

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

Minutes of Meeting of Board of Directors

March 13, 2018

The Board of Directors (“Board”) of Spring Creek Forest Public Utility District (“District”) met at 2727 Allen Parkway, Suite 1100, Houston, Texas, on March 13, 2018, 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, Vice President
Janet E. Frakes, Secretary
Tom Buffington, Director

and the following was absent:

Kennon Evett, Jr., Director.

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; Mr. Jason Eldridge, representing the District’s engineer; Ms. Jill Henze, representing the District’s auditor; 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.

1. Minutes of the meeting held February 13, 2018 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. Mr. Jeff Sonnheim presented the tax assessor/collector’s report, a copy of which is attached. The report reflects that 2017 taxes are 94.6% collected. All prior years are over 99% collected or better. Four 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. Jason Eldridge presented an engineer’s report. The engineer reported that a preconstruction meeting was held with Resicom on February 27, 2018 for the force main replacement project. A second public meeting will be held March 28, 2018. The Board requested that the operator attend the second public hearing to discuss the force main replacement project.

The engineer reported that the arborist met with the concerned homeowner regarding the leaning tree. The engineer will continue to work with the arborist and the homeowner on the matter. The arborist also inspected the row of mature trees along the force main easement and will be preparing a letter of opinion regarding the impact of construction on the trees.

Upon unanimous vote, the Board approved the engineer’s report as presented.

4. The Board reviewed a request from Klein Independent School District for a proposed temporary construction easement agreement across the District's water plant property on Crampton Lane. The school district has a storm sewer line easement that runs through the water plant site, and the storm sewer is in need of repair. The school district requested temporary access along a 20-foot strip of land at the edge of the property. The engineer evaluated the request and stated that the location should not be a problem with or interfere with water plant operations. Ms. Hurd had previously suggested to the attorney that the easement have a more definite time limit and should expire within 12 months of being granted. After discussion, upon unanimous vote, the Board approved granting the temporary construction easement with the revisions as suggested by the District engineer.

5. Ms. Jill Henze presented an audit of the District's books and records for the fiscal year ended November 30, 2017. 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. She reviewed the report in detail with the Board. Upon unanimous vote, the Board approved the audit of the books and records of the District for the fiscal year ended November 30, 2017 and authorized its filing as required by law.

6. 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.

7. The Board considered review of the District's investments for compliance with Senate Bill 253. The attorney reminded the Board that Senate Bill 253 prohibits the District from investing with entities that support terrorist organizations. The District's investment officer must periodically review a list of such entities that will be prepared by the Texas Comptroller of Public Accounts and made available on their website. The Board authorized the investment officer to perform periodic reviews to confirm compliance with Senate Bill 253.

8. 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.

9. The Board considered the requirement to file a HB 1378 (Chapter 140, Texas Local Government Code) Annual Local Debt Report. The attorney noted that the District can comply with the law by filing its audit with the Texas Comptroller. Upon motion duly made, seconded and unanimously carried, the Board voted unanimously to authorize the attorney to make the required Annual Local Debt Report filing.

10. 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 final amount due to the developer of \$10,570.34 according to the calculation.

11. The Board then considered the attached Order Declaring Unopposed Candidates Elected and Canceling Election. The Board reviewed a secretary's certificate certifying that all candidates for office of director are unopposed, and the deadline for filing an application to be a candidate has expired. After discussion, upon unanimous vote, the Order was approved and executed.

12. Mr. Mark Ivy presented an operations report, a copy of which is attached. The District accounted for 94.43% of the water produced during the month of January. The District billed \$75,014.36 and collected \$80,111. The District has 809 connections. 5.626 million gallons of water came from the North Harris County Regional Water Authority, and the District pumped 0.912 million gallons of water from its wells.

The operator reported that there is a sinkhole in the yard adjacent to the water plant. There appears to be a leak on a District line, and the operator will make the necessary repair to avoid further damage.

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

13. 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.

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

Secretary