

SPRING CREEK UTILITY DISTRICT
Minutes of Meeting of Board of Directors
January 16, 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, thus constituting a quorum.

Also present were Joann Ramos 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, and Jessica Gentry of Roach & Associates, PLLC (“RAPLLC”); Sergeant Carswell of Montgomery County Pct. 3 Constable’s Office (“MCC3”); Simon VanDyke of Touchstone District Services (“Touchstone”); Bill Russell of Myrtle Cruz, Inc. (“Myrtle Cruz”); Aric Braddock of ASB Services, Inc. (“ASB”); Matthew Malmquist* (late) of Riley Fuzzel Holdings (“RFH”); Shane Sullivan (late) and Susanne Mcleod of Volare Partners, LP, the Fieldhouse developer (“Fieldhouse”); Justin Abshire of Quiddity Engineering, LLC (“Quiddity”); Ryan Fortner of Revenue Management Services (“RMS”); Aaron Alford of Woodmere Development; Diego Manobanda and Gilbert Reyes of Fuego Taco; Ken Buckwalter of Commercial Building Services (“CBS”); and Sam Patton of EnviroDesign. [* Remote Attendees]

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

PUBLIC COMMENTS

There were no public comments.

ACCLAIM ENERGY TEXAS RELIABILITY COALITION

This item was deferred.

CONSENT AGENDA: MINUTES

The Board considered for approval the regular meeting minutes of November 21, 2022. After a brief discussion, Director Gourley motioned to approve the November 21, 2022, regular meeting minutes, subject to revisions discussed. Director Willcockson seconded the motion, which passed unanimously.

The Board then considered for approval the regular meeting minutes of December 19, 2022. After a brief discussion, Director Gourley motioned to approve the December 19, 2022, regular meeting minutes, subject to revisions discussed. Director Willcockson seconded the motion, which passed unanimously.

SECURITY REPORT

Sergeant Carswell presented the Security Report, attached hereto as **Exhibit “A,”** noting that more patrol signs have been placed around the District. Director Sunderman inquired if Sergeant Carswell would begin to give quarterly reports. Sergeant Carswell confirmed he will submit his reports virtually every month but will only provide a verbal report each quarter. After no further discussion, Director Willcockson motioned to approve the Security Report. Director Fusca seconded the motion, which passed unanimously.

Sergeant Carswell exited the meeting.

Mr. Malmquist entered the meeting.

SALES TAX REPORT

Mr. Fortner presented the Sales and Use Tax Report. He then discussed the annual business list, noting that the update to identify inactive or newly activated businesses that the State has not included will take approximately five (5) months. Next, Mr. Fortner presented the fourth quarter close out of 2022, noting several increases in revenue over the past year. He further stated that there is no record of businesses practicing nonpayment or not in compliance. Director Gourley inquired about a nontaxable line item, whereby Mr. Fortner explained the concept of necessities to life, which include businesses where a physical product is not sold, such as hair salons, nail salons, etc.

Mr. Russell noted that Mr. Fortner turned in his invoice after the cutoff date and inquired if the Board would authorize a check to be issued to Mr. Fortner during the meeting. Director Sunderman motioned, seconded by Director Gourley, to authorize Mr. Russell to pay Mr. Fortner's invoice. The motion passed unanimously.

CONSENT AGENDA: CONSULTANT REPORTS

Director Humbert inquired if there were any updates in the Inspector's Report, whereby Mr. Braddock presented a \$25.00 increase for Fox Spring Park, from \$275 to \$300. Director Sunderman motioned to approve the \$25.00 increase. Director Gourley seconded the motion, which passed unanimously.

Then Mr. Montgomery informed the Board that MOC is putting in a new billing system and presented a flyer to the Board that will be sent to all residents informing them of the change.

Director Fusca motioned to approve the following consultant reports: (1) Tax Assessor's Report, attached hereto as **Exhibit “B”**; (2) Inspector's Report, attached hereto as **Exhibit “C”**; (3)

and Operator's Report, attached hereto as "Exhibit D." Director Gourley seconded the motion, which passed unanimously.

RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Roach advised the Board that, pursuant to applicable sections of the Texas Tax Code, the District can levy an additional penalty of up to twenty percent (20%) to cover the costs of collections on any delinquent personal property tax accounts as of February 1 each year. After a brief discussion, Director Sunderman, seconded by Director Gourley, moved to maintain the previously approved additional twenty percent (20%) penalty as authorized for 2020 and subsequent years and to authorize the delinquent tax attorney to proceed with the usual statutory/contractual twenty percent (20%) additional penalty to be effective February 1, 2023. The motion carried unanimously. The 2020 Resolution was not rescinded; therefore, the prior Resolution will remain in effect.

RESOLUTION GRANTING CERTAIN EXEMPTIONS FROM TAXATION FOR 2023

Mr. Roach presented and reviewed the Resolution Concerning Exemptions from Taxation for 2023. He explained the exemptions available under Section 11.13 of the Texas Tax Code and noted the prior years' exemptions adopted by the Board. After discussion, Director Fusca made a motion, seconded by Director Gourley, to adopt the Resolution, as presented, to include: (1) a \$55,000 exemption for individuals who are over sixty-five (65) years of age and under disability according to applicable federal statutes, which is no change from the prior year; and (2) leaving the general homestead exemption at the statutory maximum of twenty percent (20%), which is no change from the prior year. The motion carried unanimously.

BOOKKEEPER'S REPORT

Mr. Russell presented the Bookkeeper's Report, a copy attached hereto as Exhibit "E." Director Sunderman inquired whether the report should be included under Consent Agenda, whereby Director Humbert noted it was removed to address various changes. The Board then had a discussion regarding various changes in the budget, mainly revising the dollar amounts for trash collection, income from Operation and Maintenance ("O&M") taxes, and the park building. After no further discussion, Director Humbert motioned to approve the Bookkeeper's Report. Director Gourley seconded the motion, which passed unanimously.

Mr. Fortner exited the meeting.

SECURITY AND LAW ENFORCEMENT CONTRACT OPTIONS

There was nothing new to report.

PRESENTATION FOR FUTURE WATER CONNECTION WITH SAN JACINTO RIVER AUTHORITY ("SJRA")

Ms. Hurd noted C-F has put together a map displaying the water line route from San Jacinto River Authority (“SJRA”) and surrounding districts. Mr. Abshire advised he has been working on the same project. Ms. Hurd proposed the Districts share the cost of the study with Montgomery County Municipal Utility District No. 89 (“MC89”) and 88 (“MC88”) to connect to SJRA’s water line. Then Mr. Abshire advised that he met with SJRA regarding different options and was told that the water line extension would be considered a non-mandatory extension, meaning the cost of the project would have to be covered by the district receiving the surface water. He further informed the Board that SJRA was interested in entering an agreement with the districts to provide water. Mr. Abshire further indicated that the cost for the initial feasibility study would be \$15,000 and proposed to have this cost evenly split between the three (3) participants: MC88, MC89, and the District, i.e. \$5,000 each.

Mr. Sullivan entered the meeting.

Director Fusca exited the meeting during the discussion.

A lengthy discussion ensued regarding the advantages and disadvantages of the potential waterline connection with SJRA. After no further discussion, Director Gourley, seconded by Director Sunderman, motioned to share the cost for the SJRA waterline connection feasibility study. The motion passed four-to-zero (4-0), with Director Fusca temporarily absent from the vote.

ENGINEER’S REPORT

Ms. Ramos exited the meeting.

Director Fusca entered the meeting.

Mr. Mueller presented the C-F Engineer’s Report, a copy is attached hereto as **“Exhibit F,”** providing updates on the following:

(1) General District Engineering: (a) Emergency Preparedness Plan (“EPP”), noting Texas Commission on Environmental Quality’s (“TCEQ”) additional comments have been addressed, and the updated EPP has been sent back for further review; (b) Water Capacity Analysis, noting C-F met with MC89’s Engineer, Mr. Abshire, who confirmed they are proceeding with a feasibility study to assess the possibility of bringing surface water service to their Water Plant No. 2, advising it could impact the sizing of a future water plant site or the modification of the existing alternative capacity requirement (“ACR”); (c) Fox Run Drainage Analysis, noting C-F is proceeding with the drainage analysis for the Fox Run neighborhood; and (d) District Boundary Map, noting C-F is awaiting final revisions.

