

## **SPRING CREEK FOREST PUBLIC UTILITY DISTRICT**

Minutes of Meeting of Board of Directors  
September 9, 2008

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on September 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  
Janet E. Frakes, Secretary

and the following directors absent:

Derek D. Drawhorn, Treasurer  
Kenneth W. Heussner, Asst. Secretary

Also present were Mr. Mark Ivy, representing the District's operator; Ms. Pat Hall, representing the District's tax assessor-collector; Mr. Shawn Sharkey and Mr. Dale Conger, representing the District's engineer; Ms. Claudia Redden, the District's bookkeeper; Ms. Anthea Moran, the District's financial advisor; Mr. James Lyons, a resident of the District; 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 August 19, 2008 were presented for the Board's review and approval. Upon motion duly made, seconded and unanimously carried, the minutes were approved as presented.

2. Ms. Pat Hall presented a tax assessor-collector's report, a copy of which is attached. The District's 2007 taxes are 97.5% collected, and two checks were presented for the Board's approval. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

3. Ms. Anthea Moran presented the projected cash flow analysis and tax rate recommendations for the District. She presented a pro forma bond issue analysis for the anticipated issuance of \$1,000,000 of bonds for the chloramine conversion at the water treatment plants. These bonds may only be issued if the upcoming election results favorably to the bond proposition. With the issuance of the proposed bonds, a debt service tax rate of \$0.35 might be necessary to service the debt if the District's assessed value does not grow after 2008. The financial advisor recommended that the District levy a debt service tax rate of \$0.32 per \$100 assessed valuation, the same as last year's rate. The District continues to need the maximum amount of maintenance and operations tax of \$0.15 per \$100 assessed valuation, and the financial advisor recommended levying the same rate for operations. Upon motion made by

Director Frakes, seconded by Director Simac, the Board voted unanimously to authorize publication of the effective tax rate calculations as recommended by the financial advisor with a debt service tax rate of \$0.32 and a maintenance and operations rate of \$0.15 for a total rate of \$0.47. The notice will inform taxpayers that a public hearing will be held at the District's next regular monthly meeting on October 14, 2008; after the public hearing, the Board may consider adoption of the published tax rate.

4. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 99% of the water produced during the month of August. The District billed \$88,952 and collected \$66,742. Two taps were installed during the month in Spring Creek Court. The customer at 6450 Louetta Road had a water leak in the tenant's space and requested a credit. The Board discussed the request and declined to issue a credit to the customer, since the water passed through the District's meter.

5. Mr. Shawn Sharkey presented an engineer's report, a copy of which is attached. Mr. Sharkey reported that his firm has begun planning for the chloramine conversion. The engineer reported on the status of the water well rehabilitation with the well contractor, Weisinger. The swedging operation at the water well failed. The tool could not get into the area to make the repair, and the operation was abandoned. The contractor has recommended plugging the well to a depth of 540 feet. The engineer and operator concur with this recommendation. The operator reported that he had contacted a competing well repair contractor, Alsay, and had given them an opportunity to review the videos. Alsay could not say with any certainty that they could make the repair and did not have a recommendation different from the contractor on the job. Weisinger and Alsay are the only two companies in the country that perform this swedging operation. Therefore, the engineer recommended that the District plug the well and preserve the capacity that it can. The well will be filled with gravel, and if the capacity cannot be preserved, the gravel can be jetted out, and the District can install a liner. Hopefully, when the well is plugged, the District can still pump between 500 to 600 gallons per minute from the well. Upon motion made by Director Simac, seconded by Director Frakes, the Board voted unanimously to follow the contractor and engineer's recommendation to plug the well at 10 feet above the break and to approve change order no. 1 for \$22,000 for the swedging attempt.

6. There was presented the attached Order Designating Polling Places and Appointing Election Officials. Upon motion made by Director Simac, seconded by Director Frakes, the Board voted unanimously to adopt the Order as presented and further authorized the attorneys to publish notice of the election in the *1960 Sun*.

7. The Board tabled consideration of correspondence from the Houston Northwest Chamber of commerce and their request for a resolution in support of creation of a management district.

8. The Board reviewed correspondence from Waste Management regarding its annual CPI-U adjustment in the rates. Waste Management's contract entitles it to an annual CPI adjustment which would increase the current base rate from \$23.95 to \$25.25, not including the fuel surcharge. Waste Management also requested an addendum to the Solid Waste Collection and Transportation Agreement for a three-year renewal term commencing October 1, 2008. Upon motion made by Director Simac, seconded by Director Frakes, the Board voted

unanimously to approve the Municipal Solid Waste Collection and Transportation Agreement Addendum as presented and authorized the President to execute a copy thereof.

9. The Board asked for the attorney to place an item on the next agenda to discuss the Rate Order since the costs for solid waste collection have increased.

10. The attorney discussed a request received from Ms. Wanda Kannarr. Ms. Kannarr had previously requested that the District compensate her for construction of a fence on her property. Since that time, Ms. Kannarr has requested that the Board construct its own concrete fence at its boundary at the District's cost. The Board agreed to table consideration of Ms. Kannarr's request until the next Board meeting.

11. Ms. Claudia Redden presented the bookkeeper's report, a copy of which is attached. Ms. Redden will present the draft budget at next month's meeting. After discussion, upon unanimous vote, the Board approved the bookkeeper's report.

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

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Secretary