

## **SPRING WEST MUNICIPAL UTILITY DISTRICT**

### **Minutes of Meeting of Board of Directors November 10, 2021**

The Board of Directors ("Board") of Spring West Municipal Utility District ("District") met in regular session at 1300 Post Oak Boulevard, Suite 1400, Houston, Harris County, Texas, on November 10, 2021, in accordance with the duly posted notice of meeting. The meeting was also held via videoconference and teleconference pursuant to Texas Government Code Sections 551.125 and 551.127, as amended. The roll was called of the duly constituted officers and members of said Board, as follows:

Beverly F. O'Neal, President  
Kim Stephens, Vice President  
Jerome A. Patridge, Secretary  
Scott Shelnett, Assistant Secretary  
W. Eugene Norris, Sr., Assistant Secretary

and all persons attended the meeting, with Director Patridge participating via videoconference, thus constituting a quorum.

Also in attendance were: Jorge Diaz of McLennan & Associates, Inc. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Eric Thiry of Environmental Development Partners, LLC ("EDP"); Justin Ring of Odyssey Engineering Group, Inc. ("Odyssey"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); and Abraham Rubinsky, Gordon Cranner, and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Mr. Diaz, Mr. Thiry, Mr. Ring, and Mr. Cranner participated in the meeting via videoconference.

#### **PUBLIC COMMENTS**

The Board deferred consideration of comments from the public after noting that no members of the public were present.

#### **APPROVAL OF MINUTES**

The Board considered approval of the minutes of the Board of Directors meetings held on September 8, 2021, September 22, 2021, and October 13, 2021. Upon review, Director Shelnett moved that said minutes be approved as written. Director Patridge seconded said motion, which unanimously carried. The Board deferred consideration of approval of the minutes of the Board of Directors meetings held on October 27, 2021.

#### **BOOKKEEPER'S REPORT**

Mr. Diaz presented to and reviewed with the Board the Bookkeeper's Report for the period of October 14, 2021, through November 10, 2021, a copy of which is attached hereto as **EXHIBIT A**, including the disbursements presented therein for payment from the District's various accounts. Mr. Rubinsky reminded Mr. Diaz that the "Water & Sewer Extension – Spring Cypress" spreadsheet attached to the Bookkeeper's Report needs to be updated to include check no. 10255 (approved at the September 8, 2021 Board meeting) and check no. 10294 (approved at

the October 13, 2021 Board meeting), in the amounts of \$75,196.80 for Pay Request No. 1 and \$96,960.78 for Pay Request No. 2, respectively, both payable to DL Glover, Inc in connection with construction of Extension of Water Line and Sanitary Sewer Line along Spring Cypress Road. After discussion concerning various matters reflected in said Reports, Director Shelnett moved that (i) the Bookkeeper's Report and the disbursements presented therein for payment be approved, and (ii) the Investment Report for October 2021 be approved and the District's Investment Officer be authorized to execute same on behalf of the District. Director Stephens seconded said motion, which unanimously carried.

### **DRAFT OPERATING BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2021**

Mr. Diaz next presented to and reviewed with the Board a draft operating budget for the District's fiscal year ending December 31, 2022, which is attached to the Bookkeeper's Report, and requested that the Directors and consultants provide their comments, if any, to the District's Bookkeeper prior to the Board of Directors meeting scheduled for December 8, 2021.

### **COMPLIANCE WITH TEXAS GOVERNMENT CODE, CHAPTER 2265, RELATIVE TO ENERGY REPORTING**

There was next a discussion regarding the status of the District's compliance with Texas Government Code, Chapter 2265, relative to energy reporting requirements. In that regard, Mr. Diaz presented a Cost and Usage Report prepared for the District by Acclaim Energy Advisors for the period October 2020 through September 2021, a copy of which is attached hereto as **EXHIBIT B**. Mr. Rubinsky noted that the District has satisfied its statutory obligations by having the Cost and Usage Report prepared.

