

SPRING CREEK UTILITY DISTRICT
Minutes of Meeting of Board of Directors
July 15, 2024

The Board of Directors (the “Board”) of Spring Creek Utility District (the “District”) held its regular monthly meeting in accordance with the duly posted notice of meeting and the Texas Open Meetings Act. The roll was called of the duly constituted officers and members of said Board, as follows:

Claude Humbert	-	President
Mark Fusca	-	Vice President
Frederick Sunderman	-	Secretary
Leslie Gourley	-	Assistant Secretary
Paul Sterling	-	Director

All the said members were present, thus constituting a quorum.

Also present were Monica Pena, a representative of Utility Tax Services, LLC (the “District’s Tax Assessor”); Mason Mueller, representatives of Cobb, Fendley & Associates, Inc. (the “District’s Engineer”); Lindsey DeLong and Norma Alejos, representatives of Municipal Operations & Consulting, Inc. (the “District’s Operator”); Jonathan Roach, Ray Arce, Jessica Gentry, and Jeffrey Blankenship, representatives of Roach & Associates, PLLC (the “District’s Attorney”); Brian Desilets, a representative of Clarity Consulting Corporation (the “District’s Bookkeeper”); Aric Braddock, who entered later in the meeting, a representative of ASB Services, Inc. (the “District’s Inspector”); Danae Dehoyos and Calep Estes, representatives of Touchstone District Services (the “District’s Communications Consultant”); Sergeant Carswell, a representative of Montgomery County Constable Precinct 3 (“MCC3”); Jack Burgher*, a representative of BCS Capital Group (“BCS”); and Harry Thompson*, a representative of Allen Boone Humphries Robinson, legal counsel for BCS. [*Remote Attendees]

Call to Order: President Humbert called the meeting to order.

PUBLIC COMMENTS

There were no public comments.

SECURITY REPORT

Sergeant Carswell presented the Security Report, attached hereto as **Exhibit “A”**. He then presented a proposal for a new marked patrol vehicle, noting that purchasing one (1) new vehicle would be within the security budget. Sergeant Carswell recommended using vehicle #3067 as a pull car in case another fails. Director Gourley stated that he agreed with the replacement vehicle as long as it was within budget. Director Humbert inquired when the new vehicle would be purchased. Sergeant Carswell said that MCC3 would purchase the vehicle once it was available. A discussion ensued regarding the make and model of the new vehicle and a timeline for when it will be ready for use. After some discussion, Director Fusca motioned to approve the purchase of a new vehicle, subject to its availability, with vehicle #3067’s use being a pull car and an executed check for the

vehicle to be held by the District's Bookkeeper. Director Sterling seconded the motion, which passed unanimously.

Director Sunderman noted that the pools are open for the summer and asked that the constables be stationed there. Sergeant Carswell confirmed that he would place some officers around those locations. After some discussion, Director Gourley motioned to approve the Security Report. Director Sterling seconded the motion, which passed unanimously.

Mr. Braddock entered the meeting.

Sergeant Carswell exited the meeting.

Mr. Burgher stated he was available to answer any questions the Board may have. Mr. Roach confirmed that the Economic Development Agreement and Utility Development Agreement have been fully drafted and that he would forward them to BCS once the exhibits are added.

Messrs. Burgher and Thompson exited the meeting.

CONSENT AGENDA: MINUTES

The Board considered for approval the special meeting minutes of June 3, 2024, and the regular meeting minutes of June 17, 2024. After some discussion, Director Gourley motioned to approve the June 3, 2024, special meeting minutes, subject to revisions. Director Sterling seconded the motion, which passed unanimously. The Board concurred to defer the approval of the June 17, 2024, regular meeting minutes.

CONSENT AGENDA: CONSULTANT REPORTS

After some discussion, Director Fusca motioned to approve the following consultant reports: (1) Garbage Collection Report, attached hereto as **Exhibit "B"**; (2) Tax Assessor's Report, attached hereto as **Exhibit "C"**; (3) Delinquent Tax Report; and (4) Communications Report, attached hereto as **Exhibit "D"**. Director Gourley seconded the motion, which passed unanimously.

Ms. Pena exited the meeting.

