

Spring Creek

UTILITY DISTRICT

presents:



PLANNING FOR THE FUTURE

INFORMATIONAL OVERVIEW

www.springcreekud.org

DETAILS PROVIDED BY:



ROACH & MITCHELL, PLLC



MASTERSON
ADVISORS LLC

TRITON

About Spring Creek Utility District

Spring Creek Utility District (the "District") is a Municipal Utility District or "MUD", which is responsible for providing the water, sanitary sewer and drainage infrastructure, as well as parks, to serve property within its boundaries and is authorized to serve other surrounding properties.

The District is a governmental agency and political subdivision of the State of Texas which was created by the Texas Legislature in 1971. It is governed by the Texas Commission on Environmental Quality ("TCEQ") and operates under Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code.

The District is managed by a five-member elected Board of Directors. The Board holds a regular meeting once a month (generally at 5:00 p.m. on the third Monday of every month) to manage and conduct the business and affairs of the District, and the meetings are open to the public pursuant to the Open Meetings Act, Chapter 551, Texas Government Code. Periodically, the Board will hold special meetings. By law, an agenda for each Board meeting must be posted at least 72 hours prior to the meeting and is generally available on the District's website (<http://springcreekud.org>).

As is typically done for smaller governmental agencies, the District contracts with consultants such as attorneys, auditors, bookkeepers, engineers, financial advisors, operators and tax assessor-collectors to provide services, advice, and reports to assist the Board in managing the District.

Find out more at www.springcreekud.org

SPRING CREEK UTILITY DISTRICT

Development & Infrastructure



Forest Village:
993 Residential
Connections



Spring Creek Pines:
87 Residential
Connections



Lockeridge Farms:
185 Residential
Connections

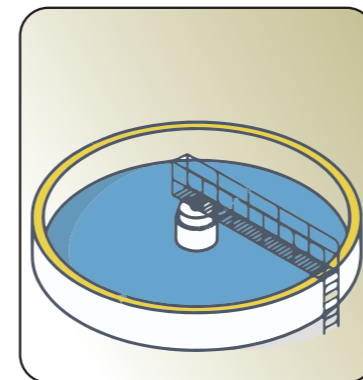


Fox Run Subdivision:
1,300 Residential
Connections

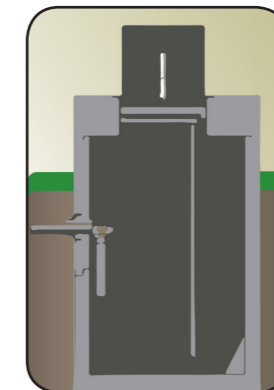


Legends Run:
1,218 Residential
Connections

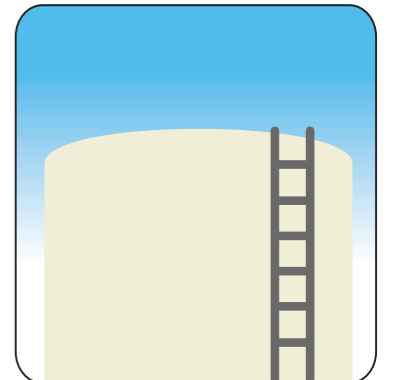
**1 Wastewater
Treatment Plant**



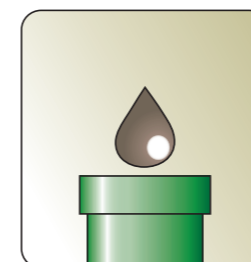
9 Lift Stations



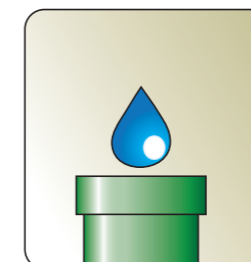
4 Water Plants



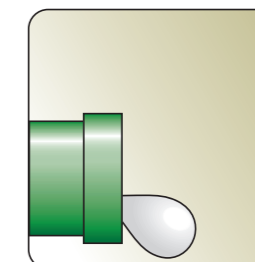
**146,600 linear
ft. (approx.
28 miles) of
sanitary sewer**



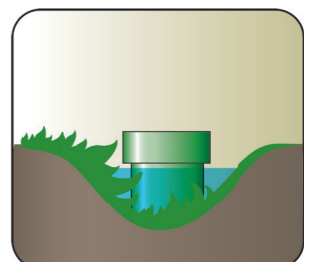
**194,110 linear
ft. (approx.
37 miles) of
waterline**



