

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors

October 9, 2007

The Board of Directors of Spring Creek Forest Public Utility District met at 1415 Louisiana, Fifth Floor, Houston, Texas on October 9, 2007, in accordance with the duly posted notice of said meeting, with a quorum of directors present as follows:

Dave Simac, Vice President
Janet E. Frakes, Secretary
Kenneth W. Heussner, Assistant Secretary
Derek D. Drawhorn, Treasurer

and being absent:

R.W. Kehlenbach, President

Also present were Mark W. Brooks of Young & Brooks, Pat Hall with Equi-Tax, Inc., Anthea W. Moran of First Southwest Company, Mark Ivy of M. Marlon Ivy & Associates, Inc., Kelly Kessler of Cobb, Fendley & Associates, Inc., and Claudia Redden of Claudia Redden & Associates, Inc.

The vice president called the meeting to order and declared it open for such business as may come before the board.

The board approved the minutes of the board meetings held on September 11, 2007 and September 19, 2007.

Mark W. Brooks of Young and Brooks, the attorneys for the District, reviewed recent legislation requiring that the District take affirmative action if the board desires to retain the District's authority to tax goods in transit. Board vice president Simac called for a public hearing on the issue, and invited questions and comments from the public. No members of the public presented any questions or comments. The board discussed the pros and cons of preserving the District's ability to tax goods in transit. After the board members and persons attending the meeting were given a final opportunity to present their comments and questions, the public hearing was

closed. Upon motion duly made, seconded and unanimously carried, the board adopted the attached Resolution to Continue Taxation of Goods in Transit.

Pat Hall reported as to the status of tax collections within the district. The district is 98.3% collected for 2006.

Anthea Moran discussed the 2007 tax rate. After discussion, upon motion duly made, seconded and unanimously carried, the board authorized publication of the 2007 tax rate at \$0.32 for debt service and \$0.15 for maintenance and operating purposes, for a total proposed 2007 tax rate of \$0.47 per \$100 assessed valuation.

Claudia Redden reported as to bookkeeping matters within the district.

Mark Ivy reported as to operational matters within the district. The board authorized referral of two small delinquent accounts for collection.

Kelly Kessler reported as to engineering matters within the district. Mr. Kessler presented a tabulation of bids received to re-paint water plant no. 2. As recommended by Mr. Kessler, upon motion duly made, seconded and unanimously carried, the board awarded the contract to Gulf States Protective Coatings based on their low bid of \$159,500.00.

Upon motion duly made, seconded and unanimously carried, the board ratified the prior approval of the utility bill audit agreement with Legacy Energy Management Solutions.

Mark W. Brooks tendered the resignation of Young & Brooks as general counsel to the District, which was accepted by the board. After discussion, upon motion duly made, seconded and unanimously carried, the board adopted the attached Order Establishing Office Outside the District.

There was presented to the board a list of bills for the approval of payment, a copy of which is attached hereto. After discussion, upon motion duly made, seconded and unanimously carried, the board approved said bills and ordered checks to be issued on the appropriate accounts of the district in payment thereof.

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

Secretary