### **ENGAGEMENT OF AN AUDITOR TO PREPARE THE DISTRICT'S AUDIT REPORT FOR FISCAL YEARS ENDING DECEMBER 31, 2021, AND DECEMBER 31, 2022**

The Board deferred consideration of engagement of an auditor to prepare the District's audit reports for the fiscal years ending December 31, 2021, and December 31, 2022, noting that an engagement letter has not yet been received from the District's auditor, Mark C. Eyring, CPA, PLLC.

### **TAX ASSESSOR/COLLECTOR'S REPORT**

Mr. Rubinsky and the Board noted with sorrow the passing of Bob Leared. They expressed their deepest sympathies to Ms. McLaughlin and requested that she convey their sincere condolences to Mr. Leared's family and the employees of Bob Leared Interests, Inc.

Ms. McLaughlin next presented to and reviewed with the Board the Tax Assessor/Collector's Report for the month ended October 31, 2021, which is attached hereto as **EXHIBIT C**, including the disbursements presented therein for payment from the Tax Account. Ms. McLaughlin next presented to and reviewed with the Board a Single Line Delinquent Tax Report, included with the Tax Assessor/Collector's Report, dated November 8, 2021. Ms. McLaughlin then inquired whether the Board was interested in obtaining an updated aerial photograph of the District at the beginning of next year for a cost of \$1,100. After discussion, Director Stephens moved that: (i) the Tax Assessor/Collector's Report be approved and that the disbursements identified in the Report be approved for payment from the Tax Account; and (ii)

Leared be authorized to obtain an updated aerial photograph of the District as of approximately January 1, 2022, as discussed above. Director Shelnutt seconded said motion, which unanimously carried.

### **DELINQUENT TAX REPORT**

The Board deferred consideration of a Delinquent Tax Report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Collections Attorneys, after noting that a report was not due this month. Mr. Rubinsky stated that the next quarterly report will be provided in January 2022.

### **OPERATOR'S REPORT**

Mr. Thiry presented to and reviewed with the Board the Operator's Report dated November 10, 2021, a copy of which is attached hereto as **EXHIBIT D**, and discussed various repair and maintenance items noted therein. Mr. Thiry next reminded the Board that EDP's survey of the District's sanitary sewer manholes is complete and advised that EDP will provide a summary of results to Odyssey for review prior to presenting said results to the Board for its consideration. Mr. Thiry further reminded the Board that it previously authorized EDP to repair or replace an existing eight-inch (8") drain valve on the effluent basin at the Wastewater Treatment Plant ("WWTP") for a cost not to exceed \$8,000. He advised the Board that said project is still pending as EDP is currently working to determine which course of action will best serve the District. Mr. Thiry next reported that EDP somehow failed to update its system with Richard J. Lindley, Jr.'s current mailing address. Mr. Thiry advised the Board that he personally forwarded the outstanding bill to Mr. Lindley via electronic mail with the assurance that his mailing address has now been updated and confirmation that any late fees or penalties accrued to his account due to EDP's error will be waived. After discussion, it was noted that no action was required by the Board in connection with the Operator's Report at this time.

Ms. McLaughlin exited the meeting during the above discussion.

### **APPROVAL OF ASSIGNMENT AND AMENDMENT OF AGREEMENT FOR OPERATING SERVICES**

The Board next considered the approval of an Assignment and Amendment of Agreement for Operating Services ("Assignment and Amendment") by and among the District, EDP and Inframark, LLC ("Inframark") in connection with the recent sale of EDP to Inframark. Mr. Rubinsky noted that SPH is working with EDP and Inframark on one small outstanding issue in connection with certain language contained in Section 5 of the Assignment and Amendment. After discussion, it was moved by Director Stephens, seconded by Director Norris and unanimously carried, that the Assignment and Amendment be approved and that the President be authorized to execute same on behalf of the Board and the District, subject to SPH's final approval of same.

