

SPRING CREEK UTILITY DISTRICT
Minutes of Meeting of Board of Directors
January 22, 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
Melvin Willcockson	-	Director

All of said members were present, except for Director Willcockson, thus constituting a quorum.

Also present were Monica Pena of Utility Tax Services, LLC (the “District’s Tax Assessor”); Mason Mueller and Amber Hurd of Cobb, Fendley & Associates, Inc. (the “District’s Engineer”); John Montgomery of Municipal Operations & Consulting, Inc. (the “District’s Operator”), who entered later in the meeting; Jonathan Roach*, Ray Arce, Dana Huebner, and Jessica Gentry of Roach & Associates, PLLC (the “District’s Attorney”); Brian Desilets of Clarity Consulting Corporation (the “District’s Bookkeeper”); Aric Braddock of ASB Services, Inc. (the “District’s Inspector”); Danae Dehoyos and Calep Estes of Touchstone District Services (the “District’s Communications Consultant”); Captain Atkins of Montgomery County Precinct 3 Constable’s Office (“MCC3”); Matthew Malmquist of Riley Fuzzel Holdings, LLC (“RFH”); Lindsey Adams of BCS Capital Group (“BCS”), who entered later in the meeting; and Tim Crawford of HMF Americana (“HMF”). [* Remote Attendees]

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

PUBLIC COMMENTS

There were no public comments.

CONSENT AGENDA: MINUTES

The Board considered for approval the regular meeting minutes for November 20, 2023, and December 18, 2023. After some discussion, Director Humbert motioned to approve the regular meeting minutes for November 20, 2023. Director Gourley seconded the motion, which passed unanimously. Next, Director Humbert motioned to approve the regular meeting minutes for December 18, 2023, subject to revisions. Director Gourley seconded the motion, which passed unanimously.

SECURITY REPORT

Captain Atkins presented the Security Report, attached hereto as **Exhibit “A”**, noting that a recent traffic study done in Montgomery County determined that the District’s area had a large amount of reckless driving. The Board then discussed a traffic light at the intersection of Rayford Road and Legends Run Boulevard. Next, Director Humbert inquired about the status of

the constable vehicle purchase. Captain Atkins noted that the vehicle and associated equipment for the vehicle were delayed significantly, but several vehicles are now at MCC3's outfitter. Director Gourley inquired if vehicle #3044 was still in use or if MCC3 had discontinued its use. Captain Atkins said he would investigate this matter further and follow up with the Board. He then noted that the District would be assigned a new constable at night.

Captain Atkins exited the meeting.

GARBAGE COLLECTION REPORT

Director Gourley noted that the garbage schedule had been running smoothly and that a crew had picked up all the trash in the area. Director Fusca stated that he had contacted GFL Environmental Inc. regarding a dumpster being placed in the wrong location. Mr. Braddock, the District's Inspector, noted that he would follow up with BT as well.

TAX ASSESSOR'S REPORT

Director Humbert noted a discussion he had regarding the rate of tax collection, noting this year was lower than last year. Ms. Pena, a representative of the District's Tax Assessor, said the mortgage companies sent their payments later than expected, so the new balance would be presented in next month's report. She further noted that the new payment percentage is 70.12%, which is better than last year. Ms. Pena explained that most people are paying online by credit card and that the mailing system has been interfering with their delivery of physical mail.

CONSENT AGENDA: CONSULTANT REPORTS

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

DEVELOPERS' REPORT

Mr. Malmquist of RFH noted that the District's Engineer was reviewing the design for what is needed for the secondary channel related to RFH's development at 2121 Riley Fuzzel Road. He further stated that the District's Engineer received a preliminary design of the channel, showing how it is proposed to be improved, noting the importance of ensuring the channel does not exceed a dangerous level equal to resident's backyards. Mr. Malmquist then stated that he did not want to continue with the channel design without confirmation from the Board, so there would be no need to start over in case any changes were made later in the process. Director Humbert noted that the Board had previously accepted the concept, subject to the District Engineer's approval. A discussion ensued further regarding clarification of a letter of no objection, site plans, and drainage channel improvements.

