

**MINUTES OF REGULAR MEETING
OF
WINDFERN FOREST UTILITY DISTRICT**

September 18, 2012

The Board of Directors of Windfern Forest Utility District of Harris County, Texas, met in regular session, open to the public, at a regular meeting place inside the boundaries of the District, at the Windfern Forest Utility District Administration Building (“DAB”), 14410 Mauna Loa Drive, Houston, Texas, on September 18, 2012, and the roll was called of the duly constituted officers and members of the Board, to wit:

Eddie Mendel	President
Don Farrell	Vice President
Kurt Schoelman	Secretary/Treasurer
Shari North	Assistant Secretary
Pat Going	Director

and all of said persons were present except Director Farrell, thus constituting a quorum.

Also present were Karla Efigenio of McLennan & Associates; Teri Schoener of TOPS; David Dybala of Jacobs Engineering Group, Inc.; Drew Masterson of First Southwest Company; Cindy Englebort of Wheeler & Associates; Deputy Coleman of Harris County Constable’s Office, Precinct 4; Clark Lord, Katherine Milton and Debbie Russell of Bracewell & Giuliani LLP; and , Sue Beishline, Becky Lary and Tom Tamborino, residents of the District.

APPEARANCES BEFORE THE BOARD

Mr. Tamborino stated that he and the other residents present at the meeting were attending on behalf of the Laurel Creek HOA. He reported on the damage to the green space, irrigation and signage caused by the contractor doing work in the neighborhood. Mr. Dybala reported on the progression of the contract and the testing required in connection with same. He stated that the contractor will be required to return the neighborhood to the condition that it was preconstruction. Mr. Dybala stated members of the HOA can accompany him when he conducts the final inspection to offer their comments and suggestions.

APPROVE MINUTES

The Board reviewed the minutes of August 21, 2012. Following discussion, upon a motion made by Director Going and seconded by Director North, the Board voted unanimously to approve the minutes of August 21, 2012 as revised.

SECURITY REPORT

Deputy Coleman reported on security matters within the District for the month of August 2012.

ENGAGEMENT LETTER WITH ROTH & EYRING

The Board next reviewed an engagement letter proposed by Roth & Eyring for additional accounting procedures on the billing records maintained by South West Water Company at a fee of \$1,500. Upon a motion made by Director Schoelman and seconded by Director North, the Board voted unanimously to approve the engagement letter as presented.

BOOKKEEPER'S REPORT, APPROVE PAYMENT OF BILLS AND REVIEW INVESTMENT OF DISTRICT FUNDS

Ms. Efigenio presented the bookkeeper's report, a copy of which is attached to these minutes, for the period August 22, 2012 to September 18, 2012. She next reviewed the checks presented for payment, the District's investments and a comparison of actual versus budgeted revenues and expenses for the period ending August 31, 2012. Ms. Efigenio then presented the draft operating budget for the fiscal year ending September 30, 2013 for the Board's review.

Following discussion on the bookkeeper's report, upon a motion made by Director Schoelman and seconded by Director North, the Board voted unanimously to approve the bookkeeper's report, payment of the bills, investment of the District's funds and the operating budget for the fiscal year ending September 30, 2013.

TAX ASSESSOR/COLLECTOR'S REPORT AND APPROVE PAYMENT OF BILLS

Ms. Engelbert next presented the tax assessor/collector's report for the month of August, a copy of which is attached. She reviewed the report, stating that as of August 2012, the District's 2011 taxes are 99.32% collected and the 2010 taxes are 99.81% collected. Ms. Engelbert also presented checks nos. 2289-2294 for payment.

Following discussion on the tax assessor/collector's report, upon a motion made by Director Schoelman and seconded by Director North, the Board voted unanimously to approve the tax assessor/collector's report and payment of the tax bills.

PROPOSED TAX RATE FOR 2012 AND AUTHORIZE PUBLICATION OF NOTICE OF HEARING

Mr. Masterson reviewed a tax rate analysis with the Board for the Year 2012. Following discussion, a motion was made by Director Going and seconded by Director North to adopt a proposed tax rate of \$0.48 per \$100 valuation, comprised of a \$0.31 component for debt service and a \$0.17 component for maintenance and operation, and authorize publication of a Notice of Hearing regarding the proposed tax rate. The motion carried by unanimous vote.

Ms. Engelbert stated that she will publish a Notice of Hearing in the Houston Chronicle and added that the tax hearing will be held at the District's regularly scheduled meeting on October 16, 2012.

DELINQUENT TAX ATTORNEY'S REPORT

The Board reviewed the District's delinquent tax attorney's report, a copy of which is attached, regarding the status of collection of the District's delinquent taxes.

Ms. Engelbert reported that Perdue, Brandon, Fielder, Collins and Mott, LLP had requested the Board's authorization to send letters to the delinquent tax accounts regarding the termination of water service for the failure to pay their delinquent taxes. Following discussion and upon a motion by Director Schoelman and seconded by Director Going, the Board voted unanimously to authorize the mailing of the notices regarding the termination of water service for nonpayment of taxes.

OPERATOR'S REPORT

Ms. Schoener presented the operator's report for August 2012, a copy of which is attached to these minutes.

Ms. Schoener then reviewed a joint water production and accountability report with the Board and reported that water accountability for the prior month was 94% which was caused by a problem with the City of Houston interconnect meter.

Ms. Schoener next reviewed the list of delinquent utility customers and stated there were no appeals from residents.

Ms. Schoener reported on repairs and maintenance at District facilities.