**112,440 linear
ft. (approx. 22
miles) of storm
sewer**



**4 Water
Detention
Ponds**



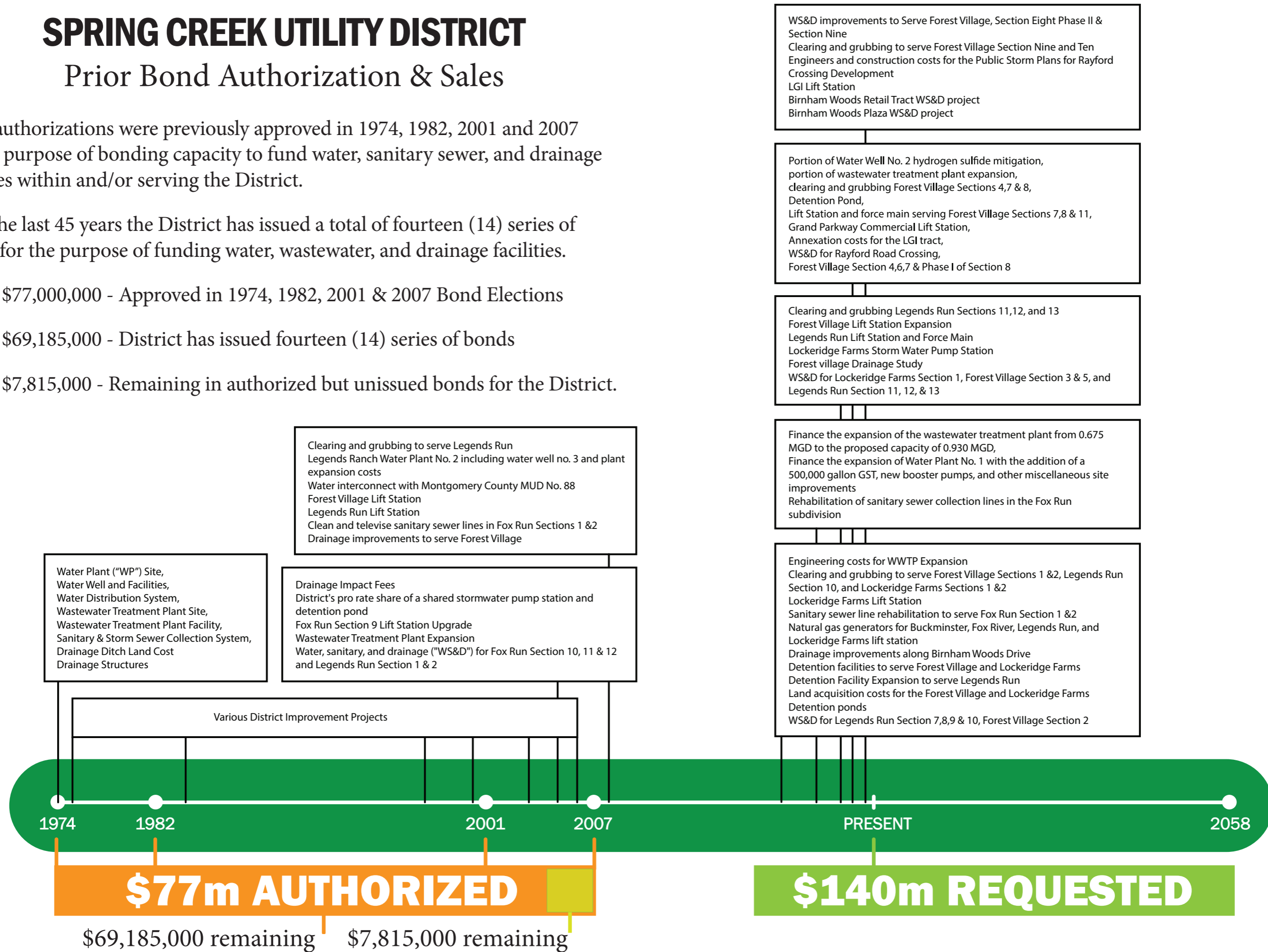
SPRING CREEK UTILITY DISTRICT

Prior Bond Authorization & Sales

Bond authorizations were previously approved in 1974, 1982, 2001 and 2007 for the purpose of bonding capacity to fund water, sanitary sewer, and drainage facilities within and/or serving the District.

