

SPRING CREEK UTILITY DISTRICT
Minutes of Meeting of Board of Directors
March 20, 2023

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
Melvin Willcockson	-	Director

All of said members were present except Director Sunderman*, who entered later in the meeting, thus constituting a quorum.

Also present were Monica Pena of Utility Tax Services, LLC (“Utility Tax”); Mason Mueller and Amber Hurd of Cobb, Fendley & Associates Inc. (“C-F”); John Montgomery of Municipal Operations & Consulting, Inc. (“MOC”); Jonathan Roach, Brian Cassidy*, Ray Arce, Debbie Gentry*, and Jessica Gentry of Roach & Associates, PLLC (“RAPLLC”); Michael Willett and Calep Estes of Touchstone District Services (“Touchstone”); Bill Russell, who entered later in the meeting, of Myrtle Cruz, Inc. (“Myrtle Cruz”); Aric Braddock of ASB Services, Inc. (“ASB”); John Elder and Stewart Black of Acclaim Energy (“Acclaim”); David Selesky of GFL Environmental (“GFL”); Ryan Fortner of Revenue Management Services (“RMS”); Eric Bjorgum of Turnbury Village Senior Cottages; and Suzi Vang, a resident of Spring Forest Village and Alejandro Gonzalez, a resident of the District. [* Remote Attendees]

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

PUBLIC COMMENTS

Ms. Vang explained that she lived in Spring Forest Village on the other side of the District’s drainage system and discussed issues with water flowing back into her property. She then requested a wall be built between her property and the District’s drainage system, noting she would install a drainage system in her yard. Next, a lengthy discussion ensued regarding the cause of the drainage issues and possible solutions.

Messrs. Russell, Fortner, and Selesky entered the meeting.

ACCLAIM ENERGY TEXAS RELIABILITY COALITION

Mr. Elder introduced himself and discussed the Texas Reliability Coalition program, noting the goal is to provide Municipal Utility Districts (“MUDs”) reliability for the entire neighborhood should the power go out. Mr. Elder then explained that they are working on a micro-grid pilot

program where CenterPoint would place a large generator in a community that would provide power to the neighborhood in the event of a power outage. He then explained that CenterPoint Energy is accepting five more pilots and asked if the District would like to join the pilot program. He then reviewed the Letter of Intent, noting there is no obligation to the District and that the Letter of Intent simply states the District's interest in participating in the program. Director Gourley inquired about the cost of the program, whereby Mr. Elder noted that the goal is for the program to be at no cost to the District. Next, Director Willcockson inquired about how this would affect residents who already have a backup generator. Mr. Elder confirmed residents would no longer need to use their current backup generator. After some discussion, Director Fusca motioned to join the Texas Reliability Coalition Pilot Program and sign the Letter of Intent. Director Gourley seconded the motion, which passed unanimously.

Mr. Elder and Mr. Black exited the meeting.

CONSENT AGENDA: MINUTES

This item was deferred.

CONSENT AGENDA: CONSULTANT REPORTS

The Board considered for approval the regular meeting minutes of January 16, 2023, and February 20, 2023, and the special meeting minutes of January 23, 2023. The Board concurred to defer the minutes at this time.

Then Director Humbert inquired about the difference between receivables and delinquent accounts on the Delinquent Tax Report and the Tax Assessor's Report. Mr. Arce said he removed all deferments and installments on the Delinquent Tax Report. Ms. Pena noted that the Tax Assessor's Report combines the conglomeration of prior years with the current. Director Humbert requested that Mr. Arce and Ms. Pena discuss the inconsistencies further.

Next, Director Gourley made a motion to approve the following consultant reports: (1) Security Report, attached hereto as **Exhibit "A"**; (2) Tax Assessor's Report, attached hereto as **Exhibit "B"**; (3) Delinquent Tax Report, attached hereto as **Exhibit "C"**; (4) Inspector's Report, attached hereto as **Exhibit "D"**; (5) Operator's Report, attached hereto as **Exhibit "E"**; and (6) Communications Report, attached hereto as **Exhibit "F."** Director Fusca seconded the motion, which passed unanimously.

