

SPRING CREEK UTILITY DISTRICT
Minutes of the Special Meeting of
Board of Directors/Joint Facilities Advisory Committee
March 29, 2023

The Board of Directors (the “Board”) of Spring Creek Utility District (the “District”) met in special session as part of a Joint Facilities Advisory Committee (“JFAC”) meeting, open to the public, in person and via videoconference* 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 Boards as follows:

Claude Humbert	-	President
Mark Fusca	-	Vice President
Frederick Sunderman	-	Secretary
Leslie Gourley	-	Assistant Secretary
Melvin Willcockson	-	Director

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

Also present were Mason Mueller and Amber Hurd of Cobb, Fendley & Associates Inc. (“C-F”); John Montgomery of Municipal Operations & Consulting, Inc. (“MOC”); Aric Braddock of ASB Services, Inc. (“ASB”); Calep Estes of Touchstone District Services (“Touchstone”); Jonathan Roach, Brian Cassidy*, Debbie Gentry*, Ray Arce, and Jessica Gentry of Roach & Associates, PLLC; Josh Zientek* of Mitchell & Zientek, legal counsel for Montgomery County Municipal Utility District No. 88 (“MC88”), who entered virtually later in the meeting; Holly Huston* of Allen Boone Humphries Robinson (“ABHR”), legal counsel for Montgomery County Municipal Utility District No. 89 (“MC89”), who entered virtually later in the meeting; David Warner, Justin Abshire, and Diego Burgos of Quiddity Engineering, LLC (“Quiddity”); Paul Cote, Benjamin Slotnick, and Brandon Leary, Directors of MC89; Ryan Temple and Jacqueline Voss*, Directors of MC88; and Stewart Black of Acclaim Energy (“Acclaim”). [*Remote attendees]

Director Humbert called the meeting to order.

PUBLIC COMMENTS

There were no public comments.

ELECTRICITY PROGRAMS

Mr. Black 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. He then explained that they are working on a micro-grid pilot program with CenterPoint to install a large generator in a community that will provide power to the neighborhood in the event of a power outage. Mr. Black then advised there would be an Acclaim Energy webinar if anyone were interested in joining the next day.

Ms. Voss, Mr. Zientek, Director Cote, and Director Slotnick entered the meeting.

Director Sunderman noted that some residents have diesel backup generators and inquired if CenterPoint would own the main generator. Mr. Black explained that the homes that have purchased backup generators would be isolated, and they would create a circuit to make sure everything works the way it would for the entire MUD. Director Leary inquired if CenterPoint would be paying for the generators. Mr. Black confirmed that CenterPoint would own the generators and noted that their goal is for there to be no cost to the MUDs. Director Cote inquired how big a footprint would be needed, whereby Mr. Black stated it is typically ten (10) megawatts per site. Director Sunderman inquired if CenterPoint could serve all three (3) joint Districts together. Mr. Black noted they most likely would have to service each District separately. Mr. Roach stated that another District that RAPLLC represents was chosen to be one of the MUDs to enter the pilot program, and it was determined that they would need thirty (30) megawatts of space, which is about thirty (30) parking spaces.

Messrs. Black, Arce, Montgomery, and Braddock exited the meeting.

MC89 WATER PLANT NOS. 1 AND 2 IMPROVEMENTS, INCLUDING WELL NO. 2 EMERGENCY NETWORK

Mr. Burgos noted that MC89 is working on the water well rework at Water Plant No. 2. He further noted that the contractor recently conducted a video monitoring of the well and expected the pump and motor to be delivered in mid-April. Mr. Burgos then indicated that once the pump and motor had been received, it would be another two (2) to four (4) weeks before the well was online. He stated that he is still awaiting correspondence from the contractor but is sure that this project will be completed by Memorial Day.

Mr. Burgos noted that Water Well No. 1 had submersion issues in January when the submergence had doubled. A discussion ensued regarding the status of the Water Well No. 1 project.

Messrs. Arce, Montgomery, and Braddock re-entered the meeting.

FUTURE WATER PLANT IMPROVEMENTS

Mr. Burgos noted that Water Well No. 2 had gone offline in December due to issues with the auto-sensory panel. He further indicated that electrical engineers had checked the programming, and although it passed, they still recommended replacement of the panel for \$245,000. Mr. Burgos stated that the District would pay 56.9% of the cost to replace the auto-sensory panel. He then noted that if the project commences now, construction could begin in November or December of this year and be complete by Memorial Day 2024. After some discussion, Director Fusca motioned to approve the auto-sensory panel replacement for \$139,400, subject to bypass controls for the well to stay online during the process. Director Gourley seconded the motion, which passed unanimously.

Director Humbert inquired if MC89 had any new projects coming up, whereby Mr. Burgos confirmed they had no new projects at this time.

