

SPRING CREEK UTILITY DISTRICT
Minutes of Meeting of Board of Directors
August 19, 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
Paul Sterling	-	Director

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

Also present were Monica Pena, a representative of Utility Tax Services, LLC (the “District’s Tax Assessor”); Mason Mueller, representatives of Cobb, Fendley & Associates, Inc. (the “District’s Engineer”); Lindsey DeLong, John Montgomery, Lonnie Wright, and Rene Peralez, representatives of Municipal Operations & Consulting, Inc. (the “District’s Operator”); Jonathan Roach, Ray Arce, and Jessica Gentry, representatives of Roach & Associates, PLLC (the “District’s Attorney”); Brian Desilets and Eric Gonzalez, representatives of Clarity Consulting Corporation (the “District’s Bookkeeper”); Aric Braddock, a representative of ASB Services, Inc. (the “District’s Inspector”); Danae Dehoyos and Calep Estes, representatives of Touchstone District Services (the “District’s Communications Consultant”); Jennifer Vossler, a representative of McCall Gibson Swedlund Barfoot PLLC (the “District’s Auditor”); Aaron Alford, a representative of Woodmere Development Co. (“Woodmere”); Jack Burgher*, a representative of BCS Capital Group (“BCS”); and David Oliver* and Robert Cannon*, a representative of Allen Boone Humphries Robinson, legal counsel for BCS. [*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 of June 17, 2024, and July 15, 2024. After some discussion, Director Gourley motioned to approve the June 17, 2024, regular meeting minutes, subject to revisions. Director Fusca seconded the motion, which passed unanimously. The Board concurred to defer the approval of the July 15, 2024, regular meeting minutes.

CONSENT AGENDA: CONSULTANT REPORTS

After some discussion, Director Fusca motioned to approve the following consultant

reports: (1) Security Report, attached hereto as Exhibit “A”; (2) Garbage Collection Report, attached hereto as Exhibit “B”; and (3) Tax Assessor’s Report, attached hereto as Exhibit “C”. Director Sterling seconded the motion, which passed unanimously.

Ms. Pena exited the meeting.

COMMITTEE REPORTS

The Board provided updates to the following Committees:

- (a) Budget & Finance Committee. Director Humbert noted that the Budget & Finance Committee is awaiting the revisions to the Capital Improvement Plan (“CIP”). He also stated that the District’s Tax Assessor confirmed that the certified values have been received, so the District’s Financial Advisor will start preparing the 2024 Tax Rate Recommendation for the next meeting.
- (b) Park Committee. Director Fusca noted that the Park Committee met with the District’s Inspector regarding upgrades to playground equipment, bleachers, etc., and requested a maximum budget so that they can move forward with purchases without the need of a Board meeting. After some discussion regarding the various replacements and upgrades, the Board concurred to set a maximum budget of \$120,000.
- (c) Communications Committee. Next, Director Humbert stated that a reminder should be sent to residents notifying them that the District is in Stage 2 of the Drought Contingency Plan (“DCP”). Ms. Dehoyos suggested sending out a text alert to the residents, whereby Director Humbert agreed. Director Humbert noted that the Communications Committee has started working on the next newsletter. Director Fusca requested that an article regarding surface water be included in the newsletter.

Messrs. Burgher, Oliver, and Cannon entered the meeting.

- (d) Security Committee. Director Fusca stated that the Security Committee met with the District’s Operator and Inspector to discuss the American Water Infrastructure Act (“AWIA) Emergency Response Plan (“ERP”), noting that some of the risks presented in the Risk and Resiliency Assessments from 2021 had been completed and that the District’s Inspector is currently working on the additional risks. Next, Mr. Braddock noted that there have been commercial break-ins at some of the lift stations. The Board ensued in a discussion regarding cameras around the facilities. Mr. Braddock confirmed that they will have a detailed proposition for the next meeting.
- (e) Development Committee. Mr. Roach noted that he sent an email to the Development Committee with the latest revisions to the Economic Development Agreement with BCS. The Board discussed changes to the language regarding the prevention of multi-family developments and the addition of a fence around the perimeter.
- (f) SJRA Committee. Director Humbert stated that updates regarding the San Jacinto River Authority water line extension will be presented at the Joint Facilities Advisory Committee meeting on August 22, 2024.