SALES TAX REPORT, INCLUDING STRATEGIC PARTNERSHIP AGREEMENT ("SPA") AMENDMENT

Mr. Fortner noted that RMS consistently updates the list of sales taxes provided by the Comptroller and State, noting discrepancies are common, and that RMS discovered nine (9) discrepancies, all of which have been corrected. Therefore, the District will receive full recovery, which should be reflected in their March payment. Mr. Fortner further noted once the City releases the allocations, he would forward copies to the Board.

Mr. Roach advised that a SPA amendment would need to be drafted, whereby Mr. Fortner confirmed RMS is awaiting an email from the County regarding the SPA amendment.

DISTRICT ADMINISTRATIVE BUILDING OPTIONS

There was no update at this time.

RESEARCH UNCLAIMED PROPERTY, PROVIDE NOTICE TO UNCLAIMED PROPERTY OWNERS, AND FILE

Mr. Roach advised that the District is required to research any unclaimed property related to water utility deposits, tax overpayments, and additional funds the District may be in custody of. These will need to be reported and, in some cases, escheated to the State of Texas by July 1, 2023. Director Fusca motioned to authorize the District's consultants to research any unclaimed property held by the District, provide the required notice, as applicable, and file with the State as necessary. The motion was seconded by Director Gourley and passed unanimously.

Mr. Gonzalez entered the meeting.

GARBAGE COLLECTION REPORT

Mr. Selesky introduced himself and discussed the recent request for an increase in the contract rate which exceeds the anticipated annual CPI increase. A lengthy discussion ensued regarding the decrease of the CPI increase presented at a rate that was fair to both the District and GFL. After discussion, Director Fusca motioned to approve a fifteen percent (15%) increase, totaling \$21.50, with the understanding that the 2023 CPI increase will be waived in August. Director Gourley seconded the motion, which passed unanimously. Director Humbert requested that Mr. Selesky send a revised letter confirming this new increase.

Mr. Selesky exited the meeting.

DELINQUENT TAX REPORT CONTINUED

Mr. Arce revisited the discussion above regarding the discrepancies between the Delinquent Tax Report and the Tax Assessor's Report, noting the difference was due to Ms. Pena's Tax Assessor's Report being closed out on February 28, 2023, while the Delinquent Tax Report closed out on March 8, 2023. Mr. Arce confirmed he would cut off the information to coincide with Ms. Pena's at the next reporting period.

PUBLIC COMMENTS CONTINUED

Mr. Gonzalez mentioned that the new trash collection increase was very high and provided no additional benefits to the residents. Ms. Vang stated that she lives in Spring Forest and inquired if anyone had walked down the trails, noting an overflow issue. Director Gourley stated there is a drainage system that the developer maintains. Mr. Arce advised that these topics had been discussed

earlier in the meeting and asked the Board if they would like to continue addressing the matters, whereby the Board concurred to address Mr. Gonzalez's questions.

Director Gourley asked Mr. Gonzalez about other issues he wanted to discuss with the Board. Mr. Gonzalez expressed his concerns regarding security in the District, noting that he never sees Precinct 3 patrolling the back end of the neighborhood and that he has discussed the patrolling matter with the Constables' office, whereby they confirmed that they do not patrol the back of the neighborhood. Mr. Gonzalez stated that residents are paying for security services that are not being fulfilled. Director Fusca stated that he would discuss this further with Sergeant Carswell and agreed to meet on site to understand the issues Mr. Gonzalez discussed.

Then Mr. Gonzalez inquired about the next step for grating in the neighborhoods, whereby the Board concurred for Director Fusca, Mr. Braddock, and Mr. Mueller to discuss further.

Ms. Vang exited the meeting.

BOOKKEEPER'S REPORT

Mr. Russell presented the Bookkeeper's Report; a copy is attached as **Exhibit "G,"** noting a discrepancy for the SKE Construction check, which was erroneously written for \$32,457.19 instead of the correct amount of \$302,457.19. Then Mr. Russell informed the Board that he would retire on May 31, 2023.