Over the last 45 years the District has issued a total of fourteen (14) series of bonds for the purpose of funding water, wastewater, and drainage facilities.

- \$77,000,000 - Approved in 1974, 1982, 2001 & 2007 Bond Elections
- \$69,185,000 - District has issued fourteen (14) series of bonds
- \$7,815,000 - Remaining in authorized but unissued bonds for the District.



Water Plant ("WP") Site,
Water Well and Facilities,
Water Distribution System,
Wastewater Treatment Plant Site,
Wastewater Treatment Plant Facility,
Sanitary & Storm Sewer Collection System,
Drainage Ditch Land Cost
Drainage Structures

Clearing and grubbing to serve Legends Run
Legends Ranch Water Plant No. 2 including water well no. 3 and plant expansion costs
Water interconnect with Montgomery County MUD No. 88
Forest Village Lift Station
Legends Run Lift Station
Clean and televise sanitary sewer lines in Fox Run Sections 1 & 2
Drainage improvements to serve Forest Village

Drainage Impact Fees
District's pro rate share of a shared stormwater pump station and detention pond
Fox Run Section 9 Lift Station Upgrade
Wastewater Treatment Plant Expansion
Water, sanitary, and drainage ("WS&D") for Fox Run Section 10, 11 & 12 and Legends Run Section 1 & 2

Various District Improvement Projects

WS&D improvements to Serve Forest Village, Section Eight Phase II & Section Nine
Clearing and grubbing to serve Forest Village Section Nine and Ten
Engineers and construction costs for the Public Storm Plans for Rayford Crossing Development
LGI Lift Station
Birnam Woods Retail Tract WS&D project
Birnam Woods Plaza WS&D project

Portion of Water Well No. 2 hydrogen sulfide mitigation,
portion of wastewater treatment plant expansion,
clearing and grubbing Forest Village Sections 4,7 & 8,
Detention Pond,
Lift Station and force main serving Forest Village Sections 7,8 & 11,
Grand Parkway Commercial Lift Station,
Annexation costs for the LGI tract,
WS&D for Rayford Road Crossing,
Forest Village Section 4,6,7 & Phase I of Section 8

Clearing and grubbing Legends Run Sections 11,12, and 13
Forest Village Lift Station Expansion
Legends Run Lift Station and Force Main
Lockeridge Farms Storm Water Pump Station
Forest village Drainage Study
WS&D for Lockeridge Farms Section 1, Forest Village Section 3 & 5, and Legends Run Section 11, 12, & 13

Finance the expansion of the wastewater treatment plant from 0.675 MGD to the proposed capacity of 0.930 MGD,
Finance the expansion of Water Plant No. 1 with the addition of a 500,000 gallon GST, new booster pumps, and other miscellaneous site improvements
Rehabilitation of sanitary sewer collection lines in the Fox Run subdivision

Engineering costs for WWTP Expansion
Clearing and grubbing to serve Forest Village Sections 1 & 2, Legends Run Section 10, and Lockeridge Farms Sections 1 & 2
Lockeridge Farms Lift Station
Sanitary sewer line rehabilitation to serve Fox Run Section 1 & 2
Natural gas generators for Buckminster, Fox River, Legends Run, and Lockeridge Farms lift station
Drainage improvements along Birnam Woods Drive
Detention facilities to serve Forest Village and Lockeridge Farms
Detention Facility Expansion to serve Legends Run
Land acquisition costs for the Forest Village and Lockeridge Farms
Detention ponds
WS&D for Legends Run Section 7,8,9 & 10, Forest Village Section 2

\$77m AUTHORIZED

\$140m REQUESTED

\$69,185,000 remaining

\$7,815,000 remaining

WAYS SPRING CREEK UTILITY DISTRICT CAN FUND CAPITAL IMPROVEMENTS

The following options are ways to fund necessary improvements during the life of Spring Creek Utility District:

Tax Supported Bonds¹

- Allow costs to be spread over the entire tax base over many years
- Ensures costs are shared by both current and future users within the district
- Bonds are typically amortized over 20-30 years
- Tax revenue requirements are spread over that same 20-30 year timeframe
- Funds are available in approximately 6 months or less

Maintenance Tax Rate²

- Costs are also spread over the entire tax base, similar to tax bonds
- May not be used as a pledge for bonds
- Generally intended for maintenance of facilities (while tax bonds are meant for actual capital improvements)
- Funds take more time to collect

Water & Sewer Rates³

- Costs are spread over the entire customer base
- To fund capital costs, rates generally proportionally higher for residential users as opposed to commercial users
- Current users pay more (since capital improvements are constructed immediately but the costs are not amortized or depreciated)
- Funds take more time to collect

¹ Tax Bonds – Costs are extended over the largest base and the longest time period, meaning lower immediate costs for current customers/residents/businesses.