- (g) Administration Building Committee. Director Humbert informed the Board that they plan to commence construction on the Administration Building by the end of the year.

Messrs. Burgher, Oliver, and Cannon exited the meeting.

SUPPLEMENTAL AUP AUDIT FOR DEVELOPER REIMBURSEMENT PROJECTS

Ms. Vossler presented the Supplemental AUP Audit for reimbursement to Woodmere. Mr. Roach confirmed that the Woodmere deeds were sent out, and we are awaiting execution of the deeds. Next, Director Gourley inquired when the maintenance of the drainage swale would begin. Mr. Alford stated that maintenance had not yet commenced and that he would provide an update tomorrow. Director Gourley requested that Mr. Alford contact the District's Inspector regarding the maintenance. Then, Mr. Alford noted that the AUP Audit reduces the originally agreed-upon amounts that the Texas Commission on Environmental Quality has not approved for the fountain and half of the access road. After some discussion, Director Gourley motioned to approve: (1) the Supplemental AUP Audit; (2) authorization for reimbursement to Woodmere as provided in the AUP Audit, and for payment of the balance of the previously agreed expenses out of the general operating fund; and (3) the acceptance of the Woodmere deeds. Director Sunderman seconded the motion, which passed unanimously.

ANNUAL AUDIT REPORT FOR FYE APRIL 30, 2024

Ms. Vossler stated that the FYE April 30, 2024, Audit Report was not yet completed.

Mr. Alford and Ms. Vossler exited the meeting.

OPERATOR'S REPORT

Ms. Delong introduced Mr. Peralez as the District's new supervisor and noted he would be the person of contact should the Board need anything.

Mr. Peralez exited the meeting.

Ms. Delong then presented the Operator's Report, attached hereto as Exhibit "D", noting that the Homeowners Associations ("HOAs") are ignoring the Stage 2 water restriction and continuously running water every day. Director Fusca inquired if there was anything in the Rate Order or DCP that states water will be shut off for residents not following the water restrictions. Mr. Roach noted that this provision is stated in the DCP but not in the Rate Order. A discussion ensued regarding the penalties for violations. Director Gourley suggested sending a communication to the HOAs, warning them before charging them penalties. Ms. Delong then noted that Quick Quack Car Wash was not recycling their water. Mr. Roach noted that commercial properties are not under any severe penalties until Stage 3 of the DCP. The Board had further discussion regarding other commercial usage and penalties. Ms. Delong then noted that the ACR approval has a condition that requires a pressure recorder at Water Plant No. 2 to monitor the northern pressure planes. She further stated that the monitoring pressurization would cost approximately \$3,700. After some discussion, Director Gourley motioned to approve the monitoring pressurization for \$3,700. Director Fusca seconded the motion, which passed unanimously. Next, Ms. Delong presented the

well level report. The Board had a lengthy discussion regarding Stage 2 of the DCP. After the discussion, Director Gourley motioned to approve the Operator's Report and delinquent cut-off list. Director Sterling seconded the motion, which passed unanimously.

INSPECTOR'S REPORT

Mr. Braddock presented the Inspector's Report, attached hereto as **Exhibit "E"**, noting that Lake Management has submitted a renewal contract for 2024-2025. After some discussion, Director Sunderman motioned to approve the Lake Management renewal contract. Director Gourley seconded the motion, which passed unanimously. Director Gourley suggested that the District's Inspector visit the drainage system site every three (3) months and after each rain event to ensure it is being properly maintained. Next, Mr. Braddock noted a new development, Who's Hungry, in the District that has not submitted any plans to the District's Engineer or Operator but is planning to open soon. After some discussion, Director Sunderman motioned to approve the Inspector's Report. Director Gourley seconded the motion, which passed unanimously.

