

SPRING CREEK UTILITY DISTRICT
Minutes of Meeting of Board of Directors
September 16, 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 of Utility Tax Services, LLC (the “District’s Tax Assessor”); Mason Mueller and Amber Hurd of Cobb, Fendley & Associates, Inc. (the “District’s Engineer”); Lindsey DeLong, John Montgomery, and Lonnie Wright of Municipal Operations & Consulting, Inc. (the “District’s Operator”); Jonathan Roach, Ray Arce, and Jessica Gentry of Roach & Associates, PLLC (the “District’s Attorney”); Eric Gonzalez 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”); and Anthea Moran of Masterson Advisors (the “District’s Financial Advisor”).

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

PUBLIC COMMENTS

There were no public comments.

FINANCIAL ADVISOR’S 2024 TAX RATE RECOMMENDATION

Ms. Moran presented and reviewed her 2024 Tax Rate Recommendation, a copy of which is attached as **Exhibit “A”**. She recommended levying a \$0.555 tax rate for debt service (“DS”) and a \$0.33 tax rate for maintenance and operations (“M&O”) for a total tax rate of \$0.885. After some discussion, Director Gourley motioned to authorize publication of the tax rate of \$0.885 per \$100 of assessed valuation, comprised of \$0.555 for DS and \$0.33 for M&O. Director Sterling seconded the motion, which passed four-to-one (4-1) with Director Sunderman opposed.

Mr. Braddock entered the meeting during the discussion.

FINANCING OPTIONS FOR PENDING/ADDITIONAL CAPITAL IMPROVEMENT PLAN PROJECTS

Director Sunderman made a motion to prepare a 2025 bond issue. The motion failed due to lack of a second. After some discussion, Director Gourley motioned for the District’s Engineer to

begin preparation of the bond applications for Bond Series 2025 and Bond Series 2025A. Director Fusca seconded the motion, which passed unanimously.

ANNUAL AUDIT REPORT FOR FYE APRIL 30, 2024

There was nothing new to report.

CONSENT AGENDA: MINUTES

The Board considered for approval the regular meeting minutes of July 15, 2024, and August 19, 2024. After some discussion, Director Gourley motioned to approve the July 15, 2024, and August 19, 2024, regular meeting minutes, subject to revisions. Director Sterling seconded the motion, which passed unanimously.

CONSENT AGENDA: CONSULTANT REPORTS

Mr. Roach briefly noted a suit against the District regarding a delinquent account. After some discussion, Director Fusca motioned to approve the following consultant reports: (1) Security Report, attached hereto as Exhibit “B”; (2) Garbage Collection Report, attached hereto as Exhibit “C”; and (3) Tax Assessor’s Report, attached hereto as Exhibit “D”. Director Gourley 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 Sunderman noted that he had talked to the District’s Financial Advisor about a governmental risk analysis. He stated there was a substantial decrease in property values in 2008 and worries about another economic crash affecting the District. Ms. Moran said there is an underlying rating that looks at the District when it sells bonds or does an annual review. She explained that they do not forecast what could happen because the District sells unlimited tax bonds, which levies whatever tax is needed to sell those bonds. She further stated that the District is not at risk because, when the average property value reduction occurs, the property tax laws state they could raise their tax rate, staying within limits, and the average tax rate does not change. Director Sunderman expressed his concern about being unable to complete a project due to a lack of funding. Ms. Moran stated that the District could not start a project until bond funds were obtained, so that would not be an issue.
- (b) Park Committee. Director Fusca noted that the Park Committee visited Gosling Sports Park for inspiration regarding bleachers and a canopy. Mr. Braddock said he received pricing for the equipment but said it was higher than expected, so he would follow up and acquire new pricing. Director Humbert pointed out that the budget needs to be revised for the operating and maintenance funds and the park. He also requested that the District’s Inspector send the revised quotes once received so that the Budget & Finance Committee can discuss with the Bookkeeper to update the budget.

- (c) Communications Committee. Director Humbert noted an alert for the water main leak was sent out. Ms. Dehoyos pointed out that a Boil Water Notice was also sent out for the service line that disconnected from the main line. Then, Director Humbert advised that the committee did not meet but said that they would continue working on the newsletter in the following weeks.
- (d) Security Committee. Director Fusca said he is trying to obtain a cost analysis for regular cameras compared to Flock Safety cameras. Mr. Braddock noted he would look into it.
- (e) Development Committee. Director Fusca noted that Tim Crawford still wants to build apartments on his development. Director Gourley stated that the District needs to ensure it has enough water because if the drought continues for another year or two (2), it will not have enough to service new developments. He further stated that the District needs to get another well and explore other aquifers.
- (f) SJRA Committee. There was nothing new to report.
- (g) Administration Building Committee. Director Humbert stated that they are working on designing and surveying.

Ms. Moran exited during the discussion.

BOOKKEEPER'S REPORT

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

SALES TAX REPORT AND STRATEGIC PARTNERSHIP AGREEMENT UPDATES

There was nothing new to report.

INSPECTOR'S REPORT

Mr. Braddock presented the Inspector's Report, attached hereto as **Exhibit "F"**. The Board discussed the details and vendors for the National Night Out on October 1, 2024. Next, Mr. Braddock presented a proposal for a wet well repair at Lift Station No. 3 for \$4,800, noting that they would also be conducting a closed-circuit television on them. After some discussion, the Board concurred to approve the proposal.

Mr. Gonzalez exited the meeting.