² Maintenance Tax Rates – Requires higher maintenance tax rates due to immediacy of required funds and utilizing maintenance/operations revenue for other purposes.

³ Water & Sewer Rates – Generally requires significantly higher water/sewer rates due to immediacy of required funds and utilizing other revenues for capital improvement purposes.

SPRING CREEK UTILITY DISTRICT

Table IV - Cost Summary

PROPOSED \$140,000,000 BOND AUTHORIZATION REQUEST PRELIMINARY SUMMARY OF COSTS

<i>Construction Costs:</i>	<i>District Share</i>
District Items	
1. Water	
a. Construction	\$ 24,300,000 ⁽¹⁾
2. Sanitary	
a. Construction	\$ 25,100,000 ⁽¹⁾
3. Drainage	
a. Construction	\$ 13,200,000 ⁽¹⁾
4. Future Reimbursable Items	\$ 8,300,000
4. Inflation	\$ 34,800,000 ⁽²⁾
5. Engineering & Technical Services	\$ 11,000,000
TOTAL CONSTRUCTION COSTS (83.36% of BIR)	\$ 116,700,000
TOTAL BOND ISSUANCE SOFT COSTS (16.64% of BIR)	\$ 23,300,000
TOTAL BOND ISSUE REQUIREMENT	\$ 140,000,000

Notes:

(1) Total construction cost includes contingency of 10%.

(2) Inflation rate of 2% was utilized.

Summary of Projected Bond Issues & Total Bond Election Amount

Bond Election Summary	
Years 2019-2058	
Total Project Cost (Construction + Soft Costs) (Present Value)	\$ 73,600,000
Future Reimbursable (Present Value)	\$ 8,300,000
Inflation / Escalation	\$ 34,800,000
Bond Issuance Soft Costs (20%)	\$ 23,300,000
TOTAL PROJECTED BOND ELECTION AMOUNT	\$ 140,000,000

Bond Issuance Summary									
	Years 2019-2023	Years 2024-2028	Years 2029-2033	Years 2034-2038	Years 2039-2043	Years 2044-2048	Years 2049-2053	Years 2054-2058	
	Bond Issuance 14-15	Bond Issuance 16-17	Bond Issuance 17-18	Bond Issuance 19-20	Bond Issuance 21-22	Bond Issuance 23-24	Bond Issuance 25-26	Bond Issuance 27-28	
Total Project Cost	\$ 5,473,761	\$ 17,181,869	\$ 11,264,936	\$ 17,124,511	\$ 3,802,783	\$ 9,080,787	\$ 3,647,601	\$ 5,969,237	
Future Reimbursable	\$ 8,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Inflation / Escalation	\$ 333,720	\$ 3,138,086	\$ 3,093,738	\$ 8,399,398	\$ 2,376,906	\$ 6,904,999	\$ 3,549,470	\$ 6,961,318	
Bond Issuance Soft Costs (20%)	\$ 2,821,496	\$ 4,063,991	\$ 2,871,735	\$ 5,104,782	\$ 1,235,938	\$ 3,197,157	\$ 1,439,414	\$ 2,586,111	
Total Bond Issuance	\$ 16,928,977	\$ 24,383,946	\$ 17,230,409	\$ 30,628,690	\$ 7,415,627	\$ 19,182,942	\$ 8,636,485	\$ 15,516,667	