Ms. Delong presented a draft preventative maintenance plan, and discussion ensued. Director Humbert noted that nothing will be removed from the CIP until the preventative maintenance plan is finalized. Next, Mr. Montgomery explained that the pumps were taken out of the Legends Ranch drainage facility, noting that Pump No. 4 was in the worst shape. He further indicated that he was ordering seals for the pump and is going to obtain a price and delivery time for a new one to present at the next meeting.

Mr. Montgomery exited the meeting.

BOOKKEEPER'S REPORT

Mr. Gonzalez presented the Bookkeeper's Report, attached hereto as **Exhibit "F"**. After some discussion, Director Sterling motioned to approve the Bookkeeper's Report and payment of invoices. Director Sunderman seconded the motion, which passed unanimously.

Messrs. Gonzalez and Desilets exited the meeting.

SALES TAX REPORT AND STRATEGIC PARTNERSHIP AGREEMENT ("SPA") UPDATES

There was nothing new to report.

ENGINEER'S REPORT

Mr. Mueller presented the Engineer's Report, attached hereto as **Exhibit "G"**. A lengthy discussion ensued regarding the CIP. After some discussion, Director Fusca motioned to approve the Engineer's Report. Director Sunderman seconded the motion, which passed unanimously.

POSSIBLE RATE ORDER AMENDMENT

This item was deferred.

JOINT FACILITIES ADVISORY COMMITTEE (“JFAC”) MATTERS

Director Fusca noted that Steve Toth should be attending the JFAC meeting on August 22, 2024. Director Humbert stated that Montgomery County Municipal Utility District No. 89 (“MC89”) has approached Montgomery County Municipal Utility District No. 99 (“MC99”) to develop a joint strategy to secure the 200,000 gallons per day of surface water while the pipeline extension is being built. He further noted that under that potential agreement, MC99 would use the District’s surface water allocation, and if the JFAC needs additional water, they could tap into the existing interconnect between MC99 (or its respective partners Montgomery County Municipal Utility District No. 115 or No. 127) and Montgomery County Municipal Utility District No. 88. Director Humbert noted that it is critical that the engineers and attorneys for the respective entities meet to get such an agreement in place as it may impact the ultimate SJRA decision to allocate the surface water currently available. Next, the Board reviewed the August 22, 2024, special meeting agenda.

DIRECTOR’S REPORT

Director Sunderman noted that Region 6 Flooding Planning Group (“Region 6”) announced the flood planning projects approved. He further stated that the District needs to get into Region 6’s cycle for projects. Director Sunderman then noted that Harris County is having issues with Montgomery County not performing its share of flood planning for Spring Creek. Next, Director Fusca stated that Dan Crenshaw is having a meet-and-greet on August 22, 2024, noting that it would be a good funding opportunity for the District.

INSURANCE RENEWAL OPTIONS (*EXPIRE SEPTEMBER 30, 2024*)

Mr. Roach informed the Board that the District’s insurance policies with Arthur J. Gallagher & Co. (“AJG”) expire on September 30, 2024. He then presented AJG’s Insurance Renewal proposal for 2024-2025. After some discussion, Director Gourley motioned to approve AJG’s 2024-2025 Insurance Renewal. Director Sunderman seconded the motion, which passed unanimously.

COMMUNICATIONS REPORT

This item was discussed above.

ATTORNEY’S REPORT

The Board had a brief discussion regarding National Night Out on October 1, 2024.

Messrs. Mueller, Braddock, Estes, Wright, Ms. Delong, 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 8:44 p.m. for legal consultation.

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

The Board reconvened in open session at 9:00 p.m.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board concurred to reconvene for a special JFAC meeting on August 22, 2024, at 6:00 p.m., and their next regular meeting on September 16, 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 unanimously.

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Passed and approved this 16th day of September 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 - Inspector's Report
- Exhibit F - Bookkeeper's Report
- Exhibit G - Engineer's Report