 10, 2009

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on November 10, 2009 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

R. W. (Rick) Kehlenbach, President
Janet E. Frakes, Secretary
Kenneth W. Heussner, Asst. Secretary
Derek D. Drawhorn, Treasurer

and the following directors absent:

Dave Simac, Vice 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; 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 October 13, 2009 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 is attached. The District's 2008 taxes are 99.7% collected. Four 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 97% of the water produced during the month of October. The District billed \$78,778.82 and collected \$93,427.26. The operator reported that Water Board Hill is skunk-free. The operator presented a quarterly write-off list and noted that the Board may need to consider an increase in the deposit for homeowner water service and establish an increased renter's deposit when the Rate Order is next considered. After discussion, upon unanimous vote, the operations report was approved as presented.

4. Mr. Dale Conger presented the engineer's report and reported that he is advertising for bids for painting the water plant. The chloramines conversion project is on schedule. The North Harris County Regional Water Authority has sent a notice to the District regarding the chloramines conversion, and the District still needs to notify its customers and interconnect partners of the change in disinfection systems. The engineer reported on the status

of the well pump motor. The engineer met with Weisinger and the motor shop, and Director Heussner accompanied the engineer on a visit to the motor shop to inspect the damaged motor. The District is essentially at an impasse with Weisinger. The issue is that the motor service company has insisted on reimbursement for repairing the motor. The motor exhibited damage consistent with overheating or contamination/damage to the winding. The motor shop maintains that it is not due to their actions and does not have any records of cleaning the windings. The primary contractor, Weisinger, is advocating that the District spend \$6,160 to repair the motor. The District engineer does not have any real evidence that the motor shop is or is not at fault in this matter. Weisinger has provided a rental motor at no charge up to this point. After discussion, the Board requested that the contractor return the District's motor in operating condition and noted that the District is not responsible for paying for repairs for the motor.

The engineer has not had any further communication with Bilma PUD regarding the Emergency Preparedness Plan and a cooperative response to future area emergencies. The District engineer received a proposal from Storm Maintenance and Monitoring for maintenance of the Spring Creek Court detention pond, along with the renewal for the Cypress Trace storm ceptor permit. The engineer recommended that the District authorize Storm Maintenance and Monitoring to perform the necessary steps to have the permit renewed for the Cypress Trace storm ceptor at a cost of \$2,500, and the Board authorized the renewal.

With regard to the Spring Creek Court detention pond, the same contractor is recommending performance of \$1,700 worth of cleaning, drainage improvement and mowing to get the pond in better shape. The contractor also recommends 10 maintenance mowings a year to keep the pond in shape at a cost of \$500 each. The Board approved the proposal as presented, and authorized the attorney to direct correspondence to the Spring Creek Court Homeowners' Association regarding payment for these maintenance costs. Upon unanimous vote, the engineer's report was approved as presented.

5. The Board considered a proposal from Breedlove & Company to audit the District's books and records for the fiscal year ending November 30, 2009. After discussion, upon unanimous vote, the Board voted to engage Breedlove & Company to perform the audit.

6. The Board reviewed the bookkeeper's report with Ms. Claudia Redden, and a copy is attached. After discussion, upon unanimous vote, the Board approved the bookkeeper's report and payment of bills listed thereon.

7. There was presented the attached Resolution Adopting Operating Budget for the Fiscal Year Ending November 30, 2010. The Board reviewed the budget and suggested certain revisions. After revisions to the budget, upon motion duly made, seconded and unanimously carried, the Board approved the resolution.

8. The Board considered renewal of the District's insurance policies. The Board considered the proposal of AquaSurance and upon unanimous vote, the Board accepted the proposal as presented.

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

Secretary