Summary of Items Included in Total Project Cost									
Water:	<ul style="list-style-type: none"> • Fox Run Sections 1 & 5 WL Rehab 	<ul style="list-style-type: none"> • WP No. 3 • Legends Ranch WP No. 1 Improvements • Legends Ranch WP No. 2 Improvements • WP No. 1 Improvements • WP No. 2 Improvements • Purchase of CNN along Wild Rose 		<ul style="list-style-type: none"> • WP No. 3 Rehab • Legends Ranch WP No. 2 Improvements • WP No. 1 Improvements • Fox Run Section 6 & 7 WL Rehab • Spring Creek Pines WL Rehab 	<ul style="list-style-type: none"> • WP No. 1 Improvements • WP No. 2 Improvements • Fox Run Sections 8-11 WL Rehab • Legends Run Section 1 WL Rehab 	<ul style="list-style-type: none"> • WP No. 3 Rehab • Legends Ranch WP No. 1 Improvements • Legends Ranch WP No. 2 Improvements • Forest Village Sections 1-2 WL Rehab • Fox Run Section 12 WL Rehab • Legends Run Sections 2-12 WL Rehab • Lockridge Farms WL Rehab 	<ul style="list-style-type: none"> • Legends Ranch WP No. 2 Improvements • WP No. 1 Improvements • WP No. 2 Improvements • Forest Village Sections 3-5 WL Rehab • Legends Ranch Section 12 WL Rehab 	<ul style="list-style-type: none"> • WP No. 3 Rehab • Legends Ranch WP No. 1 Improvements • Legends Ranch WP No. 2 Improvements 	
Sanitary:	<ul style="list-style-type: none"> • Lift Station Improvements 	<ul style="list-style-type: none"> • Lift Station Improvements • WWTP Improvements 	<ul style="list-style-type: none"> • Lift Station Improvements • WWTP Improvements • Fox Run Section 1-5 SL Rehab 	<ul style="list-style-type: none"> • Lift Station Improvements • WWTP Improvements 	<ul style="list-style-type: none"> • Lift Station Improvements • Fox Run Section 6-12 SL Rehab • Legends Run Sections 1-13 SL Rehab • <i>Install of future Tertiary Cloth Media Filter, Reclaimed Water Storage and Pumping Equipment, Digester Basins, SCADA System, Mechanical Dewatering Equipment, Aeration Basins</i> 	<ul style="list-style-type: none"> • Lift Station Improvements • WWTP Improvements • Forest Village Sections 1-5, & 8 SL Rehab • Lockridge Farms SL Rehab • Public Commercial SL Rehab • Spring Creek Pines SL Rehab 	<ul style="list-style-type: none"> • Lift Station Improvements • WWTP Improvements 	<ul style="list-style-type: none"> • Lift Station Improvements • WWTP Improvements • Forest Village Section 6-7 SL Rehab 	
Drainage:	<ul style="list-style-type: none"> • Storm Sewer Major Repairs • Pumping Stations Improvements 	<ul style="list-style-type: none"> • Storm Sewer Major Repairs • District Building Built • Pumping Stations Improvements 	<ul style="list-style-type: none"> • Storm Sewer Major Repairs • Secondary Channel Rehab 	<ul style="list-style-type: none"> • Storm Sewer Major Repairs 	<ul style="list-style-type: none"> • Storm Sewer Major Repairs • Pumping Stations Improvements 	<ul style="list-style-type: none"> • Storm Sewer Major Repairs • Pumping Station Improvements • Forest Village Detention Pond Rehab • Legends Run Detention Pond Rehab 	<ul style="list-style-type: none"> • Storm Sewer Major Repairs • Pumping Stations Improvements • Lockridge Farms Detention Pond Rehab 	<ul style="list-style-type: none"> • Storm Sewer Major Repairs • Pumping Stations Improvements • Walmart Detention Pond Rehab 	

BOND AUTHORIZATION (ELECTION) VS. BOND ISSUANCE

Upon the creation of a new MUD, one of the first items of business is to secure the authorization to issue future tax-exempt bonds. This authorization provides the MUD the option, but not the requirement, to issue tax-supported bonds to fund the necessary facilities, infrastructure, and services. However, the matter must first be put in the hands of the registered voters of the District via an election. If and when the bond authorization election passes, the Board of Directors of the District may begin to issue bonds in increments as needed.

Authorization

In order for a MUD to issue bonds, it must first obtain the authorization from the voters in the District. The District will hold an election and offer a Proposition in a form similar to the following:

PROPOSITION A - The issuance of \$85,000,000 in bonds for waterworks, sanitary sewer, and drainage facilities, the equivalent \$85,000,000 in bonds for refunding* of any outstanding bonds, and the levy of taxes adequate to provide payment of the bonds.

