

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Special Meeting of Board of Directors
October 9, 2008

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at the Spring Creek Forest Clubhouse, 17515 Fairway Oaks Drive, Houston, Texas, on October 9, 2008 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
Derek D. Drawhorn, Treasurer
Janet E. Frakes, Secretary
Kenneth W. Heussner, Asst. Secretary

and the following directors absent:

None

Also present were Mr. Mark Ivy, representing the District's operator; Ms. Anthea Moran, the District's financial advisor; Mr. Shawn Sharkey and Mr. Dale Conger, representing the District's engineer; Ms. Claudia Redden, the District's bookkeeper; Ms. Jill Henze, representing the District's auditor; the persons on the attached list; 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. Board member Janet Frakes introduced the members of the Board of Directors and the District consultants and explained the general rules for the conduct of the public meeting.

Director Drawhorn explained that the purpose of the meeting was to provide residents with the opportunity to review the District's plan for the upcoming bond and maintenance tax election. The District must finance between \$750,000 and \$800,000 of capital improvements by September of 2009 for the required conversion of its water system to a chloramine disinfection process. The project will serve all people in the District. The District does not have any bond authorization left. In addition, the District is currently levying the maximum maintenance tax of \$0.15 per \$100 assessed valuation. The Board held a town hall meeting in July to discuss the three available options for raising the necessary funds. Residents overwhelmingly preferred the issuance of bonds and/or a maintenance tax to finance the improvements. Therefore the Board of Directors has called a bond and maintenance tax election for the voters' consideration.

Lori Aylett discussed the mechanics of the bond and maintenance tax election. The District anticipates the issuance of \$1,000,000 in bonds in 2009 if the election passes. If the

District experiences no growth, which is a worst case scenario, the average home valued at \$181,000 would pay an additional tax of approximately \$54.00 a year for 15 years. The District is requesting authorization for the issuance of \$5,000,000, but only \$1,000,000 is anticipated to be issued in the near future. The remainder of the bond authorization would be available in the future to pay for capital improvements/replacements or capital contributions to the North Harris County Regional Water Authority.

The purpose of the maintenance tax election being submitted to the voters is to raise the cap on the maintenance tax from \$0.15 to \$0.50. The \$0.15 cap was voted in 1974, and the revenues from it are already levied and committed. If the bond and maintenance tax elections pass, the District would anticipate phasing in the maintenance tax as outstanding bonds are paid off or District assessed value grows, thus minimizing or avoiding any tax increase. The attorney reviewed the consequences if both bond and maintenance tax elections pass, if one or the other passes, or if neither pass. The attorney reviewed the voting requirements for the election, information on when and where the election will be held, and the two propositions to be voted upon.

The Board members and consultants discussed in detail with members of the public all of the options in much detail. The Board members thanked the community for their attendance at the public meeting.

A copy of the Power Point presentation is attached to these minutes.

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

Secretary