INSPECTOR'S REPORT

Mr. Braddock presented the Inspector's Report, attached hereto as **Exhibit "E"**, noting he is still working with Fencecrete America and discussed the erosion under the Lift Station 3 generator. He also stated that manhole and lift station repairs will take place by dye testing and covering holes. Mr. Braddock noted that, due to electrical issues caused by the recent storm, Montgomery County Municipal Utility District No. 88 and 89's ("MC88" and "MC89") wells are offline, and the interconnect is being shared with the District. He further noted that the generator could only run Pump No. 2 during an outage and that the soft start had gone out. The Board ensued in a discussion regarding various replacements and repairs. After the discussion, Director Gourley motioned to approve the Inspector's Report. Director Sterling seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Ms. DeLong presented the Operator's Report, attached hereto as Exhibit "F". She then presented the delinquent cut-off list. Next, Ms. DeLong suggested a 30-day payment extension to accommodate the customers due to the recent storm event. Director Sunderman motioned to approve a 30-day payment extension. Director Sterling seconded the motion, which passed unanimously. Ms. DeLong then noted that a resident had recently been disconnected from water service and had requested a waiver of the two (2) months' disconnect fees. The Board had a lengthy discussion regarding the timing of disconnection and billing. After the discussion, the Board concurred to defer the waiver of the resident's fees until Ms. DeLong could investigate the resident's ownership status and payment history.

Next, Ms. DeLong presented the performance testing of the District's wells. Ms. DeHoyos inquired if the Board would like a text alert to be sent out regarding water usage and the current water well status. Director Fusca noted that the residents need to be informed about why they need to decrease their water usage, noting that the wells have dropped 26 feet since April 2024. He further suggested that the Board send information about aquifers and recharge rates.

Then, Ms. DeLong stated that upon further research, the resident requesting the waiver of disconnection fees was a tenant. Director Humbert noted that the resident needs to pay what is currently owed before the District provides credit for the fees. After some discussion, the Board concurred with not waiving the disconnection fees for this resident. Finally, Ms. DeLong noted that John Montgomery is no longer with Municipal Operations & Consulting, Inc. and that she will now be the representative of the District's Operator. After some discussion, Director Gourley motioned to approve the Operator's Report. Director Fusca seconded the motion, which passed unanimously.

COMMITTEE REPORTS

Director Humbert noted that the Budget and Finance Committee is waiting for the completion of the Capital Improvement Project ("CIP") so that the District's Financial Advisor can prepare the tax rate analysis, provide a tax rate recommendation, and discuss any revisions to the operating budget. Next, Director Humbert noted that the District's second quarter newsletter was finished and that a few updates were made to the website. He further stated that they will now begin preparing for the third quarter newsletter. Director Fusca suggested adding an article to the Frequently Asked Questions page with information about aquifers, where the District's water comes from, and the recharge rates. Then, Director Humbert advised the Board that the surface water pipeline term sheet had been submitted to the San Jacinto River Authority ("SJRA"), and the District has been added to their next agenda. He indicated that Quiddity Engineering plans to move forward with the survey and easement for the pipeline. The Board then discussed the financing of the pipeline survey and easement. Finally, Director Humbert noted that the Administration Building Committee met with Grossman Design Build and the District's Engineer, indicating that the survey should be done soon.

BOOKKEEPER'S REPORT

Mr. Desilets presented the Bookkeeper's Report, attached hereto as Exhibit "G". After some discussion, Director Sunderman motioned to approve moving \$1,700,000 from the capital project funds to the operating account, based on the recent approval of the surplus funds and change in scope by the Texas Commission on Environmental Quality. Director Gourley seconded the motion,

which passed unanimously. Next, Director Gourley motioned to approve the Bookkeeper's Report and payment of invoices. Director Sterling seconded the motion, which passed unanimously.

SALES TAX REPORT AND STRATEGIC PARTNERSHIP AGREEMENT ("SPA") UPDATES

Mr. Arce stated that the City of Houston ("COH") extended the SPA July 1, 2024, due date request. Mr. Roach noted that the COH understands that the District is only updating the SPA for a few tracts of land. He then indicated that the COH may not approve the updates if they see that the tracts of land are for apartment complexes.

ENGINEER'S REPORT

Mr. Mueller presented the Engineer's Report, attached hereto as Exhibit "H", presenting an updated estimate detailing Alternative 1, System B, combined with the amended Water Reuse Distribution System Phase 1 for Fox Run. Next, Mr. Mueller presented the Birnham Woods Drive pedestrian bridge, noting that MC88 had prepared a shared cost estimate for the project. Then, he said that the District's Engineer received a utility commitment request for a proposed Bojangles development at 4057 Riley Fuzzel. After some discussion, Director Sunderman motioned to approve the proposal and water reuse for Phase 1 of Fox Run. Director Fusca seconded the motion, which passed unanimously. Next, Director Fusca motioned to approve the estimated shared cost for the Birnham Woods pedestrian bridge. Director Sterling seconded the motion, which passed unanimously.