If the voters in the District approve the Proposition, then the District now has the *option*, but not the obligation, to issue tax-supported bonds. Properties within the District will not incur any additional taxes simply because the District received the voters' authorization to issue tax-supported bonds.

Issuance

Once the authorization has been provided by the voters, the District may begin to issue tax-supported bonds in increments as needed. The actual issuance of bonds is highly regulated and must meet numerous financial and similar feasibility requirements according to applicable state laws. Each proposed bond issue must also first be reviewed and approved by the Board of Directors of the District, the Texas Commission on Environmental Quality (TCEQ), and the Texas Attorney General (AG) prior to each issuance. Once a tax-supported bond issuance has occurred, the District will collect taxes on the properties within the District to make the necessary debt service payments, usually spread over the life of the facilities, infrastructure, and/or services for which the bonds were issued (often about 20-30 years). This allows the District to amortize its financial needs over a longer period of time and only issue bonds if and when needed, which all starts with the initial voter authorization.

* Authorizing *refunding* bonds is not the same as approving an additional amount of bonds. Refunding bonds are actually used to pay off older, higher-interest rate bonds with lower-interest rate bonds at some point in the future (if and when rates are better). Therefore, approving an equivalent amount of refunding bonds is typical with a bond election, and without that refunding bond authorization the MUD is potentially prevented from having the option to take advantage of lower interest rates in the future.

PROCEDURES FOR ELECTION

Election will be administered by Montgomery County pursuant to the Joint Election Agreement with the District.

Early Voting will take place at the following dates and times:

April 22–27, 2019 (Monday–Saturday) : 8:00am–5:00pm

April 29–30, 2019 (Monday–Tuesday) : 7:00am–7:00pm

Early Voting will be conducted at all 7 early voting locations for Montgomery County. The closest Early Voting location to the District is **South County Community Building, 2235 Lake Robbins Drive, The Woodlands, Texas 77380**. Contact <https://elections.mctx.org> or 936-539-7843 for information.

Election Day voting will take place on **Saturday, May 4, 2019 from 7:00am–7:00pm** and will be conducted at the Montgomery County voting location corresponding to your designated County election precinct*:

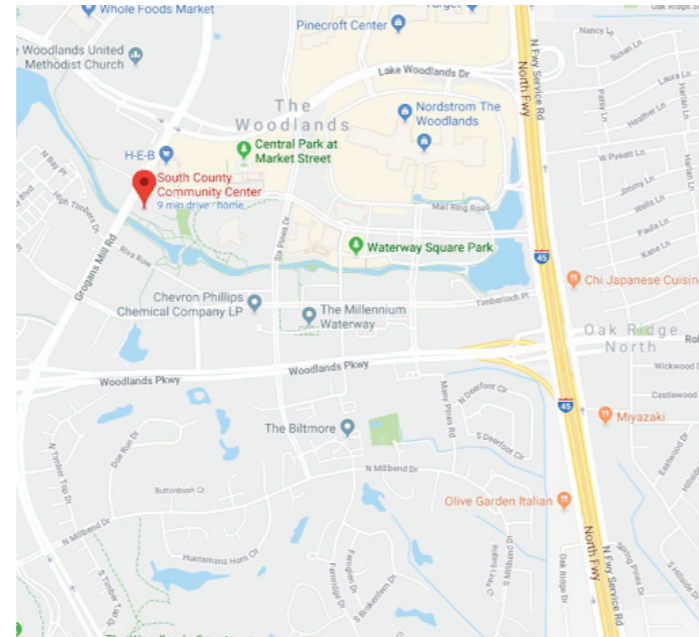
- 47 - **South Montgomery County Fire Station #4**
28830 Birnham Woods Dr., Spring, TX 77386
- 68 - **Knights of Columbus Hall**
29327 S. Plum Creek Dr., Spring, TX 77386
- 88 - **York Junior High School**
3515 Waterbend Cove, Spring, TX 77386
- 92 - **Kaufman Elementary School**
2760 Northridge Forest Dr., Spring, TX 77386

