

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
September 8, 2009

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on September 8, 2009 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
Kenneth W. Heussner, Asst. Secretary
Derek D. Drawhorn, Treasurer

and the following directors absent:

None

Also present were Ms. Claudia Redden, the District's bookkeeper; Ms. Pat Hall, representing the District's tax assessor-collector; Mr. Mark Ivy, the District's operator; Mr. Dale Conger, representing the District's engineer; Mr. Greg Lentz, representing the District's financial advisor; 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 11, 2009 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. The Board reviewed the tax assessor-collector's report with Ms. Pat Hall, and a copy is attached. The District's 2008 taxes are 97.7% collected. Four checks were presented for the Board's approval. The attorney presented a list of taxpayers whose utility service may be discontinued or failure to pay delinquent taxes, and the Board authorized water termination of the delinquent accounts, if possible. Upon unanimous vote, the tax assessor-collector's report was approved as presented.

3. Mr. Greg Lentz presented the projected cash flow analysis and 2009 tax rate recommendations for the District. He reported that since the District recently issued its \$1,125,000 bonds, the TCEQ recommended a debt service tax rate of \$0.345, an increase of \$0.025 over last year's tax rate. In public meetings regarding the bond election and bond sale, the Board told its voters that the tax rate could increase by as much as \$0.03. Due to the increased costs associated with the chloramines project, the chemical budget could increase more than 2 1/2 times. Additionally, more laboratory analysis will be required. The Board noted that it had a healthy balance in the operating fund, and no maintenance and operations tax increase will be needed at this time. Upon motion made by Director Simac, seconded by Director

Heussner, the Board voted unanimously to authorize publication of the proposed tax rate calculations as recommended by the financial advisor with a debt service tax rate of \$0.345 and a maintenance and operations rate of \$0.15. The notice will inform taxpayers that a public hearing will be held at the District's next regular monthly meeting on October 13, 2009; 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 98% of the water produced during the month of August. The District billed \$95,996 and collected \$114,418. Mr. Ivy reported that a number of mainline breaks had to be repaired. Director Frakes asked the Board to consider adding some landscaping on Rustington where a mainline leak was repaired, and the Board concurred. The operator plans to perform a well test this month. The operator will report on prices for pond maintenance at next month's meeting. After discussion, upon unanimous vote, the operations report was approved as presented.

5. The Board discussed on-line credit card and ACH payments, and the Board elected to pass the costs along to the customers that use on-line payments. Upon unanimous vote, the Board approved the contracts with AVR and the banks as necessary to implement the on-line billing program.

6. Mr. Dale Conger presented the engineer's report and reported that he is working on bid documents for water plant no. 1. His firm has issued a Notice to Proceed to Gemini for the chloramine conversion project. The engineer received a request from the insurance carrier for valuation of all District property, and the engineer recommends no changes to last year's appraisal. Bammel has requested information on connections, and the engineer will provide the information. Upon unanimous vote, the engineer's report was approved as presented.

7. There was presented the attached Amendment to Statement of Directors Furnishing Information Required by Section 49.455(b), Texas Water Code, as Amended. The attorney noted that the Amendment to Statement of Directors is filed in the Real Property Records of Harris County and informs property owners and purchasers of property of the bonds that have been sold by the District. Upon motion duly made, seconded and unanimously carried, the Board voted to adopt the amendment as presented, authorized its execution by all directors present, and authorized the attorney to file the document as required by law.

8. The Board reviewed the bookkeeper's report with Ms. Claudia Redden, and a copy is attached. Next month, the Board will be reviewing the District's operating budget. After discussion, upon unanimous vote, the Board approved the bookkeeper's report and payment of bills listed thereon.

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

Secretary