Director Gourley stated that he attended Montgomery County Drainage District No. 6 ("DD6"), which said the drainage channel could not handle any more flow. Mr. Mueller, a representative of the District's Engineer, noted that the formal plan review will detail the flow. Mr. Malmquist pointed out that the diameter of the channel will allow a decrease in conveyance into DD6's channel. Director Sunderman inquired about the issue of the original feasibility study not being up to industry standards. Mr. Mueller noted that he met with RFH's engineer and

confirmed that their level of analysis up to this point is sufficient for making their base argument of the need for improvements. He further indicated that a more in-depth analysis is to come, which will make the feasibility study up to industry standard. Mr. Malmquist noted that he plans to send the final channel design plans to the District's Engineer for review before the next meeting so they can provide a no-objection letter to cover their updated plans.

Ms. Adams of BCS entered the meeting.

Mr. Crawford of HMF thanked the Board for having a special meeting to discuss HMF's development of 56 acres on Riley Fuzzel Road further and noted that it was beneficial. He then explained that over the next several weeks, a reimbursement study would be completed, as well as a timeline. Director Humbert inquired if the purchase of the land had been finalized. Mr. Crawford noted the purchase had not been finalized but that he had gotten approval for everything apart from the District and the drainage. He then stated that the unit count initially presented to the Board is now expected to decrease. Next, he said they had contacted DD6, who stated that HMF's property was not in their watershed. Mr. Crawford indicated that he sent a map showing a pipe that connects to DD6's drainage ditch and is awaiting their response. Mr. Mueller stated that finalizations of the feasibility studies and ongoing discussions can be done with the District's Engineer and the District's Attorney. Mr. Crawford said that he wanted to ensure that the District's building of the water plant was concurrent with the timeline of the HMF development. He further stated that he had a new idea of where to centralize the pumps for sewage and water. Mr. Mueller indicated an updated feasibility report is attached to his Engineer's Report for review. He noted that the difference in reclaimed water in the original report was an error and confirmed that it had been updated. Director Fusca said the January 2, 2024, special meeting was very productive and informative.

Ms. Adams of BCS noted that BCS and the District's Attorney are finalizing the developer agreement regarding the Locke Tract and are ready for the District's Engineer to begin work on the pond and water sanitary line designs. She then noted a concern in the agreement relating to an up-front fee for the work being completed and inquired what the standard was in paying as the work is completed. Mr. Roach, a representative of the District's Attorney, noted that the District would typically have an agreement first before exchanging additional information about the project. He further advised that he still had some legal concerns with the agreement but noted that it is the Board's decision on whether to move forward with providing the project to the District's Engineer. Director Humbert inquired if they were talking about the developer deposits. Ms. Adams confirmed and requested that their initial deposit amount be reduced. Director Humbert noted that they can work on installment plans for BCS if the District's construction account is not negative. Ms. Adams confirmed that she would ensure BCS has settled everything financially with the District. A discussion ensued regarding how much BCS' deposit would cover in the District's budget. Director Humbert inquired about the duration of the project. Mr. Mueller noted the process would take approximately one (1) year to complete, including construction. The Board concurred to implement a quarterly payment plan reflected in the developer agreement, with the first payment received prior to the District's Engineer's agreement to start on the project.

Ms. Adams exited the meeting.

EXEMPTIONS FROM TAXATION FOR 2024

Mr. Roach presented and reviewed the Resolution Concerning Exemptions from Taxation for 2024 (the "Resolution"), attached hereto as **Exhibit "E"**. He then explained that the District's Financial Advisor recommended adopting a general homestead exemption of twenty percent

(20%), which is no change from the prior year.

Mr. Montgomery, a representative of the District's Operator, entered the meeting.

After some discussion, Director Sunderman motioned to adopt the Resolution to reflect a \$60,000 exemption for individuals over sixty-five (65) years of age or under a disability according to applicable federal statutes. The motion failed due to lack of a second. Ms. Pena, a representative of the District's Tax Assessor, advised that most Districts do not have a homestead, and that the \$55,000 the District currently enforces is a lot. After some discussion, Director Gourley motioned to adopt the Resolution, as presented, to include (1) a \$55,000 exemption for individuals who are over sixty-five (65) years of age or under a 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. Director Fusca seconded the motion, which passed three-to-one (3-1), with Director Sunderman abstaining.

ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Roach noted 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 Fusca motioned to maintain the previously approved twenty percent (20%) additional penalty as authorized for 2023 and to authorize the District's Attorney to proceed with the usual statutory/contractual twenty percent (20%) additional penalty to be effective February 1, 2024. Director Gourley seconded the motion, which passed unanimously. Director Fusca inquired about the District's sixty-five (65) and older population. Ms. Pena confirmed that 473 individuals are disabled or over sixty-five (65).

Mr. Arce temporarily exited the meeting, and Ms. Pena exited the meeting.

INSPECTOR'S REPORT

Mr. Braddock, a representative of the District's Inspector, presented the Inspector's Report, attached hereto as **Exhibit "F"**. Mr. Braddock noted that he had not spoken with the resident in Forest Village whose fence was interfering with maintenance. Director Fusca inquired about what happens when someone builds a fence across an easement. Mr. Roach noted that the District has the right to have the District's Operator talk with the resident to address the issue of being unable to conduct maintenance. Director Gourley pointed out that the resident could put in a fence with a six (6) foot gate that would allow trucks to get through. A discussion ensued regarding the Forest Village Homeowners Association's ("Forest Village HOA") involvement in approving the resident's fence. Then, a lengthy discussion ensued regarding the ownership and maintenance of the ponds and fountain in Forest Village.

Director Humbert inquired about an update on the Change of Scope and Surplus Funds Application submitted to the Texas Commission on Environmental Quality ("TCEQ"). Mr. Roach noted that all documentation was submitted with a 60-day review and a 60-day turnaround, but the administratively completed letter stated the turnaround time would be 120 days. He further noted that the TCEQ stated that the 120-day turnaround time was a mistake, and that the District's Attorney had submitted a letter to a few state representatives regarding the matter. Then, a discussion ensued regarding the status of former Board member, Dale Healy's, Director's lot.

BOOKKEEPER'S REPORT

Mr. Desilets, a representative of the District's Bookkeeper, presented the Bookkeeper's Report, attached hereto as **Exhibit "G"**. Director Humbert inquired if they could deposit all of the District's tax from TexPool to Texas Class since the Texas Class interest rate was more beneficial to the District. Mr. Desilets noted that the larger transfers are out of TexPool since they could not be directly transferred to Texas Class. He further stated that smaller amounts are being transferred from Texas Class to PNC Bank. Mr. Desilets confirmed they can move more money to Texas Class. Next, he noted that several annexation accounts were left open by the previous Bookkeeper, who did not inform the District's Bookkeeper which accounts were still open and closed.

Director Sunderman inquired about the pledged collateral for Frost Bank, Cadence Bank, and Central Bank and the potential risk involved related to TexPool and Texas Class. Mr. Desilets explained that TexPool and Texas Class are investment pools created through legislative action for entities such as the District, and the investment pools are 100% collateralized. Director Sunderman then inquired if the accounts had insurance. Mr. Desilets noted that the accounts qualify for the Public Funds Investment Act and that the state guarantees the investment pools. He further noted that the District is protected by the Federal Deposit Insurance Corporation. Finally, Mr. Desilets noted that the District's Bookkeeper was performing a cybersecurity project for Supervisory Control and Data Acquisition (SCADA) systems. He inquired if some of the District's Bookkeeper's employees could tour the District's facilities to investigate what needs to be protected. Mr. Montgomery confirmed that was fine. After some discussion, Director Gourley motioned to approve the Bookkeeper's Report and payment of invoices. Director Fusca seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Mr. Montgomery, a representative of the District's Operator, reviewed the cut-off list of past due resident accounts. He then presented information about the sewer line leading to the lift station on Buckminster, noting he wanted to use static pipe bursting from a 10" pipe to a 12" pipe. He further stated that the total price would be approximately \$189,622.50. Director Sunderman motioned to approve the static pipe bursting for the Buckminster lift station. Director Gourley seconded the motion, which passed unanimously. Director Fusca inquired whether the District was still under drought conditions. Mr. Montgomery confirmed they are still in drought conditions until the wells are at acceptable levels, noting they should be good in February or March.