*Current hours, subject to change by Montgomery County

SEE FOLLOWING PAGES FOR DETAILED LOCATIONS FOR EARLY VOTING

LOCATIONS FOR EARLY VOTING

**South County Community Building,
2235 Lake Robbins Drive,
The Woodlands, Texas 77380**



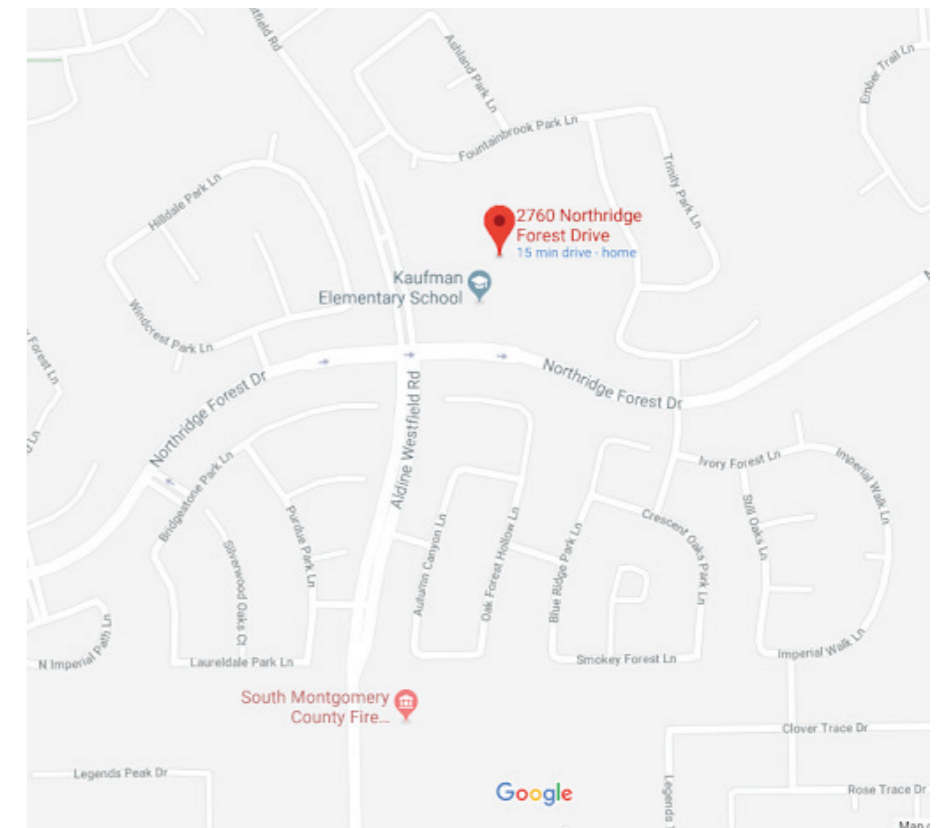
**York Junior High School
3515 Waterbend Cove,
Spring, TX 77386**



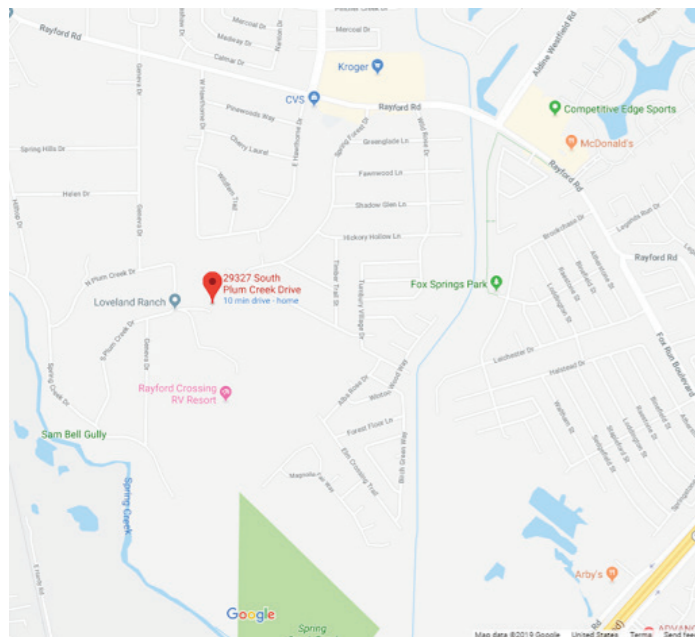
**South Montgomery County
Fire Station #4
28830 Birnham Woods Dr.,
Spring, TX 77386**