Then Director Humbert inquired about check #15110 for \$12,000 payable to Flock Safety for installing cameras, noting there was never a contract for that work. Director Gourley asked whether the District had paid Flock Safety in the past, whereby Mr. Russell confirmed that the District had not paid them before and advised that he would void the check. Director Humbert also reviewed check #15108 for \$150.00 payable to Lake Shore Alarm, noting the contract had never been completed and, therefore, the check should be voided. Director Humbert then reviewed Montgomery County Precinct 3 Constable's Office ("MCC3") invoice, noting some financial increases that did not include any explanation. The Board concurred for Director Fusca to call MCC3 to discuss this further.

Ms. Vang re-entered the meeting.

Finally, Director Humbert requested updated debt service payment information on the budget, whereby Mr. Russell confirmed.

After no further discussion, Director Willcockson motioned to approve the Bookkeeper's Report and the voided invoices listed above. Director Fusca seconded the motion, which passed unanimously.

Ms. Vang and Mr. Gonzalez exited the meeting.

ENGINEER'S REPORT

Mr. Mueller presented the Engineer's Report; a copy is attached hereto as "Exhibit H," providing updates on the following:

(1) General District Engineering: (a) Water Capacity Analysis, noting Montgomery County Municipal Utility District No. 89 ("MC89") plans to discuss the feasibility study to assess the possibility of bringing surface water service to their Water Plant No. 2 at the next Joint Facilities Advisory Committee ("JFAC") meeting. He further noted that this could impact the sizing of a future water plant site or the modification of the existing ACR. Then, Mr. Mueller noted that the Texas Commission on Environmental Quality ("TCEQ") had been notified that additional time is necessary to prepare hydraulic modeling for the ACR request and confirmed C-F is proceeding with the preparation of the ACR request that will include hydraulic modeling; (b) Fox Run Drainage Analysis, noting that C-F is continuing with the drainage analysis for the Fox Run Section 1 neighborhood and that they are modeling possible detention options, including possible integration of the existing Fox Springs Park pond; (c) WWTP Discharge Permit Renewal, reminding the Board that the permit application has been submitted to the TCEQ, declared administratively complete, and they are now awaiting the TCEQ to send a draft permit in within the next one or two months; (d) District Boundary Map, noting the surveyor produced a boundary map with updated metes and bounds description showing the three (3) pending annexations, which needs to be signed by the District; and (e) Birnham Woods Drive Sidewalk, noting that record drawings for the Birnham Woods Drive Sidewalk have been requested from A&S Engineers, Inc. ("A&S"), but the record drawings have not yet been received. Then, a lengthy discussion ensued regarding waiting on the County and A&S.

Mr. Bjorgum entered the meeting.

(2) District Projects (*Construction*): (a) Fox Run Water Line Rehabilitation Phase 1, noting the contractor has completed approximately ninety-six percent (96%) of the contract. He then indicated all intersection repairs had been completed and additional sidewalk, ADA ramps, and site restoration were in progress, with an estimated completion in April. Next, he noted C-F received and is recommending payment of Pay Estimate No. 7 for \$302,457.19 payable to SKE Construction, LLC ("SKE") and (b) Fox Run Water Line Rehabilitation Phase 2, noting contract documents have been provided to RAPLLC, with the contractor-signed agreement, bonds, and insurance, for their review, reminding the Board that they awarded the project to SKE via the BuyBoard program for \$3,499,548.00.

Mr. Russell exited the meeting.

(3) Development Projects: (a) Fuego Taco Restaurant, noting that a "no objection letter" has been reviewed and issued to the developer; (b) 2121 Riley Fuzzel, noting C-F has received and reviewed plans for the proposed Alcove at Benders Landing. Mr. Mueller further noted that a "no objection letter" had been issued to the developer; (c) BCS Capital Group, LLC Locke Tract, noting that C-F is continuing a drainage impact analysis for service to the Locke annexation tract;

and (d) Fieldhouse Project, noting that Fieldhouse plans to deposit funds to the District so design of the proposed waterline and sanitary sewer force main extension can begin.

