

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

October 16, 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 October 16, 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, thus constituting a quorum.

Also present were Karla Efigenio of McLennan & Associates; Teri Schoener of TOPS; David Dybala of Jacobs Engineering Group, Inc.; Cindy Englebert of Wheeler & Associates; Deputy Coleman of Harris County Constable’s Office, Precinct 4; Clark Lord and Debbie Russell of Bracewell & Giuliani LLP; Karen Sears of Acclaim Energy and Jude Wiggins, a resident of the District.

PUBLIC HEARING

The Board convened a public hearing to receive comments regarding a proposed tax rate for 2012. There were no residents in attendance to make comments on the proposed tax rate and the public hearing was adjourned upon a motion made by Director Farrell and seconded by Director Schoelman.

CONVENE REGULAR MEETING OF THE BOARD

The Board next convened the regular monthly meeting of the Board of Directors.

ORDER LEVYING TAXES

The Board discussed adopting a tax rate for 2012, as proposed by the District’s financial advisor. Following discussion, a motion was made by Director Farrell and seconded by Director Schoelman to adopt an Order Levying Taxes establishing a tax rate for 2012 of \$0.48 per \$100 assessed valuation, consisting of a \$0.31 component for debt service and a \$0.17 component for operation and maintenance. The motion carried by unanimous vote. A copy of the Order, thus adopted, is attached and considered a part of these minutes.

AMENDED INFORMATION FORM

Mr. Lord stated that it is necessary for the District to file an Amended Information Form with the Texas Commission on Environmental Quality (the "TCEQ") and Harris County reflecting the newly adopted tax rate for 2012. Following discussion, a motion was made by Director Going to approve an Amended Information Form and authorize its filing with the TCEQ and Harris County. The motion was seconded by Director Schoelman and carried unanimously.

APPEARANCES BEFORE THE BOARD

Ms. Wiggins addressed the Board regarding damage caused by the contractor working in the District. Mr. Dybala reported on the progression of the contract. He stated that the contractor will be required to return the neighborhood to the condition that it was preconstruction. Ms. Wiggins stated that the contractor had cut the locks on the covers to the irrigation system instead of requesting that they be unlocked. Mr. Dybala stated that he would investigate the complaint.

APPROVE MINUTES

The Board reviewed the minutes of September 18, 2012. Following discussion, upon a motion made by Director Going and seconded by Director North, the Board voted unanimously to approve the minutes of September 18, 2012.

SECURITY REPORT

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

PRESENTATION FROM ACCLAIM ENERGY ADVISORS ON PRICING OPTIONS IN CONNECTION WITH RENEWAL OF ELECTRICITY AGGREGATION CONTRACT

Ms. Sears made a presentation to the Board on pricing options in connection with renewal of the District's electricity aggregation contract. She advised the Board that the District's current electricity aggregation contract with MP2 Energy expires in May 2013 and added that the District is currently on a fixed rate pricing program. Ms. Sears stated that she plans to meet with the boards of the other districts in the energy consortium, Harris County MUD No. 261 ("HC261"), Rolling Fork Utility District and Harris County MUD No. 6. Discussion followed regarding a two, three or four year fixed price. Following discussion, Director Mendel moved that the Board authorize Director Farrell to meet with the board representatives for the other districts in the consortium to decide on an energy provider and whether to lock the price for two or three years. Director Going seconded the motion and it carried by unanimous vote.

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 September 19, 2012 to October 16, 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 September 30, 2012.

The Board then discussed the checks to Southwest Water Company ("SSW"). Mr. Lord reported on the demand letter received from SWW. Ms. Schoener stated that there may be bills that the District will want to challenge. After further discussion, Directors Mendel and Farrell agreed to meet with Ms. Schoener to review the bills from SWW to determine what amount of offset should be applied for audit and bookkeeping fees, the findings of the auditor's investigation, late fees and unauthorized charges made by SWW.

Following discussion on the bookkeeper's report, upon a motion made by Director Farrell and seconded by Director Schoelman, the Board voted unanimously to approve the bookkeeper's report, payment of the bills and investment of the District's funds.

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

Ms. Engelbert next presented the tax assessor/collector's report for the month of September, a copy of which is attached. She reviewed the report, stating that as of September 2012, the District's 2011 taxes are 99.35% collected and the 2010 taxes are 99.81% collected. Ms. Engelbert also presented checks nos. 2295-2299 for payment.

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

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.

Mr. Englebert informed the Board Linda Williams-Willis had requested a three-month installment plan for payment of her 2010 delinquent tax account that she inadvertently failed to pay. Ms. Englebert stated that Ms. Willis is not delinquent on any other years' taxes.

Ms. Engelbert next reported that Perdue, Brandon, Fielder, Collins and Mott, LLP had sent letters to the delinquent tax account holders regarding the termination of water service for the failure to pay their delinquent taxes.