Ms. Schoener then reported on repair made on Gessner Road by Harris County (the "County"). She stated that when the County conducted a dye test at a location where there was a dip in the road, it leaked into the District's manhole. Ms. Schoener stated that the County should have notified the District so that appropriate remedial actions could be taken, but instead proceeded with work on the road which caused damage to the manhole. She stated that the County is asking for reimbursement for the road repair. She suggested that the Board authorize preparation of a letter to the County requesting reimbursement for the District's cost to repair the manhole. After discussion, the Board authorized the District's operator and engineer to prepare a letter to the County regarding the repairs to the District's manhole.

The Board next discussed the maximum expenditure for repairs by the operator without Board approval. After discussion, Director Going moved that the Board authorize an expenditure up to \$1,000 without Board approval. Director North seconded the motion and it carried unanimously. The Board noted that the \$1,000 limit could be exceeded in the event of an emergency.

Following discussion on the operator's report, upon a motion made by Director Going and seconded by Director North, the Board voted unanimously to approve the operator's report.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE TO DELINQUENT WATER AND SEWER ACCOUNTS AND AUTHORIZE APPROPRIATE ACTION

The Board next considered termination of utility service to customers with delinquent accounts. Ms. Schoener reported that the residents appearing on the termination list were given proper notice and the opportunity to be heard in order to explain, contest or correct the utility service bill and show reason why utility service should not be terminated for reason of nonpayment, all as required by the District's Rate Order. Following discussion, a motion was made by Director Schoelman to terminate utility service to customers with delinquent accounts. Director Going seconded the motion, which carried by unanimous vote.

ENGINEER'S REPORT

The Board next reviewed the engineer's report, a copy of which is attached, including the following matters:

Status of Water Transmission Line to Water Plant No. 2 Design, Easements, and Exxon Property Environmental Assessment and Easements

Mr. Dybala reported that the project is currently under construction and estimated that it would be complete by October 2012. He next reported that a previous contractor failed to install a component at water plant no. 2 that must be installed in order to complete the current project. Mr. Dybala confirmed that the inspection conducted by his firm failed to note the missing component and that the one year warranty has expired so the contractor will not make the installation. The Board concurred to discuss this matter in executive session.

Response from TCEQ for Exception to Well Capacity Requirement and Elevated Storage Tank Waiver Application

Mr. Dybala next reported that this project is on hold until completion of the proposed 12-inch water transmission line and Water Well No. 3 projects.

Water Well No. 3 at Water Plant No. 1

Mr. Dybala next reported that he has advertised for bids for the installation of Water Well No. 3 and that the prebid conference is scheduled for October 3, 2012.

New Aerial Map of the District

Mr. Dybala reported that the new aerial map of the District was damaged during installation and will be repaired at no cost to the District.

Following discussion of the engineer's report, upon a motion made by Director Going and seconded by Director North, the Board voted unanimously to approve the engineer's report.

EXECUTIVE SESSION

Pursuant to Chapter 551 of the Texas Government Code, the President called the executive session to order at 5:08 p.m. to confer with legal counsel. Present for the executive session were the Board, Mr. Lord, Ms. Milton and Ms. Russell.

RECONVENE IN OPEN SESSION AND TAKE ACTION ON MATTERS DISCUSSED IN EXECUTIVE SESSION

As of 5:34 p.m., the President declared the executive session was ended and the public session resumed. After discussion, Director Going moved that the change order to the contract adding \$25,600 for the installation of the fill line and to authorize Director Mendel and the District's attorney to take any necessary action to make a claim against M. K. Painting, Inc. for the failure to install the fill line as required by the contract and Jacobs for failure to properly inspect the project after completion of the contract. Director North seconded the motion and it carried by unanimous vote.

ATTORNEY'S REPORT

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

Mr. Lord informed the Board that the District's Investment Policy is required to be reviewed on an annual basis but noted that no changes are necessary at this time. Mr. Lord then presented a Resolution Regarding Annual Review of Investment Policy. Following discussion, Director Schoelman moved that the Board approve the Resolution Regarding Annual Review of Investment Policy as presented. Director Going seconded the motion, which carried by unanimous vote. A copy of the Resolution, thus approved, is attached and considered a part of these minutes.

ACCEPT AND AUTHORIZE FILING OF DISCLOSURE STATEMENTS FROM INVESTMENT OFFICER AND BOOKKEEPER

The Board next considered accepting an annual disclosure statement from the District's bookkeeper and investment officer for filing with the Texas Ethics Commission, as required by the Public Funds Investment Act. Following discussion, a motion was made by Director Schoelman and seconded by Director North to accept an annual disclosure statement from the District's bookkeeper and investment officer and to authorize its filing with the Texas Ethics Commission. The motion carried by unanimous vote. Copies of the annual disclosure statements required by the Public Funds Investment Act are attached as exhibits to these minutes.

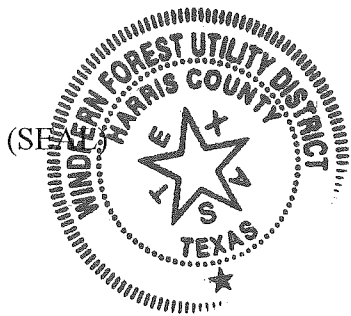
REPORT OF DAB OFFICE MANAGER

The Board discussed that the ceiling fans were installed in the Administration Building.

**REPORT ON MATTERS DISCUSSED AT THE MEETING OF THE WHITE OAK
BAYOU JOINT POWERS BOARD**

The minutes of the August 27, 2012 meeting were distributed to the Board. Director Mendel reported that the White Oak Board is working on ways to reduce electric consumption. He stated that the theory is that the reduction of the electricity cost was pay for the cost of the new equipment and that a study is underway to confirm this.

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



K. E. Schuch
Secretary, Board of Directors

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