Mr. Desilets exited the meeting.

SALES TAX REPORT

This item was deferred.

FOREST VILLAGE DRAINAGE FACILITY MATTERS, INCLUDING RESIDENT ISSUES AND PENDING LITIGATION

Mr. Roach advised that the Board could accept the pond portion of Forest Village HOA's property once it is surveyed. He further noted that it is government property that is serving a public purpose in the District.

Messrs. Montgomery and Braddock exited the meeting.

ENGINEER'S REPORT

Mr. Mueller presented the Engineer's Report, attached hereto as Exhibit "H", and provided updates on the following:

- (1) General District Engineering:
 - (a) Water Capacity Analysis, noting the District's Engineer received additional comments from the TCEQ regarding the north pressure plane Alternative Capacity Request ACR renewal submission and confirmed they plan to resubmit the renewal this month;
 - (b) Fox Run Drainage Analysis, noting DD6's meeting on January 18, 2024. Mr. Mueller then confirmed that DD6's attorney is reviewing the drainage channel's deed regarding impact fees;
 - (c) District Building, noting Grossman Design Build ("GDB") has been coordinating with the District's Engineer and the District's committee (Directors Humbert and Fusca) regarding conceptual building plans. Mr. Mueller further noted the District's Engineer had been coordinating with the District's Attorney regarding the draft contract with GDB;
 - (d) Reclaimed Water System, noting the District's Engineer has located a reclaimed water treatment facility utilizing the proposed filter technology available for the Board to tour on February 13, 2024 at Montgomery County Municipal Utility District No. 24. Mr. Mueller further indicated that the District's Engineer is preparing proposals for the reclaimed water plant and phase 1 distribution system. Finally, he stated that the District's Engineer met with an electrical design subconsultant at the waste treatment plant for inclusion in the proposals the previous week; and
 - (e) District Floodplain, noting the District's Engineer is preparing a District floodplain map at the request of Director Sunderman. Director Sunderman stated that he wanted to show the 500-year flood plain in relation to expanding their secondary channel. The Board concurred to remove this project from the District Engineer's tasks.

- (2) District Projects (*Design*):
 - (a) Water Plant No. 2 Booster Pump Addition, noting the District's Engineer is continuing with the design of the booster pump addition and that plans were approved by the TCEQ and Montgomery County (the "County"). He then noted that the District's Engineer received comments from the City of Houston; and
 - (b) Water Plant No. 3, noting the District's Engineer is continuing with the design of the proposed Water Plant No. 3. He further indicated that the District's Engineer has been coordinating with the District's Attorney regarding land deeds. Director Fusca inquired about another option for deeding Dale Healy's Director's lot. Mr. Roach noted that the deed is drafted, can be executed by the developer, and deeded. After some discussion, Director Fusca motioned for the District's Attorney

to correspond with Aaron Alford regarding the deed where Water Plant No. 3 will be platted. Director Gourley seconded the motion, which passed three-to-one (3-1), with Director Sunderman abstaining.

- (3) District Projects (*Construction*):
 - (a) Fox Run Water Line Rehabilitation Phase 2, noting SKE Construction, LLC (“SKE”) has continued working on pipe bursting along Loddington Street, as well as site restoration. Next, Mr. Mueller presented Pay Application No. 7 for \$222,417.32, payable to SKE. He also stated that the plans to the County to obtain the Utility Work Right-of-Way Permit were approved;
 - (b) MC89 Water Plant No. 2 Autosensory Panel Replacement, noting that McDonald Municipal & Industrial is providing construction submittals for review, and are expected to mobilize in February; and
 - (c) Fieldhouse Utility Extension, noting Bull-G Construction (“Bull-G”) addressed the punch-list items following the substantial completion inspection on December 5, 2023. He then presented Pay Application No. 3 & Final in the amount of \$9,439.50, payable to Bull-G.