Following discussion and upon a motion by Director Farrell and seconded by Director North, the Board voted unanimously to approve the installment plan of \$222.00/month by Ms. Willis and the termination of water service to the delinquent tax account holders for nonpayment of taxes.

OPERATOR'S REPORT

Ms. Schoener presented the operator's report for September 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 91.3%. She noted that several issues were responsible for the water accountability, including a problem with the City of Houston interconnect meter, failure to read one of the dials on the meter at the apartment complex and a possible pressure problem on the interconnect meter with HC261.

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 repairs necessitated by a break in at water plant no. 2. She stated that signs are being installed regarding the amount of fines for damage to District facilities. Mr. Schoener stated that contacts, lights and a siren can be installed at a cost of \$2500.

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

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 North 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 December 2012. He then presented pay estimate no. 3 in the amount of \$121,643.82 and pay estimate no. 4 in the amount of \$284,217.66 from James Construction Group ("James") and recommended same for payment.

Mr. Dybala next presented change order no. 1 to install the missing fill line at the water plant. He reported that MK Painting would not agree to perform the installation because of ongoing legal issues so the installation has been added to the James contract by this change order in the amount of \$22,997.70. Mr. Dybala explained that his company will pay for the base cost of the installation which is \$19,800 and the remaining portion of the change order fee will be

credited to the District for future work. He then presented change order no. 2 in the amount of \$26,177.50 to lower the depth of the waterline by approximately four feet to provide a minimum clearance from the Magellan Pipeline. Mr. Dybala noted that this is a field change required by Magellan after the original design was approved by them.

After review and discussion, Director Going moved that the Board approve pay estimate nos. 3 and 4 and change order nos. 1 and 2 as presented. Director Schoelman seconded the motion and it carried by unanimous vote.

Director Farrell informed the Board that residents of Laurel Creek have approached him regarding the concrete repairs needed in their neighborhood. Mr. Dybala stated that he would arrange a meeting with them on Friday, October 19, 2012 to address their concerns.

Mr. Dybala next reported that James had contacted him to see if the District would pay for a portion of the costs of repair of the damage to irrigation lines in the HOA easements. He stated that he had discussed the matter with the engineer for HC261 and they had agreed that both districts would continue to abide by the terms of the contract which requires the contractor to make all repairs for damages caused by its workers. The Board concurred with the engineer's suggestion.

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 then presented the bid tabulation for the construction of Water Well No. 3 and stated that the low bidder on the project was C. Miller Drilling Co. ("Miller"). He noted that Miller did not submit the experience records required by the contract documents until after the close of business on the bid deadline and that Miller also did not meet the qualification requirements of the contract. Based on the qualifications and bids, Mr. Dybala recommended award of the contract to WW Payton Corporation. After discussion and based on the recommendation of the District's engineer, Director Schoelman moved that the Board award the contract for construction of Water Well No. 3 to WW Payton Corporation. Director North seconded the motion and it carried by unanimous vote.

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.

ATTORNEY'S REPORT

Resolution to the Texas Commission on Environmental Quality Requesting Release of Escrowed Funds

Mr. Lord presented a Resolution to the Texas Commission on Environmental Quality Requesting the Release of Escrowed Funds for the construction of Water Well No. 3, a copy of which is attached to these minutes. After discussion, Director Farrell moved that the Board adopt the Resolution as presented. Director Going seconded the motion and it carried by unanimous vote.

Construction Contract with MK Painting

Mr. Lord stated that the issues related to the construction contracts have been resolved as discussed earlier in connection with change order no. 1 to the James contract. Director Going questioned how the credit from the engineer would be given to the District. Mr. Dybala stated that it would be applied against a major job. Mr. Lord recommended that the Board assign its rights under the contract with MK Painting to Jacobs so that it can pursue its legal remedies. He stated that it would not be in the District's best interests to take any further action. After discussion, the concurred to assign its rights under the contract with MK Painting to Jacobs Engineering Group.

Attendance at the Winter AWBD Conference

After discussion, Director Farrell moved that the Board authorize all interested Board members to attend the winter AWBD conference. Director North seconded the motion and it carried by unanimous vote.

REPORT OF DAB OFFICE MANAGER

There were no issues to discuss.

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

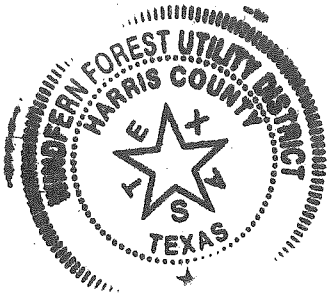
The minutes of the September 25, 2012 meeting were distributed to the Board.

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

K. E. Schuch

Secretary, Board of Directors

(SEAL)



ATTACHMENTS

Order Levying Taxes1
bookkeeper’s report2
tax assessor/collector’s report for the month of September3
delinquent tax attorney’s report3
operator’s report for September 20123
engineer’s report4
Resolution to the Texas Commission on Environmental Quality Requesting the Release of
Escrowed Funds6