(2) District Projects (*Design*): WWTP Discharge Permit Renewal, noting the TCEQ has declared the permit application administratively complete.

(3) District Projects (*Construction*): (a) Well No. 1 Rehabilitation, noting C&C Water Services (“C&C”) received pumping equipment and a motor, mobilized on January 12, 2023. He then noted C&C’s Change Order No. 1, removing unused bid items and reinstallation of the pump

for a credit of \$49,050.00. Director Humbert inquired about the original quote of \$16,000 on the steel discharge head, whereby Ms. Hurd explained that C&C was able to provide a refurbished unit that would save the District \$8,000. Then, Director Gourley, seconded by Director Willcockson, motioned to accept Change Order No. 1 for a net decrease of \$49,050.00, reducing the original contract price from \$179,924 to \$130,874.00; (b) Fox Run Water Line Rehabilitation Phase 1, noting SKE Construction (“SKE”) has completed approximately eighty percent (80%) of the contract, adding that the pipe bursting is expected to be complete in late February or early March. Afterward, they can begin the additional pavement, sidewalk, and site restoration. Mr. Mueller further noted that C-F plans to meet with the District’s staff and SKE within the next two (2) weeks to identify and mark the proposed sidewalk limits. Finally, he recommended payment of SKE’s Pay Estimate No. 5 for \$312,506.91. Director Sunderman motioned to approve Pay Estimate No. 5 for \$312,506.91 payable to SKE; (c) Fox Run Rehabilitation Phase 2, noting A&S will complete the design and provide it to C-F for inclusion in the construction bid package. Mr. Roach said he would meet with A&S and C-F this week on various pending projects.

(4) Development Projects: (a) BCS Capital Group, LLC (“BCS”) Locke Tract, noting a proposal for drainage impact analysis for service to the Locke annexation tract has been provided to BCS ; (b) Fieldhouse Project, 2007 Riley Fuzzel Road, noting plans have been reviewed for the Fieldhouse annexation tract and that a 3-inch force main could serve around 250 connections. He then presented a cost estimate for the proposed sanitary sewer force main extension that serves Exxon and Arby’s, which would tie into and upsize the existing sewer force main from 2 inches to 3 inches. Then Director Sunderman inquired about a possible deceleration lane in Fieldhouse’s development. Mr. Sullivan assured the Board that this lane is not required and will not be constructed. Then, a lengthy discussion ensued regarding road expansion and deceleration lanes.

Messrs. Abshire, Montgomery, Braddock, and Sullivan exited the meeting.

Messrs. Montgomery, Braddock, and Sullivan entered the meeting.

Next, Mr. Buckwalter addressed the Board, noting that Fuego Taco is ready to submit drawings for their grease trap but wanted to know if the District had any additional requirements. Mr. Montgomery advised that their drawings should be sufficient as long as they have prepared what was requested. Then, Mr. Patton introduced himself and noted that during the plan review by the civil engineer, the detail of one grease trap per tenant was missed. He then suggested two options: (1) implementing an individual gravity interceptor to serve the tenant, along with additional gravity interceptors for future tenants; or (2) place smaller hydromechanical interceptors inside the tenant’s space, noting that it serves the same function as a gravity interceptor. Mr. Patton noted that the current plans reflect individual gravity interceptors running along the building for Fuego Taco and future tenants. Mr. Montgomery advised Messrs. Patton and Buckwalter that the plans would be accepted if submitted as so but reminded them that there would only be one water meter. A lengthy discussion ensued regarding the installation of individual meters.

Messrs. Manobanda, Reyes, Buckwalter, and Patton exited the meeting.

EMERGENCY PREPAREDNESS PLAN (“EPP”)

This item was discussed above.

JOB ASSIGNMENT PROPOSAL AND BUDGET FOR FOX RUN DRAINAGE PROJECT

This item was deferred.