MULTI-USE STORAGE FACILITY UPDATE, INCLUDING SPARE PARTS/INVENTORY

Mr. Montgomery noted that the multi-use storage facility is complete and presented a report outlining several spare parts and inventory. A lengthy discussion ensued regarding various updates to the shared facility.

SECURITY AND CAMERAS FOR JOINT FACILITIES

Mr. Montgomery noted a couple of break-ins that occurred recently at the joint facility. Then, a lengthy discussion ensued regarding the security of the joint facility. Mr. Montgomery stated that he had installed four (4) cameras and five (5) LED light poles. He further noted that they are continuing to upgrade the security of the joint facility.

JOINT EMERGENCY RESPONSE/ACTION PLAN

Mr. Montgomery advised he would work with the Engineers to create a joint emergency response plan. He stated that each District has its own plan, but the Districts Engineers will need authorization from the Boards to create a joint plan. After some discussion, Director Sunderman motioned to authorize the District Engineers and Operators to prepare a joint emergency response plan. Director Fusca seconded the motion, which passed unanimously.

SJRA WATER LINE EXTENSION/FEASIBILITY STUDY

Mr. Burgos noted that in the event of water well issues, MC89 suggested the San Jacinto River Authority ("SJRA") as an alternative water source since they have existing surface waterlines located northwest of their District. He further noted that the surface water from the SJRA would be connected to Water Plant No. 2. Mr. Burgos then presented the SJRA Water Connection and Alignment Feasibility Study findings. Next, he gave two (2) alignment options, recommending Option A due to it being more feasible with DD6's restrictions regarding the drainage channel crossings in Option B and noted there would be fewer easements to negotiate and purchase.

Director Cote discussed options for the Districts to get their money back after extending the connection by taxing residents or negotiating pricing with the SJRA. Director Leary noted that the SJRA would not be interested in negotiating prices. Mr. Abshire said that when he met with the SJRA, they stated this would not be a mandatory connection and would not be pursuing it. He further noted that the SJRA may pay for it if they can be convinced since it isn't a mandatory connection. Mr. Arce then played a snippet recording from the SJRA's February meeting.

Mr. Abshire noted that Montgomery County could not just rely on surface water, and this study would aim to get ahead of the curve. The Boards ensued in a lengthy discussion. Mr. Abshire noted the next steps would be to engage in conversations with the SJRA to discuss the project scope,

surface water capacity, and potential cost-sharing arrangements. Director Cote noted other financial options would be bond funds and the Society for Worldwide Interbank Financial Telecommunications (“SWIFT”) loan. Still, his hope would be for the SJRA to provide the water and infrastructure at their cost. The Boards concurred to authorize the District Engineers to discuss this further with the SJRA.

Director Cote suggested that the Boards meet more often or have a way to discuss these updates in each District’s meetings. Mr. Abshire recommended creating a committee with two (2) Directors from each District to meet more often without adding additional JFAC meetings.

COST SHARING AND ALLOCATION OF REGIONAL WATER AUTHORITIES’ FEES (SJRA & LSGCD)

Director Humbert discussed an omission in the SJRA billing of the joint fees. He presented his analysis, noting the District was billed for but did not, in turn, bill MC88 and MC89, resulting in over \$800,000 of missed billings since 2017. Mr. Montgomery confirmed that he is working through the numbers with the Bookkeeper to ensure all the information is correct. Director Humbert noted that upon confirmation from the Operator and Bookkeeper, they could discuss how repayment would be made to the District.

Then Mr. Montgomery noted that the District’s Bookkeeper had forgotten to split the billing between the three (3) Districts. A lengthy discussion ensued regarding the SJRA fees and how it was budgeted within the District. Director Leary inquired if the issue had been fixed moving forward, whereby Mr. Montgomery noted these errors would be corrected on next month’s bill. Director Cote agreed for the bookkeepers to look into it further.

BUDGETS RELATED TO JOINT FACILITIES

Mr. Montgomery noted that the District met earlier that day to discuss the budgets and discussed the changes. Director Gourley inquired if the District could claim the damage from the joint facility's break-ins. Mr. Montgomery noted that he would look into it.

Director Sunderman noted that the District is paying for most of the security at the joint facility. He inquired if the other Boards would be interested in sharing the cost for better security. After a brief discussion, Director Gourley confirmed that the District has agreed to pay for its own security.

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

The Board did not enter into executive session.

DISCUSSION OF PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Boards concurred to reconvene for their next joint meeting on August 29, 2023. The District concurred to hold their next regular meeting on April 17, 2023, at 5:00 p.m. There being no further discussion, The Board concurred to adjourn the meeting.

Passed and approved this 17th day of April 2023.

/s/ Frederick Sunderman
Secretary, Board of Directors

(SEAL)

