

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors
September 13, 2011

The Board of Directors ("Board") of Spring Creek Forest Public Utility District ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on September 13, 2011 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Derek D. Drawhorn, Vice President/Treasurer
Janet E. Frakes, Secretary
Doug McKeever, Director

and the following directors absent:

R. W. (Rick) Kehlenbach, President
Kenneth W. Heussner, Asst. Secretary

Also present were Ms. Christine Crotwell, the District's financial advisor; Ms. Claudia Redden, the District's bookkeeper; Ms. Pat Hall, representing the District's tax assessor-collector; Ms. Amber Hurd, representing the District's engineer; Mr. Mark Ivy, the District's operator; 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. Minutes of the meeting of August 9, 2011 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. Ms. Pat Hall presented the tax assessor-collector's report, a copy of which is attached. The District's 2010 taxes are 99.4% collected. Five checks were presented for the Board's approval, and one check was voided. The tax assessor reported that the District's total certified tax value is \$152,855,083. Upon unanimous vote, the Board approved the tax assessor-collector's report as presented.

3. The Board then recognized Ms. Christine Crotwell who reviewed with the Board the 2011 certified tax value provided by the Harris County Appraisal District and presented schedules supporting the financial advisor's recommendation with respect to the District's 2011 debt service and maintenance taxes. After careful consideration, upon unanimous vote, the Board authorized publication of notice of a public hearing to be held at the Board meeting on October 11, 2011 to consider a proposed debt service tax of \$0.335 and a proposed maintenance tax of \$0.16 for a total combined proposed tax levy of \$0.495 per \$100 assessed valuation.

4. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 94% of the water produced during the month of August. The District

billed \$117,084.83 and collected \$119,409.88. The operator reported that next month the District will be supplying 50% of its water needs from its wells. The North Harris County Regional Water Authority has asked the District to reduce the amount of surface water being taken. The operator has changed the type of chemicals being fed into the system, and calls regarding water quality complaints have declined. The operator presented correspondence from a District resident questioning the methodology for water and surface water billing. The customer requested an explanation regarding the bill. After discussion, the Board authorized the attorney and operator to draft some proposed language explaining the District's billing.

The operator also discussed the status of drought conditions in the District. The operator continues to monitor the District's water usage. The District has not reached any of the drought triggering conditions, but water use remains high in the District. Upon unanimous vote, the Board approved the operator's report as presented.

5. Ms. Amber Hurd presented the engineer's report and reported that she is working on the project scope for the motor control center at the water plant and is hoping to use surplus funds to cover the cost. With regard to the water plant no. 1 drainage improvement project, CenterPoint relocated the gas lines, and the District contractor replaced the homeowner's landscaping. Now, CenterPoint has dug up the yard again. Mark Ivy noted that his company was performing the work as a contractor, and he has tried to contact the customer regarding the latest excavation to her yard. Thus far, he has not been successful in contacting her regarding the latest developments. As part of the drainage improvement contract, M. Marlon Ivy & Associates will also be replacing a portion of the concrete fence. The contractor shipped the wrong post, which resulted in some delays.

The engineer recommended change order no. 3 to the drainage improvement contract, which is a request to add rock to a swale for erosion control and replace most of the block sod with hydro-mulch due to the drought. The change order will result in a net decrease of \$1,592.95. Upon unanimous vote, the Board approved the change order as presented.

6. Ms. Claudia Redden presented a bookkeeper's report, a copy of which is attached. After discussion, upon unanimous vote, the Board approved the bookkeeper's report and payment of bills listed thereon.

7. The Board discussed the sale of groundwater credits to Houston Polo Club and noted that the Polo Club needs an additional 7,700,000 Series A credits and 4,700,000 Series B credits at a cost of \$16,250. After discussion, upon unanimous vote, the Board agreed to the sale of the additional groundwater credits to Houston Polo Club at a cost of \$16,250.

8. The Board then considered changes to the District's recycling program but agreed to defer further consideration to the next Board meeting. The District is awaiting further direction from the homeowner's association in this regard.

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

Secretary