Next, Director Sterling motioned for the District's Engineer to send a utility commitment letter to the proposed development at 4057 Riley Fuzzel, subject to (1) the acquisition of the property; (2) the requirement of purple pipe installation once the District is ready for it; and (3) limitation of irrigation at the District's discretion. Director Sunderman seconded the motion, which passed unanimously. Finally, Director Sunderman motioned to approve the Engineer's Report. Director Fusca seconded the motion, which passed unanimously.

Next, the Board engaged in discussions regarding the CIPs, the timeline for projects to have funds allocated simultaneously, and managing the District's reserves in the future. Mr. Mueller confirmed that he plans to meet with Director Humbert to create an outline of the numbers for the CIPs.

POSSIBLE RATE ORDER AMENDMENT

Director Sterling advised that he had researched previous changes to the Rate Order. Director Humbert pointed out that the Capital Price Index for GFL Environmental must be implemented in the Rate Order.

DEVELOPING DISTRICT STATUS

Mr. Roach noted that the determination of a District's developing status is an annual requirement and reminded the Board of the tax rate adoption procedures for special districts under Chapter 49 of the Texas Water Code. He noted that the procedures applicable to a particular district will depend, in part, upon whether it is determined to be a "developed" or "developing" District

under new Senate Bill 2 requirements, noting the impact on District tax rates and potential election requirements. After some discussion, Director Sunderman motioned to recognize the District as a “developing” district for the 2024 tax year and adopt the corresponding resolution. Director Gourley seconded the motion, which passed unanimously.

JOINT FACILITIES ADVISORY COMMITTEE (“JFAC”) MATTERS

This item was discussed above.

DIRECTOR’S REPORT

Director Sunderman noted that none of the District’s projects were on the Region 6 Flood Planning Group funding list. Mr. Roach pointed out an email from Director Fusca regarding a possible grant opportunity from Dan Crenshaw. He further noted that Director Fusca and Mr. Mueller were going to discuss potential projects to submit to Mr. Crenshaw’s office. Director Fusca advised that the projects need to get on an appropriation list, so the projects will need to be split up. The Board further discussed project funding and corresponding project timelines.

INSURANCE RENEWAL OPTIONS (*EXPIRE SEPTEMBER 30, 2024*)

Mr. Roach informed the Board that the District’s insurance policies with Arthur J. Gallagher & Co. (“AJG”) expire on September 30, 2024. The Board discussed various insurance company options. Director Humbert noted there has been a 20% increase in pricing for insurance services. After some discussion, the Board concurred to authorize the District’s Attorney to request a renewal proposal from AJG.

COMMUNICATIONS REPORT

This item was discussed above.

ATTORNEY’S REPORT

Mr. Roach noted that Woodmere was supposed to meet with the Forest Village Homeowners Association (“Forest Village”) the previous week but had to reschedule due to the storm. The Board then discussed Forest Village, debris build-up in the drainage swale, and the Lonestar Groundwater Conservation District conservation rules. Next, Mr. Roach mentioned the upcoming SJRA election results, noting there are two candidates for representative of Municipal Utility Districts located east of 45. Finally, he introduced Mr. Blankenship as an intern for the District’s Attorney.

Messrs. Mueller, Desilets, Braddock, Estes, Ms. DeLong, Ms. Alejos, and Ms. Dehoyos exited the meeting.

EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, SECTIONS 551.071, 551.074, ET. SEQ.

The Board entered into executive session at 8:44 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE ANY ACTION RESULTING FROM EXECUTIVE SESSION

The Board reconvened in open session at 9:18 p.m. No action was taken.

Mr. Braddock and Ms. DeLong re-entered the meeting.

Director Humbert informed Mr. Braddock that the Board would like him to work on the preventative maintenance plan (“PM”) for the District. Director Gourley requested that Mr. Braddock also set up a PM program for the District. Director Humbert said he would like to use a format similar to one presented at the recent Association of Water Board Directors conference. After further discussion, the Board concurred in authorizing the District’s Inspector to prepare an initial PM plan.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board concurred to reconvene for their next regular meeting on August 19, 2024, at 5:00 p.m. There being no further business to discuss, Director Gourley motioned to adjourn the meeting. Director Sterling seconded the motion, which passed unanimously.

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Passed and approved this 16th day of September 2024.

/s/ Frederick Sunderman
Secretary, Board of Directors



LIST OF EXHIBITS

Exhibit A - Security Report
Exhibit B - Garbage Collection Report
Exhibit C - Tax Assessor's Report
Exhibit D - Communications Report
Exhibit E - Inspector's Report
Exhibit F - Operator's Report
Exhibit G - Bookkeeper's Report
Exhibit H - Engineer's Report