

SPRING CREEK UTILITY DISTRICT
Minutes of Special Meeting of Board of Directors
June 27, 2023

The Board of Directors (the "Board") of Spring Creek Utility District (the "District") held a special meeting in person 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 the said members were present, thus constituting a quorum.

Also present were Jonathan Roach, Ray Arce, and Jessica Gentry of Roach & Associates PLLC ("RAPLLC"); Amber Hurd of Cobb Fendley & Associates ("C-F"); John Montgomery of Municipal Operations & Consulting, Inc. ("MOC"); Brian Desilets and Eric Gonzalez, who entered later in the meeting, of Clarity Consulting Inc. ("Clarity"); Aric Braddock, of ASB Services, Inc. ("ASB"), who entered later in the meeting; Michael T. Gainer (Attorney) and Melanie Gainer (Paralegal) on behalf of Fox Run Homeowner's Association; Melvin Stewart of Fox Run Homeowners Association ("HOA"); and Michael Primeaux and Gloria Primeaux, residents of the District.

Director Humbert called the meeting to order.

PUBLIC COMMENTS

Mr. Primeaux noted that a tree had fallen on his property, damaging his fence during the storm the previous week. He further stated he had previously experienced issues with trees growing near his property and requested the District take care of it. Director Fusca inquired if he had contacted the District previously about this issue. Mrs. Primeaux confirmed she had called the Homeowners Association ("HOA") and MOC, who advised her to attend the June 27, 2023, special meeting. Mr. Montgomery confirmed that he and Mr. Braddock would remove the tree the next day.

Mr. and Mrs. Primeaux exited the meeting.

Mr. Gainer introduced himself, noting he represents Mr. Stewart and the HOA. He explained that the HOA pays approximately \$30,000 annually for water and noted that MOC recently asked for the address of an irrigation meter discovered in their jurisdiction. Mr. Gainer further explained that the address did not previously exist, and therefore he did not understand why

the HOA was being charged for the meter. Mr. Montgomery explained that although MOC was not sure of the exact timing of when the meter was installed, he believed it to have been installed at least fourteen (14) years ago, but it had never been read. Mr. Gainer explained that the HOA does not have documentation showing whether they were ever billed for this meter. Mr. Montgomery further explained that the meter was found during recent construction and contained a significant water consumption reading. Mr. Gainer stated it was unfair to charge for fourteen (14) years when it is unknown how long the meter has been there. Then, a lengthy discussion ensued regarding the water rate tiers used for billing and the fair nature of the District's intentions.

After a lengthy discussion, Director Humbert confirmed the HOA's water would not be shut off, and the Board authorized RAPLLC to discuss the billing further with Messrs. Gainer and Montgomery. Mr. Stewart confirmed he would consult further with the HOA Board of Directors.

Messrs. Desilets, Gonzalez, and Braddock entered the meeting during the discussion.

Messrs. Montgomery, Stewart, Gainer, and Ms. Gainer exited the meeting.

AMENDED RATE ORDER

The Board ensued in a lengthy discussion regarding increasing renter deposits due to the number of renters not paying their last bill, leaving an excessive amount of trash on the property, etc. After discussion, Director Sunderman motioned to increase the renter deposits from \$200 to \$300. Director Willcockson seconded the motion, which passed unanimously. Next, a discussion ensued regarding trash left on a renter's property after they moved out and received their landlord's deposit.

Messrs. Montgomery and Stewart re-entered the meeting.

The Board then discussed the responsibility when a storm causes damage within the District.

REVIEW OF WATER SUPPLY OPTIONS AND PENDING CAPITAL IMPROVEMENT PLAN (WATER) PROJECTS

Ms. Hurd noted that C-F is working off A&S Engineers, Inc's ("A&S") Capital Improvement Plan ("CIP"). She then reviewed the Southern Pressure Plane Capacity Ratings with three (3) scenarios maxing out the Alternative Capacity Request ("ACR"). Ms. Hurd pointed out that adding connections to the undeveloped areas in the District would round up to approximately 5,000 connections. Director Gourley inquired about the status of the Water Well No. 3 project, noting this needs to be completed before looking at anything else. Director Fusca asked about the cost difference between a water well and a water plant. Ms. Hurd confirmed that a water plant, including a water well, would cost approximately \$6.5 million, and a stand-alone water well would cost roughly \$3.2 million.

Then, a lengthy discussion ensued regarding additional developers in a new pressure plane, amending the ACR, the location of the new water well, and the possibility of installing a third pressure plane at Forest Village. Ms. Hurd confirmed she would bring a layout of the open site recently deeded to the District for the water well, noting engineering could commence work in 2023 and begin building in 2024. The Board concurred to allow engineering to purchase a booster pump and install a third pressure plane at Forest Village.

Director Humbert inquired about the feasibility study on reclaimed water (purple pipes). Ms. Hurd then asked the Board if they wanted to see reclaimed water on their water infrastructure CIP or sewer infrastructure CIP; the Board agreed this should be part of the sewer CIP. Director Humbert then reminded that the updated 10-year CIPs need to include projects planned for the year 2033 and that C-F needs to re-evaluate the costs for each project based on current estimates and escalation projections. The total annual costs will need to be revised accordingly. Next, a discussion ensued regarding other potential CIPs. The Board concurred to discuss the stormwater CIP at their next regular meeting. The sewer CIP will be reviewed at the August meeting, giving C-F more time to complete the feasibility study on the reclaimed water (purple pipes).

Mr. Stewart exited the meeting.