**Kaufman Elementary
School
2760 Northridge
Forest Dr.,
Spring, TX 77386**



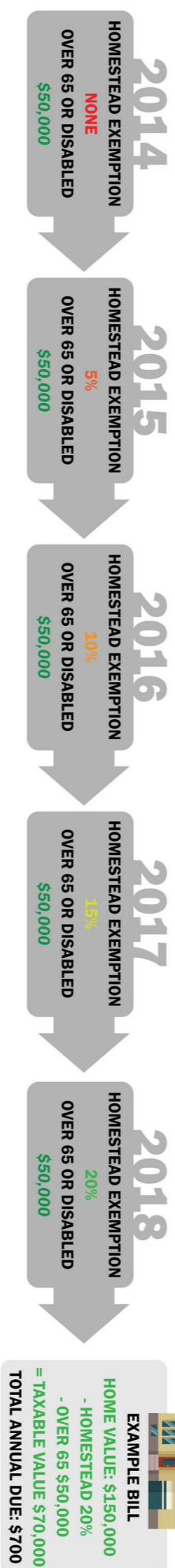
**Knights of Columbus Hall
29327 S. Plum Creek Dr.,
Spring, TX 77386**



TAX RATE HISTORY



5-YEAR TAX EXEMPTION HISTORY



¹ Ad Valorem: Value-based property taxes, calculated by property's assessed valuation.

*Values are estimated projections using historical financial data available and are subject to change.

SAMPLE BALLOTS

Joint Election *Elección Conjunta*

Montgomery County, Texas
Condado de Montgomery, Texas
May 04, 2019 - 04 de Mayo de 2019

Precinct *Precinto* Spring Creek UD

OFFICIAL BALLOT <i>BOLETA OFICIAL</i> Instruction Note: Please use a black or blue ink pen only. Completely fill in the box provided to the left of your choice. Make no stray marks on the ballot. Do not use inks that soak through the paper. <i>Nota de Instrucción:</i> Por favor use solamente una pluma de tinta negra o azul. Llene completamente el espacio cuadrado a la izquierda de su selección. No haga marcas extraviadas. No use tintas que puedan penetrar el papel.	SPRING CREEK UTILITY DISTRICT BOND ELECTION <i>DISTRITO DE LA UTILIDAD DE SPRING CREEK ELECCIÓN DE BONOS</i> Spring Creek UD Proposition A Issuance of Waterworks, Sanitary Sewer, Drainage, and Refunding Bonds The issuance of \$140,000,000 bonds for waterworks, sanitary sewer, and drainage facilities, the equivalent \$140,000,000 bonds for refunding of any outstanding bonds and the levy of taxes adequate to provide payment of the bonds. <i>Spring Creek UD Proposición A</i> <i>Emisión de obras hidráulicas, alcantarillado sanitario, fianzas de drenaje y reembolso</i> La emisión de bonos por \$140,000,000 para obras hidráulicas, alcantarillado sanitario, instalaciones de drenaje, el equivalente de \$140,000,000 de bonos para el reembolso de cualquier bono pendiente y la recaudación de impuestos adecuada para el pago de los bonos.
<input type="checkbox"/> FOR <i>A FAVOR</i> <input type="checkbox"/> AGAINST <i>EN CONTRA</i>	

Sample Ballot

Paper:

Electronic:

Joint Election

Montgomery County, Texas

May 04, 2019

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Precinct Spring Creek UD

OFFICIAL BALLOT Instruction Note: To vote for your choice in each contest, turn the SELECT wheel to highlight your choice and then press ENTER to mark your choice. After marking all desired choices, carefully review the Ballot Summary. Only after you have reviewed your choices, press CAST BALLOT to complete the voting process. You have finished voting when you see the waving American flag.	SPRING CREEK UTILITY DISTRICT BOND ELECTION Spring Creek UD Proposition A Issuance of Waterworks, Sanitary Sewer, Drainage, and Refunding Bonds The issuance of \$140,000,000 bonds for waterworks, sanitary sewer, and drainage facilities, the equivalent \$140,000,000 bonds for refunding of any outstanding bonds and the levy of taxes adequate to provide payment of the bonds.
<input type="checkbox"/> FOR <input type="checkbox"/> AGAINST	

The logo for Spring Creek Utility District features the words "Spring Creek" in a white, serif font. A small teal water droplet is positioned above the letter 'i' in "Spring". A thin white horizontal line runs beneath the text. Below this line, the words "UTILITY DISTRICT" are written in a smaller, white, all-caps sans-serif font.

Spring Creek

UTILITY DISTRICT