PROPOSED WATER WELL NO. 3

Mr. Mueller noted C-F is awaiting the feasibility study from MC89's engineer.

FUTURE REQUIREMENTS FOR LEAD AND COPPER RULES

Mr. Montgomery noted several updates to the Lead and Copper Rule Revision. He then advised that MOC will need to take an initial inventory that includes several requirements. A lengthy discussion ensued regarding various tasks required by the TCEQ to determine the District's inventory. Next, Mr. Montgomery discussed the immediate tasks required to identify the source and noted he could complete the inventory for \$9,400. He further advised that any necessary replacements will be completed at a cost of \$58,000 and recommended that \$60,000 be added to the budget for the next fiscal year.

Director Sunderman exited the meeting.

Director Fusca motioned to approve \$9,400 to be added to the budget for MOC's inventory. Director Gourley seconded the motion, which passed unanimously.

PREVENTATIVE MAINTENANCE PROGRAM

There was nothing new to report.

DISTRICT ADMINISTRATIVE BUILDING OPTIONS

Director Humbert advised that this would be discussed at the District's special meeting on January 23, 2023.

FOX SPRING PARK BUDGET INCREASE

This item was discussed above.

DEVELOPERS' REPORT

Mr. Alford noted that he is no longer developing in Forest Village but has a few other projects he is working on. He then mentioned the donation of property recently discussed and noted the issues with a Director's lot that needs to be transferred back to him, along with some tax timing issues that he expects to be completed by March 2023.

ORDER ADDING LAND AND AMENDMENT OF DISTRICT INFORMATION FORM (“DIF”)

This item was deferred.

Messrs. Sullivan, Montgomery, Alford, and Ms. McLeod exited the meeting.

JOINT FACILITIES ADVISORY COMMITTEE MATTERS, INCLUDING DOWNSTREAM ISSUES

Mr. Roach noted the next Joint Facilities Advisory Committee (“JFAC”) meeting is scheduled for March 29, 2023, with the meeting place to be determined.

DIRECTOR’S REPORTS

Director Humbert advised he had no updates for SJRA’s meeting and that he did not have a chance to review the recording for the Lonestar Groundwater Conservation District’s (“LGCD”) meeting. He then reported that LGCD’s last meeting involved an individual running for Woodlands One Water who was not eligible to run due to him already being a Director of another MUD. Mr. Roach noted that although a Director cannot be on two Boards, it does not apply to water districts. Director Humbert then inquired if LGCD has contacted RAPLLC or MOC regarding specific meetings relating to general topics of concern, whereby Messrs. Roach and Montgomery noted they have not received any notifications from them.

Director Humbert then noted he contacted Kathryn Foss of Municipal Financial Services, LLC, who stated they were unaware of the change in consultants for the District. He further stated that they were provided with updated information and are currently working on the 10-year CIP and tax budgets.

COMMUNICATIONS REPORT

Mr. VanDyke presented the Communications Report, a copy is attached hereto as **“Exhibit G,”** noting several updates. He further stated four (4) text alerts were sent out in addition to the alert sent about the freeze last month. Mr. VanDyke then noted that he is aware of MOC’s billing system changing and will update the information on the website accordingly.

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

The Board entered into executive session at 8:55 p.m.

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

The Board reconvened in open session at 9:10 p.m.

Mr. Roach noted that KB Homes has not communicated with him, and he only recently learned that A&S has been in contact with them regarding the reimbursement. The Board requested this item be discussed at the next regular meeting.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

Director Fusca noted that he would like to change the District's fiscal year-end, requesting the topic be added to the agenda for the next regular meeting. Director Fusca then noted that the governor wants to reform property tax and that a discussion should take place regarding what this means for the District.

The Board concurred to hold a special meeting on January 23, 2023, at 5:00 p.m. at RAPLLC's office and to hold their next regular meeting on February 20, 2023, at the regular location. 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 29th day of March 2023.

/s/ Frederick Sunderman
Secretary, Board of Directors

[SEAL]



LIST OF EXHIBITS

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