

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors

March 14, 2017

The Board of Directors (“Board”) of Spring Creek Forest Public Utility District (“District”) met at 2727 Allen Parkway, Suite 1100, Houston, Texas, on March 14, 2017, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

R. W. (Rick) Kehlenbach, President
Wayne Cherry, Director
Tom Buffington, Director

and the following directors absent:

Derek D. Drawhorn, Vice President/Treasurer
Janet E. Frakes, Secretary.

Also present were Mr. Jeff Sonnheim, representing the District's tax assessor/collector; Mr. Josh Maas, representing the District's operator; Ms. Amber Hurd, representing the District's engineer; Ms. Jill Henze, representing the District's auditor; Ms. Claudia Redden, representing the District's bookkeeper; and Ms. Lori G. Aylett, attorney for the District.

The President called the meeting to order and declared it open for such business as might properly come before it. In the absence of the Secretary, Director Cherry was appointed Secretary Pro Tempore.

1. Minutes of the meeting held February 14, 2017 were presented for the Board's review and approval. Certain corrections were suggested, and after discussion, upon motion duly made, seconded and unanimously carried, the Board approved the minutes as amended.

2. Mr. Jeff Sonnheim presented the tax assessor/collector's report, a copy of which is attached. The report reflects that 2016 taxes are 94% collected. All prior years are over 99% collected or better. Ten checks were presented for the Board's review and approval. Upon unanimous vote, the Board approved the tax assessor/collector's report as presented.

3. Mr. Jeff Sonnheim presented a developer incremental report and reviewed the values of homes added by the developer and the corresponding incremental tax payment. The payment is used to reimburse the developer over time for certain engineering and contractor costs that were not paid with bond proceeds. Based upon the value added by the development, the Board agreed to pay the amount due to the developer of \$15,377.61 according to the calculation. The Board noted with satisfaction that next year would likely be the final payment.

4. Mr. Josh Moss presented an operations report, a copy of which is attached. The District accounted for 96.01% of the water produced during the month of January. The District billed \$70,839.59 and collected \$70,927.03. The District has 809 connections. 5.591

million gallons of water came from the North Harris County Regional Water Authority, and the District pumped 0.621 million gallons of water from its wells. The operator reported that the storm sewer line adjacent to 6519 Oak Masters has been repaired. Upon unanimous vote, the Board approved the operations report as presented.

5. The Board considered a Resolution for Adoption of Rate Order. Likewise, the Board considered an Order for Adoption of Schedule of Water and Sewer Service Fees and Rates. After discussion, upon unanimous vote, the Board approved the attached orders as presented.

6. Ms. Amber Hurd presented an engineer's report. The engineer reported that the force main replacement plans were submitted to the City of Houston and Harris County for review. The engineer consulted with a directional drilling contractor on construction issues. The engineer met with the Bammel Utility District's operator at the wastewater treatment plant site to discuss the force main tie-in at that location. The force main will be relocated under the creek. Director Kehlenbach recalled that neighboring district Harris County MUD 316 has a sewer line that "piggy-backs" on the District's line on the bridge supports. He inquired as to what the engineer's plan was for the bridge supports. The engineer confirmed that the bridge supports would no longer be required for District facilities when the District's force main is relocated, but the MUD 316 facilities could be left in place. The attorney will check to see if there is an agreement in place between the District and MUD 316. The Board noted that it would be important for the District to have no liability going forward for the bridge supports if the District was not going to utilize them. Upon unanimous vote, the Board approved the engineer's report as presented.

7. Ms. Jill Henze presented an audit of the District's books and records for the fiscal year ended November 30, 2016. The auditor reviewed the report with the Board in some detail. Ms. Henze stated that her firm would be issuing a clean opinion as to the District's books and records. All funds of the District were adequately secured at all times. Next year, the auditor will remove the note related to construction in progress for rehabilitation of Water Well No. 2 because that project was never started. Upon unanimous vote, the Board approved the audit of the books and records of the District for the fiscal year ended November 30, 2016 and authorized its filing as required by law.

8. There was presented the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives and the list of approved brokers/dealers. The attorney noted that according to the Public Funds Investment Act, the District is annually required to review its investment policy to assure its compliance with Texas law. The attorney recommended no revisions to the investment policy, and the auditor's report noted no deficiencies with respect to how the District's investments are handled. The Board also reviewed a list of brokers/dealers to be authorized to engage in investment transactions with the District. Upon unanimous vote, the Board adopted the Resolution and brokers/dealers list as presented.

9. Lori Aylett discussed the continuing disclosure filing with regard to the District's bonds. Pursuant to Bond Orders previously adopted, the District is required to annually update certain material information, including the audit, that might be of interest to

District bondholders. Upon unanimous vote, the Board authorized the attorney to make the continuing disclosure filing as required by law.

10. Lori Aylett explained the requirements of House Bill 1378 enacted by the Texas Legislature in 2015. Effective January 1, 2016, districts are required to provide certain financial information to the Comptroller of the State of Texas for posting on its website. The district may comply with the requirements of House Bill 1378 by submitting its approved audit. Upon unanimous vote, the Board authorized the attorney to make the required submission pursuant to House Bill 1378.

11. Ms. Claudia Redden presented the bookkeeper's report, a copy of which is attached. After discussion, upon unanimous vote, the Board approved the bookkeeper's report and payment of the bills listed thereon.

12. Under pending business, Directory Cherry reported that Waste Management made contact with the resident who complained about their pool chlorine mistakenly being dumped out as garbage. Representatives of Waste Management will attend a future meeting to discuss their procedures for garbage collection.

There being no further business to come before the Board, the meeting was adjourned.

Secretary Pro Tempore