Director Fusca inquired about the fire access lane at 2121 Riley Fuzzel, which was discussed at last month's meeting. Mr. Mueller confirmed that they are no longer pursuing this option.

After no further discussion, Director Sunderman motioned to approve Pay Estimate No. 7 for \$302,457.19, payable to SKE. Director Humbert seconded the motion, which passed unanimously. Then, Director Gourley motioned to approve the Engineer's Report. Director Fusca seconded the motion, which passed unanimously.

DEVELOPERS' REPORT

Mr. Bjorgum introduced himself to the Board and presented plans to remodel a home he owns in the District into a duplex. He inquired if this concept would require an additional tap, whereby Director Humbert confirmed. Mr. Bjorgum noted he plans to finish the project by the end of the summer. He then stated that Montgomery County (the "County") requires a letter from the District stating it will provide one (1) additional water tap.

Mr. Russell re-entered the meeting.

After some discussion, Director Fusca motioned to provide an additional water tap for the duplex addition, subject to RAPLLC sending a confirmation letter to the County. Director Willcockson seconded the motion, which passed unanimously.

Mr. Bjorgum exited the meeting.

Ms. Vang re-entered the meeting.

Director Humbert inquired about the status of Woodmere Development, KB Homes, and the Pendleton tracts. Mr. Roach noted that RAPLLC is working with Woodmere Development regarding some title verifications. He then noted that RAPLLC is awaiting additional information from KB Homes and Pendleton.

PROPOSED WATER WELL NO. 3

This item was discussed above.

PHASE 2 WATER LINE REHABILITATION, INCLUDING THE BUYBOARD PROGRAM

This item was discussed above.

RE-ALLOCATION OF SERIES 2021 BOND FUNDS AND DEVELOPER REIMBURSEMENTS

Director Humbert inquired about the status of the TCEQ Surplus Bond approval. Mr. Roach noted that he had followed up with the TCEQ and was advised that although they found proof of filing and submission, the TCEQ could not locate the documents that were uploaded to their system. Mr. Roach stated that the documents would have to be re-submitted, and he is coordinating with TCEQ to waive the fee and expedite the review.

FUTURE REQUIREMENTS FOR LEAD AND COPPER RULES

Mr. Montgomery noted the requirements are ongoing.

OPERATOR'S REPORT CONTINUED

Mr. Montgomery noted that K3BMI is proposing a CPI index of 6.92% but advised to discuss further at the District's budget meeting. Mr. Montgomery then presented the commercial and residential rates for water and sewer. Director Fusca inquired if other Districts have similar rates for residential, whereby Mr. Montgomery confirmed they are similar.

Next, Mr. Montgomery explained that someone had broken into the pump station behind the Regal movie theater, noting that the small generator running controls had been tampered with, and they could not get it in the automatic position to start. Mr. Montgomery advised the Board to have cameras installed around the pump station for security purposes. Director Gourley noted they should install a three-hundred-sixty (360) degree camera to monitor the area. Mr. Montgomery stated he would install a light poll the next day. Director Sunderman noted security needs to be increased around the pump station. Mr. Montgomery suggested installing a system with an alarm that would require anyone entering to disarm it. Director Gourley stated he wants something in writing from MCC3 saying that the area has been thoroughly investigated to see if anything else was broken. Director Fusca noted security needs to be a more extensive discussion, and they need to invest more money. Director Gourley requested Mr. Montgomery obtain quotes for different security systems to be presented at the District's budget meeting.

PREVENTATIVE MAINTENANCE PROGRAM

There was nothing new to report.

Mr. Braddock noted the vegetation in the Walmart pond is still causing an issue and asked for approval to obtain a soil sample. Director Fusca inquired about whether the pond is normally fertilized, whereby Mr. Braddock confirmed they are fertilizing the pond, but it is not working.

Mr. Roach exited the meeting during the discussion and re-entered the meeting at the end of the discussion.