Then, Mr. Braddock presented a proposal for a Legends Ranch Drainage Facility rebuild on Pump No. 4 and a 315-horsepower spare pump. After some discussion, Director Sterling motioned to approve the proposal. Director Gourley seconded the motion, which passed unanimously. The Board then discussed the final cleanup of the drainage swale, whereby the Board concurred to clean

up all things that put the hydrology at risk. After no further discussion, Director Gourley motioned to approve the Inspector's Report. Director Fusca seconded the motion, which passed unanimously.

Director Sunderman exited the meeting.

OPERATOR'S REPORT

Ms. Delong presented the Operator's Report, attached hereto as Exhibit "G". She also presented the delinquent cut-off list.

Messrs. Mueller and Braddock temporarily exited the meeting.

Ms. Delong then presented the recent changes to the District's Rate Order, which the Board discussed further. Next, Ms. Delong noted that she would like to complete a full field audit to assess every meter in the District at a cost of \$3,600. She explained that there have been many issues with meters under warranty and that this audit would help with accountability in making sure residents are being charged the correct usage amounts from their meters. After some discussion, the Board concurred that the District's Operator should conduct a field audit of all District meters.

Messrs. Mueller and Braddock re-entered the meeting.

Director Fusca noted that the Board needs a policy to address how many days the District should wait before turning the water off due to a leak not being addressed in a timely manner. The Board ensued in a brief discussion regarding the addition of language regarding leak repairs and also new tiers for water rates in the Rate Order. Ms. Delong confirmed that the Lead and Copper Rules and Regulations report was submitted to the Texas Commission on Environmental Quality and that the District is now in compliance with no further action required. Next, Ms. Delong presented a quote for the rebuild of the Pump No. 4 shaft, in the amount of \$23,500, payable to STP Services. After some discussion, Director Sterling approved the quote. Director Gourley seconded the motion, which passed unanimously.

Then, the Board discussed penalties for watering more days than acceptable, rainwater detection devices, and requiring or informing residents of irrigation reduction. After the discussion, Director Gourley motioned to approve the Operator's Report and delinquent cut-off list. Director Fusca seconded the motion, which passed unanimously.

POSSIBLE RATE ORDER AMENDMENT

The Board reviewed the recent changes to their Rate Order, which would be effective for October's billing. After some discussion, Director Gourley motioned to approve the Amended Rate Order. Director Sterling seconded the motion, which passed unanimously.

ENGINEER'S REPORT

Mr. Mueller presented the Engineer's Report, attached hereto as Exhibit "H". He recommended for payment Pay Application No. 1 ("Pay Application No. 1") in the amount of \$44,787.75, payable to Grossman Design Build for the Administration Building. Next, Mr. Mueller presented the Water Plant No. 3 proposal amendment for a hydrogeologic report to plan for the

proposed water well to use the Jasper aquifer. After some discussion, Director Gourley motioned to approve: (1) Pay Application No. 1; and (2) the Water Plant No. 3 proposal amendment. Director Fusca seconded the motion, which passed unanimously. Next, Director Gourley motioned to approve the Engineer's Report. Director Fusca seconded the motion, which passed unanimously.

ARBITRAGE REPORTING

Mr. Roach reviewed the Arbitrage Report, noting that the District owes no money to the Internal Revenue Service. Director Humbert directed that the check to Municipal Risk Management Group, LLC be paid from the District's capital project/bond funds. After some discussion, Director Sterling motioned to approve the proposals and invoicing presented and the reimbursement of funds from the bond funds to the operating account. Director Gourley seconded the motion, which passed three-to-zero (3-0) with Director Fusca absent from the vote.

Director Fusca exited the meeting during the discussion.

JOINT FACILITIES ADVISORY COMMITTEE ("JFAC") MATTERS

Director Humbert noted that the San Jacinto River Authority ("SJRA") did not meet that month.

Director Fusca re-entered the meeting.

Mr. Roach noted that the credit to Montgomery County Municipal Utility District No. 89 ("MC89") from the SJRA had been credited to MC89 and allocated by MC89 among the three (3) districts appropriately. The Board then discussed that the SJRA credit for its usage had not yet been received.

DIRECTOR'S REPORT

There was nothing new to report.

COMMUNICATIONS REPORT

Ms. Dehoyos presented the Communications Report, attached hereto as **Exhibit "I"**. Next, Mr. Estes presented the iPad Air options for Director Sterling. After some discussion, the Board concurred to purchase the iPad Pro 13 for both Directors Sterling and Gourley for a total cost of \$5,575.30.

ATTORNEY'S REPORT

There was nothing new to report.

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

The Board did not enter into executive session.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

Director Humbert inquired when the Board would like to discuss the water reuse distribution system, noting that it should be discussed before the District moves too far into the project. He also inquired about how to determine the cost of production so that the District could potentially propose selling water to MC89. The Board ensued into further discussion.

Next, Mr. Roach presented the SJRA ballot appointment, noting that the District's Attorney had received a full resolution from SJRA. After no discussion, Director Fusca motioned to nominate Benjamin Slotnick as the District's vote for the SJRA ballot appointment. Director Gourley seconded the motion, which passed unanimously.

The Board concurred to hold their next regular meeting on October 21, 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 21st day of October 2024.

/s/ Frederick Sunderman
Secretary, Board of Directors

[SEAL]



LIST OF EXHIBITS

- Exhibit A - 2024 Tax Rate Recommendation
- Exhibit B - Security Report
- Exhibit C - Garbage Collection Report
- Exhibit D - Tax Assessor's Report
- Exhibit E - Bookkeeper's Report
- Exhibit F - Inspector's Report
- Exhibit G - Operator's Report
- Exhibit H - Engineer's Report
- Exhibit I - Communications Report