### **AMENDED AND RESTATED CONSTRUCTION AND MAINTENANCE AGREEMENT WITH HANNOVER FOREST HOMEOWNERS ASSOCIATION**

The Board deferred consideration of the proposed Amended and Restated Construction and Maintenance Agreement between the District and Hannover Forest Homeowners

Association in connection with maintenance by the District of the Hannover Forest, Section Two Detention Pond.

### **ENGINEER'S REPORT**

Mr. Ring presented and reviewed in detail with the Board a written Engineer's Report dated November 10, 2021, a copy of which is attached hereto as **EXHIBIT E**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein. With regard to the construction of West Extension of Water Line and Sanitary Sewer Line along Spring Cypress Road (the "West Extension Project"), Mr. Ring reported that the sanitary sewer line appears to be holding water. He advised the Board that the contractor, DL Glover, Inc., will televise the subject line to determine the cause of the standing water and what course of action may be required to correct any possible deficiencies in said line. He emphasized that Odyssey will not recommend the Board accept the facilities until the cause is determined and the issue is resolved. Mr. Ring further noted that an as-built survey of the West Extension Project has not yet been completed. After discussion, it was noted that no action was required by the Board in connection with the Engineer's Report at this time.

### **PROPOSED ANNEXATION AND DEVELOPMENT OF APPROXIMATE 27.6 ACRE TRACT LOCATED AT THE SOUTHWEST CORNER OF SPRING STUEBNER AND HOLZWARTH ROADS**

The Board deferred consideration of the proposed annexation and development of an approximate 27.6 acre tract located at the southwest corner of Spring Stuebner and Holzwarth Roads. Mr. Ring reminded the Board that Odyssey has requested but not yet received a deposit of \$15,000 from the landowner to cover the costs of said annexation.

### **PROPOSED ANNEXATION OF PROPERTY LOCATED AT 1731 SPRING CYPRESS ROAD (STARBUCKS)**

The Board deferred consideration of the proposed annexation of the property located at 1731 Spring Cypress Road (Starbucks).

### **REVIEW OF ANNEXATION FEASIBILITY REPORT IN CONNECTION WITH PROPOSED ANNEXATION AND DEVELOPMENT OF APPROXIMATE 0.50 ACRE TRACT LOCATED ON F.M. 2920**

With regard to the proposed annexation and development of an approximate 0.50 acre tract located along the northern right-of-way of F.M. 2920, outside the boundaries of the District, Mr. Ring presented to and reviewed with the Board an Annexation Feasibility Report prepared by Odyssey in connection therewith, a copy of which is attached hereto as **Exhibit F**, noting that said report has been provided to the property owner's engineer for review. Mr. Ring advised the Board that Odyssey has concluded that annexation of the subject property into the District is feasible. He reminded the Board that the eight-inch (8") sanitary sewer line extension required to serve the property is to be constructed by the property owner as a public line without reimbursement from the District at this time, noting that should an additional user be connected to said line by the District in the future, the Board, at its discretion, may determine that the property owner is eligible for reimbursement of the design and construction costs of said sanitary sewer line, subject to the preparation of an economic analysis regarding the feasibility of such

reimbursement based on the total taxable value of the subject tract and any additional properties ultimately served by such facility. After discussion, it was moved by Director Shelnut that the Annexation Feasibility Report be approved and that the District proceed with the annexation of the 0.50 acre tract under the terms and conditions set forth therein. Director Stephens seconded the motion, which unanimously carried.

### **STATUS OF WATER SUPPLY AND SEWER SERVICE CONTRACT BETWEEN THE DISTRICT AND CENTRO CRISTIANO EL ALFA Y LA OMEGA, INC.**

The Board deferred further consideration of the status of the out-of-District Water Supply and Sewer Service Agreement between the District and CCAO.

