

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors

October 10, 2017

The Board of Directors (“Board”) of Spring Creek Forest Public Utility District (“District”) met at 2701 W. Dallas, Houston, Texas, on October 10, 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
Kennon Evett, Jr., Director

and the following director absent:

Janet E. Frakes, Secretary.

Also present were Ms. Claudia Redden, representing the District’s bookkeeper; Mr. Jeff Sonnheim, representing the District's tax assessor/collector; Mr. Mark Ivy, representing the District's operator; Ms. Amber Hurd, representing the District’s engineer; 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 Buffington was appointed Secretary Pro Tempore.

1. Minutes of the meeting held September 12, 2017 were presented for the Board's review and approval. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board considered election of officers. The Board noted that there was a vacancy in the office of Vice President. Wayne Cherry was nominated for the office of Vice President, and no other nominations were received. Nominations were closed and Wayne Cherry was elected Vice President by acclamation.

3. Mr. Jeff Sonnheim presented the tax assessor/collector’s report, a copy of which is attached. The report reflects that 2016 taxes are 99.4% collected. All prior years are over 99% collected or better. Three checks were presented for the Board’s review and approval. Upon unanimous vote, the Board approved the tax assessor/collector's report as presented.

4. The Board then acknowledged that the tax assessor/collector had published a Notice of Public Hearing to consider the District’s 2017 tax rate. The hearing was declared open for public comment and question and, hearing none, the President closed the hearing.

5. There was presented the attached Order Adopting Appraisal Roll and Setting a Tax Rate and Levying a Debt Service and a Maintenance Tax for the Year 2017. Upon

unanimous vote, the Board adopted the order as presented, which order levies a maintenance and operations tax rate of \$0.19 per \$100 assessed valuation and a debt service tax rate of \$0.28 per \$100 assessed valuation for a total combined tax levy of \$0.47 per \$100 assessed valuation for the 2017 tax year.

There was then presented the Amendment to Statement of Directors Furnishing Information Required by Section 49.455(b), Texas Water Code, as Amended. The attorney noted that the Amendment to Statement of Directors is filed in the real property records of Harris County and informs property owners in the District that they are located in a water district and what the current tax rate is. Upon motion duly made, seconded and unanimously carried, the Board voted to adopt the amendment as presented, authorized its execution by all directors present, and authorized the attorney to file the document as required by law.

6. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 97.8% of the water produced during the month of August. The District billed \$106,586.97 and collected \$104,209.22. The District has 809 connections. 8.867 million gallons of water came from the North Harris County Regional Water Authority, and the District pumped 4.305 million gallons of water from its wells.

The operator reported that on a sewer backup into a home in the District. A stoppage in the District's sewer line appears to have caused them problem, and a claim has been filed with the District's insurance carrier.

Upon unanimous vote, the Board approved the operations report as presented.

7. Ms. Amber Hurd presented an engineer's report. The engineer reported that plans for the force main project were resubmitted to Harris County. The project has not yet been advertised for bids. The geotechnical report for the force main project is complete. The engineer reached out to the neighboring district to discuss scheduling a public meeting at the clubhouse in Spring Creek Forest subdivision with residents affected by the force main project. Upon unanimous vote, the Board approved the engineer's report as presented.

8. The Board considered a draft budget for the fiscal year ending November 30, 2018. The Board will review and consider adoption of the budget at next month's meeting.

9. Claudia Redden presented a 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.

10. The Board noted the need to engage an auditor to audit the books and records of the District for the fiscal year ending November 30, 2017. The attorney presented a proposal of Breedlove & Co. to conduct the audit with a fee range of \$8,800 to \$9,800. Upon unanimous vote, the Board approved the engagement of Breedlove & Co. to audit the books and records for the fiscal year ending November 30, 2017. The auditor provided the required TEC Form 1295 and included the necessary SB 89 and HB 252 language in the form of their engagement letter.

11. There was presented the attached Order Approving Investment Policy. The attorney explained that pursuant to changes to the Public Funds Investment Act, the Board should amend its investment policy. The policy should be amended to make a reference to newly enacted Chapter 2270 of the Government Code, which prohibits the investment of District funds in companies that do business with terrorist organizations. Further, the investment policy must be amended to change the definition of business organizations that must acknowledge receipt of the policy, and the form of the business organization's acknowledgment has changed. Upon unanimous vote, the Board adopted the attached Order Approving Investment Policy as presented.

12. Under pending business, Lori Aylett presented memoranda of law regarding House Bill 89 and Senate Bill 252. The attorney explained that House Bill 89 prevents the District from entering into contracts with companies for goods and services unless the contract contains written verification from the company that it does not and will not boycott Israel during the term of the contract. Senate Bill 252 prevents the District from entering into contracts for general construction, improvement, service, public works projects, or purchases of supplies, materials, or equipment with any company engaged in active business operations with Sudan, Iran, or a foreign terrorist organization. The attorney presented recommended language to be added to applicable agreements with District contractors.

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

Secretary