

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
November 8, 2011

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on October 11, 2011 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

R. W. (Rick) Kehlenbach, President
Derek D. Drawhorn, Vice President/Treasurer
Janet E. Frakes, Secretary
Doug McKeever, Director

and the following directors absent:

Kenneth W. Heussner, Asst. Secretary

Also present were Ms. Claudia Redden, the District's bookkeeper; Ms. Pat Hall, representing the District's tax assessor-collector; Ms. Amber Hurd, representing the District's engineer; Mr. Mark Ivy, the District's operator; Mr. Donovan Smith, a person interested in serving as a director; 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 11, 2011 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. Ms. Pat Hall presented the tax assessor-collector's report, a copy of which is attached. The District's 2010 taxes are 99.7% collected, while 2011 taxes are 2% collected. Three checks were presented for the Board's approval. Upon unanimous vote, the Board approved the tax assessor-collector's report as presented.

3. The President then called a hearing to receive public comment regarding whether the District should tax goods in transit. No public comments were received, and the President closed the public hearing. Upon motion duly made, seconded and unanimously carried, the Board approved the attached Resolution to Tax Tangible Personal Property in Transit Which Would Otherwise Be Exempt Pursuant to Texas Tax Code, Section 11.253.

4. 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 October. The District billed \$115,647.36 and collected \$135,172.17. The operator reported the District is now using 62% surface water and 38% well water. A booster pump was replaced at the water plant. The operator checked the commercial meters for accuracy. A water line at Oak Masters at water

plant no. 2 was repaired. The operator reported that the steel water line in that area has deteriorated and needs to be inspected for repair. The operator met with the HOA and discussed various issues relating to water quality, including pinhole leaks and taste and odor concerns. Director Drawhorn reported that the interactive water bill will be up on the District's website within a month. Upon unanimous vote, the Board approved the operator's report as presented.

5. Ms. Amber Hurd presented the engineer's report and presented a proposal for a Motor Control Center (MCC) at water plant no. 1. The engineer believes the project can be completed using available surplus funds. The engineer has determined a way to fit the new MCC in the existing building, thereby reducing the project costs. Mark Ivy explained that the MCC serves as the brain of water plant no. 1. The existing MCC was constructed sometime around 1970. The technology has changed substantially since that time, and the District needs to update these facilities. After discussion, upon motion made by Director McKeever, seconded by Director Drawhorn, the Board voted unanimously to authorize the engineer to begin design for the MCC.

With regard to the drainage improvement project, the contractor is waiting on fencing materials to complete the job. The engineer was contacted by the North Harris County Regional Water Authority regarding the District's claim for compensation due to errors in the Authority's plans regarding the surface water line location. The Authority did not receive the District's initial request, so the engineer has submitted all the drawings, photos and correspondence that were included in the first letter.

Plymouth Church is currently platting their tract. Once the platting process is complete, the engineer and operator will set up water and sewer service.

6. Ms. Claudia Redden presented a bookkeeper's report, a copy of which is attached. Ms. Redden noted that she has had a problem receiving the District's electricity bills on a timely basis, and the District has been erroneously charged sales tax. She will handle the problem with Acclaim, the District's electricity consultant. 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, 2012. After review and discussion, upon motion duly made, seconded and unanimously carried, the Board approved the resolution.

8. The attorney gave a brief report and requested the Board's authorization to send a letter to the Texas Comptroller regarding the District's eminent domain authority. The District was previously given the statutory authority to exercise eminent domain powers, but the legislature is now requiring all such entities to direct correspondence to the Comptroller outlining those particular powers. Failure to respond by December 31, 2012 will result in the expiration of such statutory authority on September 1, 2013, so it is important that the submission be made in a timely fashion. Upon unanimous vote, the Board authorized the attorney to submit the necessary correspondence.

9. Lori Aylett reported on new legislation requiring the submission of information regarding the request for critical load status for the District facilities that use

electricity to provide critical water and sewer service. Information must be provided to county and state emergency management authorities, as well as electricity providers. Upon unanimous vote, the Board authorized the attorney to submit the necessary information.

10. The Board considered renewal of the District's insurance policies. The Board reviewed the renewal proposal of AquaSurance for the District's property, general liability, non-owned automobile liability, pollution liability, boiler and machinery, directors and officers liability, and directors and officers public employee blanket and tax assessor bonds. The total premium cost had decreased by \$100 to \$12,492. Upon motion duly made, seconded and unanimously carried, the Board voted to approve renewal of the District's insurance policies with AquaSurance based upon the proposal submitted.

11. The attorney presented a resignation letter from Director Kenneth W. Heussner. Mr. Heussner noted that he had sold his property within the District and was no longer qualified to serve. He noted that he had enjoyed working with all of the directors. In turn, the directors commended Kenneth Heussner for his service to the Board and to the community. Upon motion made by Director Frakes, seconded by Director Drawhorn, the Board voted unanimously to accept the resignation of Kenneth Heussner as presented, effective immediately.

12. The Board noted that there was no action to take on the District's garbage contract with Waste Management. The homeowner's association has been discussing the agreement and possible changes in recycling services, but no consensus had yet been reached. The Board noted that it should take this item off the agenda until contacted again by the homeowner's association.

13. The Board discussed the upcoming AWBD conference, and the Board noted that they would send any Board members who care to attend to the conference. At next month's meeting, the Board will consider appointment of Donovan Smith to replace the vacancy created by Director Kenneth Heussner's resignation.

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

Secretary