Director Sunderman noted the flood improvement projects and recommended the District spend time coordinating projects for flood improvement. Director Humbert stated the District would need to present a project to the Region 6 Flood Planning Group (“Region 6”) to be included. He further noted once you submit the first plan, it will be in rotation over the next five (5) years. Director Sunderman recommended the District submit a project soon to enter the rotation.

UPDATES ON SAN JACINTO RIVER AUTHORITY/LONESTAR GROUNDWATER CONSERVATION DISTRICT MATTERS

Director Humbert noted the upcoming revisions to the Lonestar Groundwater Conservation District (“LGCD”) rules. He explained that LGCD is allowing the public to comment on current rules by July 13, 2023. Director Humbert pointed out that comments should be made to Section 8, Fees and Payment of Fees. Mr. Montgomery noted that although the penalties have been lowered, they are still at a significant cost. Director Gourley inquired if the LGCD sets up a cap for the amount of water the District uses. Mr. Montgomery said the District applies every year for a certain amount of water use and advised that the District increase the water use cap as high as possible to avoid penalties. A lengthy discussion ensued regarding justifications for higher water usage.

After the discussion, the Board concurred for RAPLLC to submit comments regarding penalties under Section 8 of the LGCD rules. Mr. Montgomery then advised that if the next few weeks continue to be as hot as it has been, the District will have to go into a voluntary stage.

DISTRICT ADMINISTRATION BUILDING

Ms. Hurd presented the proposed Request for Qualifications (“RFQ”) process calendar and explained that the Board could conduct interviews for potential candidates. Director Sunderman inquired if C-F could send electronic copies of proposals received for the Board’s review. Ms. Hurd confirmed they had requested eight (8) hard copies and one (1) digital copy of all proposals submitted.

Ms. Hurd inquired whether the Board wants to attach the Fox Run HOA documents to the RFQs to avoid any issues with the HOA. Director Willcockson confirmed that Fox Springs Park is not within the Fox Run HOA, so there should be no issues. Director Gourley discussed the parks and wildlife grant funds that outline restrictions on what they can do with the property.

Director Fusca exited the meeting.

BOOKKEEPER TRANSITION

Mr. Desilets noted the Texas Class registration packet was ready for Board execution. He then confirmed that monies for the Woodmere reimbursement would not be moved from the District’s Operating Fund. Next, a discussion ensued regarding various changes to the District’s Operating Budget. Mr. Desilets confirmed that he would provide the final amended budget for approval at the Board’s next meeting.

Mr. Desilets then discussed the nonrecurring revenue invoice and well-share expense with Montgomery County Municipal Utility District No. 89 (“MC89”). He confirmed he would send MC89 their bill the next day.

Mr. Roach noted the District’s Financial Advisor said they are not involved with arbitrage and further indicated that Municipal Risk Management Group (“MRMG”) would create a report to determine if the District does or does not owe anything to the Internal Revenue Service (“IRS”). Mr. Roach then noted that RAPLLC, MRMG, the District’s Financial Advisor, and the Sales Tax Representative would be working to articulate their surplus construction funds and the timeline to use them. He indicated there did not seem to be an issue but would confirm after the research was completed.

Mr. Roach then explained that he had talked to the District’s Auditor, who confirmed they would have the developer reimbursement audit ready by the Board’s next meeting. He further indicated that the pre-purchase inspection should be done before the Board’s July meeting. Director Sunderman inquired when the District’s annual audit was due.

Mr. Roach then noted he had submitted a request for the original bench trial submission but had not received any documentation. He further indicated that he had spoken with A&S, who confirmed they had no records. Ms. Hurd noted she had talked with A&S about Montgomery

County's (the "County") requirements for site-specific detailed traffic control plans. A discussion ensued regarding the information needed to meet the requirements of the County.

Director Sunderman inquired about the bankruptcy status of Regal Cinema and their outstanding invoices. Mr. Roach confirmed that Regal is no longer in bankruptcy and would investigate if they paid their outstanding invoices from months prior.

Mr. Montgomery noted damage to the sewer plant from a tree falling during the recent storm. He said they were working to file an insurance claim but confirmed the overall condition was okay. Director Sunderman inquired if hurricane tree trimming is in the District's budget. Mr. Montgomery confirmed that CenterPoint is responsible for tree trimming during hurricane/storm situations and noted they had not fulfilled that responsibility for this recent storm. Director Sunderman then inquired about the status of the microgrids. Director Humbert pointed out that the microgrids issue, which passed during the recent legislative session, would take a few months to get things ready. The Board then discussed the installation of lightning rods to protect the District's facilities and the responsibility of a tree falling on a resident's property. Mr. Roach noted that if the District is aware of a tree that is damaged or at risk, it would share or have total liability if it were to fall. He further noted that if a tree had no issue previously and fell during a storm, it would be the property owner's responsibility, not the District's.

Mr. Roach confirmed that the District's annual audit is due September 12, 2023. He further noted that the Joint Facilities Advisory Committee ("JFAC") meeting would be held on August 29, 2023. Mr. Roach confirmed he would have a legislative update by the end of the week. He further noted that the new fees of office bill was effective June 16, 2023, but the Board would need to adopt a resolution to allow the increase.

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 hold their next regular meeting on July 17, 2023, at 5:00 p.m. After no further discussion to come before the Board, Director Gourley made a motion to adjourn the meeting. The motion was seconded by Director Willcockson and passed unanimously.

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Passed and approved this 21st day of August 2023.

/s/ Frederick Sunderman
Secretary, Board of Directors

[SEAL]