JOINT FACILITIES ADVISORY COMMITTEE MATTERS, INCLUDING DOWNSTREAM ISSUES

Mr. Roach noted the next Joint Facilities Advisory Committee (“JFAC”) meeting would be held at MOC’s office on March 29, 2023, at 5:30 p.m. He further noted a special meeting would be held at 2:00 p.m. on March 29, 2023, before the JFAC meeting.

Next, a lengthy discussion ensued regarding various topics to be added and removed from the special budget and JFAC meeting agendas.

Director Humbert discussed the cost-sharing of Lonestar Groundwater Conservation District (“LGCD”), noting the income is not in line with the expenditures. Director Humbert then discussed the invoices the District had received each month since 2017, noting the District has significantly overpaid their share and that both Montgomery County Municipal Utility District No. 88 (“MC88”) and Montgomery County Municipal Utility District No. 89 (“MC89”) each owe the District a significant reimbursement. Mr. Roach pointed out that MC88 and MC89 had been collecting their share but had not sent it to the District. Mr. Montgomery noted he had looked at the billing and advised that he and Mr. Russell would work on it further. Director Fusca asked how much was recoverable, whereby Mr. Roach confirmed that all of the surpluses should be recoverable.

Then the Board discussed the time to hold the JFAC meeting, whereby the Board concurred to hold the meeting at 5:30 p.m.

DIRECTOR’S REPORT

Director Sunderman noted the Federal Highway Administration (“FHWA”) and Texas Department of Transportation (“TxDOT”) signed an agreement to allow an I-45 North Improvement Project for nine billion dollars. Director Sunderman further noted the project will take place between downtown Houston and North Sam Houston Tollway to bring the roadway up to federal safety standards.

Then Director Humbert reported that the San Jacinto River Authority (“SJRA”) held a meeting earlier in the day and discussed their budget preparation. Director Humbert also stated that Lonestar Groundwater Conservation District (“LGCD”) was in attendance and presented their plan for the subsidence evaluation. Then, he noted that LGCD appointed a new Director to fill their vacant position.

Next, Mr. Roach reviewed the topics presented at the Texas Water Day Seminar held in Austin at the Capital. He mentioned a statewide report card listing the health evaluation of the water and wastewater systems. He then noted two (2) bills applicable to the District that he presented in the Capital: (1) increasing Director per diems from \$150 per day to \$221 per day, coinciding with the legislative per diem, advising that the cap would remain at \$7,200 per year; and (2) removal of a Director due to misconduct or incompetence. Director Sunderman inquired whether the bills were targeted at any one District, whereby Mr. Roach confirmed they did not target any particular District and stated that these bills would benefit all Districts.

Director Sunderman inquired about Emergency water districts and payment to the SJRA. Mr. Roach noted that there is a bill on file that would allow the North Harris County Regional Water Authority (“NHCRWA”) to exclude themselves from the Harris-Galveston Subsidence

District (“HGSD”). Director Sunderman inquired about fire water usage and who pays the SJRA and other taxes. Mr. Roach noted that he was unsure if a bill was already related to these scenarios but would research further.

Then, Mr. Roach reviewed various proposed bills and noted he would be in Washington, D.C., April 17 – 20 for federal legislative purposes.

WATER SMART EVENT (APRIL 18, 2023)

Mr. Montgomery discussed the Water Smart Event, noting it would be held on April 18, 2023. A lengthy discussion ensued regarding the vendors, entertainment, and food. Director Humbert noted LGCD has agreed to attend and will provide a water conservation presentation.

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

The Board did not enter into executive session.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board concurred to reconvene for a special budget meeting on March 29, 2023, at 2:00 p.m. and a JFAC meeting on March 29, 2023, at 5:30 p.m. Director Humbert noted Kathryn Foss has COVID and will be remotely presenting the EVO report at the budget meeting. Director Humbert then inquired about whether the budgets had been prepared, whereby Mr. Russell confirmed he would have them ready for the budget meeting. After no further discussion before the Board, Director Gourley motioned to adjourn the meeting. Director Fusca seconded the motion, which passed unanimously.

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Passed and approved this 17th day of April 2023.

/s/ Frederick Sunderman
Secretary, Board of Directors

[SEAL]



LIST OF EXHIBITS

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