- (4) Development Projects:
 - (a) Cookie Co. 2222 Rayford Road, noting that the District’s Engineer had received and reviewed proposed plans for said development;
 - (b) 2121 Riley Fuzzel, noting that the District’s Engineer had reviewed the Hydraulics and Hydrology analysis exploring the potential secondary drainage channel modification from the developer’s engineer;
 - (c) BCS Capital Group, LLC Locke Tract, noting they are pending the receipt of engineering fees from BCS to begin design; and
 - (d) (d) 56 Acres Riley Fuzzel HMF Americana, noting the Board had a special meeting with the HMF developer on January 2, 2024, and that the revised feasibility study was attached to his report.

After some discussion, Director Fusca made a motion to approve: (1) Pay Application No. 7 for \$222,417.32 payable to SKE for the Fox Run Water Line Rehabilitation Phase 2; and (2) Pay Application No. 3 & Final for \$9,439.50 payable to Bull-G for the Fieldhouse Utility Extension. Director Gourley seconded the motion, which passed unanimously.

Director Sunderman noted that he spoke with the Knights of Columbus (“KOC”) regarding the property they own near Forest Village. He further indicated that KOC would be interested in having the District’s Well No. 3 built on their property and are willing to negotiate a potential lease. A discussion ensued regarding SJRA fees, easement capabilities, and the possible benefits to the District.

Messrs. Montgomery and Braddock re-entered the meeting during the discussion.

After some discussion, Director Gourley motioned to approve the Engineer’s Report. Director Fusca seconded the motion, which passed unanimously.

Director Sunderman exited the meeting.

ADMINISTRATIVE BUILDING PROJECT MATTERS

This item was discussed above.

FUTURE REQUIREMENTS FOR LEAD AND COPPER RULES

There was nothing new to reports.

PREVENTATIVE MAINTENANCE PROGRAM

Mr. Montgomery noted that the preventative maintenance program is still being drafted.

JOINT FACILITIES ADVISORY COMMITTEE MATTERS

There was nothing new to report.

DIRECTOR'S REPORT

There was nothing new to report.

COMMUNICATIONS REPORT

Ms. Dehoyos, a representative of the District's Communications Consultant, presented the Communications Report, attached hereto as **Exhibit "I"**. Director Fusca inquired if traffic warnings could be posted to the website during weather events. Ms. Dehoyos confirmed they would research what can be posted without Board approval in an emergency weather event.

Messrs. Braddock, Mueller, Estes, Ms. Hurd, 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 9:12 p.m. with the District's Attorney and the District's Operator.

Mr. Montgomery exited the meeting.

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

The Board reconvened in open session at 9:57 p.m. There was no action taken from the executive session.

2024 DIRECTORS ELECTION MATTERS

Mr. Roach explained that the District can contract with the County for a joint election, and the County will add the District's Directors Election to the County ballot and handle certain

additional details for the election. Mr. Roach then presented the Order Calling Directors Election, a copy of which is attached hereto as Exhibit “J”. After discussion, Director Fusca motioned to: (1) adopt the Order Calling Directors Election for May 4, 2024; (2) designate the District’s Attorney as the District’s election agent in conjunction with the County handling the necessary election details; and (3) authorize a joint election with the County, subject to the appropriate agreements from the County being acceptable. The motion was seconded by Director Gourley and passed three-to-zero (3-0), with Director Sunderman absent from the vote.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board noted there would be an Association of Water Board Directors webinar on parks held on February 2, 2024, and Director Humbert noted an upcoming desalination webinar. He then noted that the San Jacinto River Authority was at the beginning of the rate assessment study performed every five (5) years, which would take about six (6) months to complete. Director Humbert also noted that Lonestar Groundwater Conservation District had discussions with the other GMA-14 participants regarding the groundwater availability model proposed by the Texas Water Board and objecting to it.

The Board concurred to reconvene for their next regular meeting on February 19, 2024, at 5:00 p.m. There being no further business to discuss, Director Fusca motioned to adjourn the meeting. Director Gourley seconded the motion, which passed three-to-zero (3-0), with Director Sunderman absent from the vote.

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Passed and approved this 19th day of February 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 - Operator’s Report
- Exhibit E - Resolution Concerning 2024 Exemptions from Taxation Report

Exhibit F - Inspector's Report
Exhibit G - Bookkeeper's Report
Exhibit H - Engineer's Report
Exhibit I - Communications Report
Exhibit J - Order Calling Directors Election