

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Special Meeting of Board of Directors
September 27, 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 September 27, 2008 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

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

and the following directors absent:

R. W. (Rick) Kehlenbach, President

Also present were Ms. Claudia Redden, the District's bookkeeper; Mr. Mark Ivy, representing the District's operator; Mr. Shawn Sharkey and Mr. Dale Conger, representing the District's engineer; Mrs. Patricia Heussner; Ms. Teri League, representing Allied, a waste collection provider; and Ms. Lori G. Aylett, attorney for the District.

The Vice President called the meeting to order and declared it open for such business as might properly come before it.

1. The Board reviewed bids for Hurricane Ike storm debris removal from Allied Waste, Waste Management, and M. Marlon Ivy and Associates. The attorney confirmed that she would file an application for public assistance from FEMA on the District's behalf. However, obtaining FEMA reimbursement for debris removal may be difficult. She advised the Board that supplemental debris removal would be done at the District's risk.

Mr. Ivy presented his proposal and noted that his firm estimates 3,000 yards of debris and 560 yards of garbage bags. His firm's price is \$26.89 a yard, which includes loading, hauling off, and disposing of the debris in a landfill. His estimate is \$90,352. The operator estimated that it would take two to three weeks to remove the debris.

The attorney presented a proposal from Waste Management for supplemental storm debris removal. Waste Management is the District's regular garbage contractor, but their contract, like most in the industry, excludes storm debris. Waste Management bid a price of \$145.00 per hour per truck and crew and \$35.00 per ton for disposal. Waste Management did not estimate an overall price.

Ms. Teri League presented the proposal of Allied Waste. She predicted that debris disposal by her firm would take approximately three days. The contractor works during daylight hours. Director Simac reviewed Allied's proposal and estimated a fee range of between \$107,813 and \$198,538.

Ms. Claudia Redden, the District's bookkeeper, expressed concern about the cost of the debris removal. The District needs the money that is remaining in its operating fund for well repairs and other District water and sewer items. The bookkeeper was concerned that if the District spends all of its money for debris removal, it will not have funds left to handle any emergency repairs that might be necessary. The operator noted that to date, he estimates that the District has incurred \$44,000 in additional expenses related to the hurricane, such as generator rental, fuel costs and repairs. Ms. Teri League reviewed her bid in further detail with the Board of Directors. After consulting with her management, she bid a price not to exceed \$160,000 for all storm debris removal. The Board thanked the contractors for their presentations and stated that they would take the matter under advisement.

2. The operator reported on the post-hurricane status of District facilities. Mr. Ivy reported that his company mobilized early after the storm. By 10:00 a.m., the operator called in every location in the District with power outage. All of the District facilities were without power and non-operational. The north well experienced a direct hit which burned up a well motor. The operator managed to replace the well motor on Saturday, the day after the hurricane. The District had to utilize the interconnect with Bilma with twice: once when the well motor was out, and a second time when the power came back on and then quickly went off again. Power returned fairly quickly to Louetta Road, so that lift station is running. The LaFone lift station is still without power. The District is still operating on auxiliary power at the water plant.

After the hurricane, fuel became the biggest challenge for the operator. The operator began trying to clean the streets on Saturday so that they could access District facilities and provide fuel to run the generator. The attorney for the District assisted the operator by locating a fuel source in Pasadena. As other clients of the operator came back on line, they assisted districts that remained without power. The District had to call MagnaFlow out to haul waste from the LaFone lift station. The lift station fence was damaged by a tree. The gate at the Louetta Road plant was broken. The District had to rent a generator to run the lift stations. In the future, the District may want to consider purchasing a trailer-mounted generator for use at its lift stations. The District may also want to consider options on having additional fuel in storage and available during hurricane season. The Board noted that the City of Houston and many area water districts experienced low water pressure or no water pressure and had to advise their residents to boil water. This did not happen in Spring Creek Forest PUD. The Board commended the operator for keeping the District's water supply safe and plentiful throughout the hurricane and its aftermath. The Board members noted that many of their residents had contacted them and expressed gratitude that they had running water throughout this ordeal.

3. The Board returned to the matter of storm debris pickup. The Board noted that Harris County did plan to remove the large storm debris. The District might best serve its residents by removing the bagged debris as soon as possible. The Board asked the operator for an estimate of the cost of bagged debris removal. Mr. Ivy estimated that there would be 560 yards of bagged debris at a cost of approximately \$15,000. Those costs could increase if residents bring more bagged debris to the curb as the project continues. Upon motion made by Director Frakes, seconded by Director Drawhorn, the Board voted unanimously to engage M. Marlon Ivy and Associates to remove the bagged storm debris. The operator will begin mobilizing mid-morning on Monday, and he estimated that the project will take approximately one week to complete.

Director Simac noted that he and the attorney would work together to write a letter to the residents regarding the bagged storm debris removal.

4. The Board discussed the upcoming public presentation regarding the bond election and maintenance tax election. The attorney reviewed the power point presentation in detail with the Board members, and they suggested revisions and improvements to the presentation.

5. The Board reviewed the rates being charged by the North Harris County Regional Water Authority. The Board noted that effective January 1, 2009, the rates charged by the North Harris County Regional Water Authority would increase from \$0.99 to \$1.50 per 1,000 gallons of water pumped.

6. Ms. Claudia Redden noted that she had no checks to present under the bookkeeper's report.

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

Secretary