

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

February 18, 2014

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 February 18, 2014, 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 Ryk Holden of Acclaim Energy Advisors; Karla Efigenio of McLennan & Associates; Teri Schoener and Corey Bostick of TOPS; David Dybala of Jacobs Engineering Group, Inc.; Brandy Pagesh of Wheeler & Associates; Sergeant James Rouse and Constable Jennifer McCants of Harris County Constable’s Office, Precinct 4; Clark Lord and Debbie Russell of Bracewell & Giuliani LLP.

SECURITY REPORT

Constable McCants reported on security matters within the District for the month of January 2014.

Security Services Contract

Ms. Russell presented the renewal of the agreement between the District and the Harris County Constables’ Office for security services. She confirmed that there was no increase in the contract rate for 2014. After discussion, Director Schoelman moved that the Board approve the renewal of the contract for security services as presented. Director Farrell seconded the motion and it carried by unanimous vote.

PRESENTATION FROM ACCLAIM ENERGY

Mr. Holden explained that the District’s water plant no. 1 (the “Plant”) uses sufficient energy to trigger the need for a backup generator. He stated that the District can enter into an agreement whereby the Energy Regulatory Commission of Texas will pay the District to join a program in which the District’s Plant would be switched over to generator power during a time of peak energy usage which would lessen the demand on the power grid (the “Program”). In response to a question posed by the Board, Mr. Holden confirmed that the District would be responsible for the cost of the equipment to connect the District and the fuel cost for the

generator. Mr. Holden noted that he would first need to talk with the operator and engineer to confirm that the District has the equipment necessary to allow for connection to the Program. He stated that once he makes this determination, he would be back to the Board with the economics of the Program and a contract for same.

APPROVE MINUTES

The Board reviewed the minutes of January 21, 2014. Following discussion, upon a motion made by Director Schoelman and seconded by Director Going, the Board voted unanimously to approve the minutes of January 21, 2014 as submitted.

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 January 21, 2014 to February 18, 2014. 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 January 31, 2014.

Following discussion on the bookkeeper's report, upon a motion made by Director Farrell and seconded by Director North, 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. PAGESH next presented the tax assessor/collector's report for the month of January, a copy of which is attached. She reviewed the report, stating that as of January 2014, the District's 2013 taxes are 95.79% collected and the 2012 taxes are 99.54% collected. Ms. PAGESH also presented checks nos. 2413-2418 for payment.

Following discussion on the tax assessor/collector's report, upon a motion made by Director North and seconded by Director Farrell, 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.

RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

Mr. Lord presented a Resolution Concerning Tax Collection Procedures for the Board's review and approval. Following discussion, Director Schoelman moved that the Board approve a Resolution Concerning Tax Collection Procedures, which rejects the following optional procedures: (1) refraining from sending a tax bill for less than \$15.00, (2) permitting the split payment of taxes, and (3) allowing discounts for the early payment of taxes. Director North seconded the motion, which passed unanimously. The Resolution, thus adopted, is attached to and considered a part of these minutes.

RESOLUTION CONCERNING EXEMPTION OF RESIDENCE HOMESTEADS FROM TAXATION

Mr. Lord next presented a Resolution Concerning Exemption of Residence Homesteads from Taxation, which provides for the exemption from ad valorem taxation by the District of \$10,000 of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older and which rejects a general homestead exemption and exemptions for charitable organizations. Following discussion, Director Schoelman moved that the Board approve the Resolution Concerning Exemption of Residence Homesteads from Taxation. Director North seconded the motion, which carried unanimously. The Resolution, thus adopted, is attached to and considered a part of these minutes.

RESOLUTION PROVIDING FOR ADDITIONAL PENALTY FOR TAX COLLECTION COSTS

Mr. Lord then presented a Resolution Providing for Additional Penalty for Tax Collection Costs, which establishes a penalty of 20% on all taxes, penalty, and interest that remain unpaid as of July 1, 2013, for real property, and as of February 1, 2013, for tangible personal property, as authorized by the Texas Property Tax Code. Following discussion and upon a motion made by Director Schoelman and seconded by Director North, the Board voted unanimously to approve the Resolution Providing for Additional Penalty for Tax Collection Costs. A copy of the Resolution, thus adopted, is attached to and considered a part of these minutes.

OPERATOR'S REPORT

Ms. Schoener presented the operator's report for January 2014, 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 95%. Ms. Schoener reported that she is still working with the City of Houston regarding the water billing issue and hopes to resolve same shortly.

Ms. Schoener reported on repairs and maintenance at District facilities. She stated that one of the flow control valves froze in January and that all pipes have now been wrapped to prepare for future freezes. Ms. Schoener reported that the ground storage tank at water plant no. 1 is down and she recommended cleaning same prior to returning it to operation.

Following discussion on the operator's report, upon a motion made by Director Going and seconded by Director Schoelman, 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 and stated there were no appeals from residents.

Following discussion, a motion was made by Director Going to terminate utility service to customers with delinquent accounts. Director Schoelman seconded the motion, which carried by unanimous vote.

ATTORNEY'S REPORT

Amended Rate Order

Ms. Russell reported that the operator had requested that a provision be added to the District's Rate Order to address temporary meters for commercial development. Upon a motion made by Director Farrell and seconded by Director North, the Board voted unanimously to adopt the Amended Rate Order as presented, a copy of which is attached as an exhibit to these minutes.

Consortium Meeting

Mr. Lord reported that several districts in the area are planning to meet to discuss forming a consortium to protest the impact fee the City of Houston is imposing for the additional taking of water. Director Mendel stated that he would attend the meeting on behalf of the District.

ENGINEER'S REPORT

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

Amend the Groundwater Reduction Plan

Mr. Dybala reported that he is working on the amendment to the groundwater reduction plan to meet the new requirements of the Harris Galveston Subsidence District.

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

Mr. Dybala next reported that at the completion of the Water Well No. 3 project, all pumping data and documentation will be submitted to the TCEQ.

Water Well No. 3 at Water Plant No. 1

Mr. Dybala reported on the status of construction of Water Well No. 3. He stated that W.W. Payton Corporation ("Payton") is working toward completion of gas mitigation and disinfection system modifications. Mr. Dybala stated that next week, the pilot study will be conducted.

Mr. Dybala then reported on the results of the inspection of the hydropneumatic and ground storage tanks. He stated that it is recommended that both tanks be recoated on the interior and exterior. Mr. Dybala requested that the Board authorize him to prepare a task order to prepare bid documents for projects for review at the March meeting. He noted that the work would not be performed until the winter.

After discussion, Director Going moved that the Board approve the engineer's report and authorize the preparation of a task order as requested. Director Schoelman seconded the motion and it passed by unanimous vote.

BUILDING OFFICE MANAGER'S REPORT

There was no report for the month.

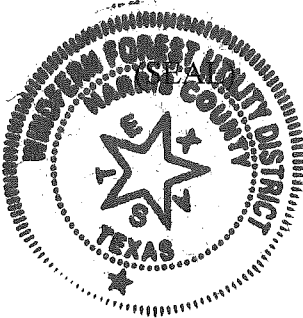
REPORT ON MATTERS DISCUSSED AT THE MEETING OF THE WHITE OAK BAYOU JOINT POWERS BOARD

Director Mendel reviewed the minutes of the January meeting. The Board then discussed the timeframe for funding the Phase 1 of the improvements at the plant.

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



Secretary, Board of Directors



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