### **ISSUANCE OF UTILITY COMMITMENTS**

The Board next considered requests for Utility Commitments. With regard to the Utility Commitment issued to Spring Houston Investments, LLC for approximately sixty-nine (69) equivalent single-family connections of water and wastewater treatment capacity to serve the proposed development of a 5.7230 acre tract located at 21119 Interstate Highway 45, within the boundaries of the District, approved by the Board on July 28, 2021, Mr. Rubinsky reported that SPH has received notification from Spring Houston that it is considering selling the subject tract. He reminded the Board that Spring Houston has not yet returned the executed Utility Commitment and advised the Board that a change in use of the subject tract would require preparation of a new utility commitment for same.

### **DEVELOPERS' REPORTS**

The Board deferred consideration of the developers' reports, as no developer representatives were present at today's meeting.

### **EMINENT DOMAIN REPORT**

Mr. Rubinsky reported that, pursuant to §2206.154, Texas Government Code, all political subdivisions with the power of eminent domain, including the District, are required to file an Annual Eminent Domain Report by February 1 of each year with the Texas Comptroller of Public Accounts (the "Comptroller"). He explained that the report will contain the District's contact information as well as information related to the District's legal authority to exercise the power of eminent domain. After discussion, it was moved by Director Stephens, seconded by Director Norris and unanimously carried, that the Board authorize SPH to file the Annual Eminent Domain Report with the Comptroller on behalf of the District prior to the applicable deadline.

### **ORDER ESTABLISHING MEETING PLACE INSIDE THE DISTRICT**

The Board next considered approval of an Order Establishing Meeting Place inside the District ("Order"). Mr. Rubinsky presented the Order for the Board's consideration establishing the La Quinta Inn & Suites by Wyndham Houston Spring South, located at 21119 North Freeway, Spring, TX 77388, as an additional meeting place of the Board within the boundaries of the District. After discussion on the matter, Director Stephens moved that the Order, attached

hereto as Exhibit G, be approved. Director Norris seconded said motion, which unanimously carried.

### REORGANIZATION OF THE OFFICERS OF THE BOARD OF DIRECTORS

The Board next considered the reorganization of officers of the Board of Directors. Director Shelnutt moved that Director Norris be nominated for the position of Secretary. Upon motion duly made by Director Shelnutt, seconded by Director Stephens, and unanimously carried, Director Norris was elected Secretary. Director O'Neal next moved that Director Patridge be nominated for the position of Assistant Secretary. Upon motion duly made by Director O'Neal, seconded by Director Shelnutt, and unanimously carried, Director Patridge was elected Assistant Secretary. The Board concurred that all other Directors should remain in their current officer positions.

### DISTRICT REGISTRATION FORM

Mr. Rubinsky next requested that the Board authorize SPH to prepare an updated District Registration Form to be filed with the Texas Commission on Environmental Quality ("TCEQ") in connection with the change in officer positions of Directors Norris and Patridge. After discussion on the matter, Director Stephens moved that SPH be authorized to prepare and file an updated District Registration Form with the TCEQ, as discussed above. Director Shelnutt seconded said motion, which unanimously carried.

### ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Rubinsky requested that the Board consider its meeting schedule for the remainder of November and December. After discussion, the Board concurred that its meetings scheduled for November 24, 2021 and December 22, 2021 be cancelled.

### CLOSED SESSION

The Board determined that it would not be necessary to meet in Closed Session at this time.

### OTHER MATTERS

The Board considered items to be placed on future agendas. After consideration, no specific items other than routine and ongoing matters and those items already discussed above were requested.

### ADJOURNMENT

There being no further business to come before the Board, Director Shelnutt moved that the meeting be adjourned. Director Norris seconded said motion, which unanimously carried.



  
Secretary, Board of Directors

EXHIBITS

November 10, 2021

- Exhibit A: Bookkeeper's Report
- Exhibit B: Electricity Cost and Usage Report
- Exhibit C: Tax Assessor-Collector Report; Single Line Delinquent Tax Report
- Exhibit D: Operator's Report
- Exhibit E: Engineer's Report
- Exhibit F: Annexation Feasibility Report for 0.50 acre tract located on F.M. 2920
- Exhibit G: Order Establishing Meeting Place Inside the District