

## **SPRING WEST MUNICIPAL UTILITY DISTRICT**

### **Minutes of Meeting of Board of Directors January 12, 2022**

The Board of Directors ("Board") of Spring West Municipal Utility District ("District") met in regular session at 1300 Post Oak Boulevard, Suite 2500, Houston, Harris County, Texas, on January 12, 2022, 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, except Director Patridge, thus constituting a quorum.

Also in attendance were: Jorge Diaz of McLennan & Associates, Inc. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Julie Gerdes of Rathmann & Associates, LP ("Rathmann"); 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, Katie Davis, and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Messrs. Diaz, Thiry, and Ring, and Ms. McLaughlin and Gerdes 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 November 10, 2021, and December 8, 2021. With regard to the minutes of the meeting held on December 8, 2021, Director Shelnett requested that certain revisions be made pertaining to his comments made during the discussion regarding development plans for the Spring Pines Shopping Center project and the proposed development of a 400-unit multi-family project on an approximate 13.96 acre portion of SPSC Development Partners' tract by Davis Development, Inc. After discussion, Director Shelnett moved that the minutes of the meeting held November 10, 2021 be approved as written, and that the minutes of the meeting held on December 8, 2021 be approved subject to revision, as discussed. Director Norris seconded said motion, which unanimously carried.

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

Mr. Diaz presented and reviewed with the Board the Bookkeeper's Report for the period of December 9, 2021, through January 12, 2022, a copy of which is attached hereto as **EXHIBIT**

A, including the disbursements presented therein for payment from the District's various accounts. Mr. Diaz next presented and reviewed an Investment Report for the period of December 1, 2021, through December 31, 2021, which is included under **EXHIBIT A**. After discussion, the Board requested that the "Capital Expenditures – Reimbursable from CPF 2021" tracking spreadsheet be removed from the Bookkeeper's Report going forward. Mr. Diaz next presented the adopted Operating Budget for the District's fiscal year ending December 31, 2022 (the "Operating Budget"), a copy of which is attached to the Bookkeeper's Report, noting that certain comments received from the District's consultants had been incorporated in same. Mr. Rubinsky requested that McLennan provide a copy of the revised Operating Budget with the changes between Draft No. 2 and the adopted Operating Budget highlighted for the Board's review at its meeting scheduled for February 9, 2022. After discussion concerning various matters reflected in said Reports, Director Stephens moved that (i) the Bookkeeper's Report and the disbursements presented therein for payment be approved, and (ii) the Investment Report be approved and the District's Investment Officer be authorized to execute same on behalf of the District. Director Shelnuttt seconded said motion, which unanimously carried.

### **RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS**

The Board next considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Rubinsky advised that, pursuant to the Public Funds Investment Act and the terms of the District's Investment Policy, the Board is required to review such list at least annually and to amend and update it if necessary. He then presented to and reviewed with the Board a proposed Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **EXHIBIT B**. Mr. Rubinsky explained that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but that it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Shelnuttt moved that: (i) the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) that the President and Secretary be authorized to execute same. Director Stephens seconded said motion, which unanimously carried.

### **TEXAS COMPTROLLER OF PUBLIC ACCOUNTS SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE**

Mr. Rubinsky next reminded the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit certain information annually to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Following discussion, it was moved by Director Shelnuttt, seconded by Director Norris, and unanimously carried that the District's auditor, Mark C. Eyring, CPA, PLLC, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database prior to the applicable deadline.

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

Ms. McLaughlin next presented to and reviewed with the Board the Tax

Assessor/Collector's Report for the month ended December 31, 2021, which is attached hereto as **EXHIBIT C**, including the disbursements presented therein for payment from the Tax Account Ms. McLaughlin also presented to and reviewed with the Board a Single Line Delinquent Tax Report, included with the Tax Assessor/Collector's Report, dated January 10, 2022. After discussion, Director Norris moved that the Tax Assessor/Collector's Report be approved and that the disbursements identified in the Report be approved for payment from the Tax Account. Director Stephens seconded said motion, which unanimously carried.

In connection with the District's Strategic Partnership Agreement ("SPA") with the City of Houston's, Mr. Rubinsky reported to the Board that the City has provided a list of businesses located within the District's SPA boundaries and has requested same be updated and returned to the City by January 25<sup>th</sup>. He advised that the list has been provided to Leared for review and revision, as needed. After discussion, Director Stephens moved that Leared be authorized to respond to the City of Houston on behalf of the District by the requested deadline of January 25, 2022. Director Norris seconded the motion, which unanimously carried.

### **DELINQUENT TAX REPORT**

The Board considered a Delinquent Tax Report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Collections Attorneys, a copy of which is attached hereto as **EXHIBIT D**. Mr. Rubinsky reviewed the Report with the Board. Following review, the Board concurred that no action was necessary on its part at this time.

### **RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES**

Mr. Rubinsky next advised the Board that it is authorized pursuant to Section 33.07 of the Property Tax Code to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property that becomes delinquent after February 1 of each year and that remains delinquent sixty (60) days after said date, to defray the costs of collection of said delinquent taxes, in accordance with Section 33.11 of the Property Tax Code, as amended. The Board considered the adoption of a Resolution authorizing such additional penalty. After discussion, it was moved by Director Stephens, seconded by Director Shelnett and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **EXHIBIT E**, be passed and adopted.

### **RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION**

Mr. Rubinsky outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2022, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2022, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. The Board next recognized Ms. Gerdes, who presented to the Board a worksheet illustrating the potential effects of increasing

the exemption for persons under a disability or sixty-five years of age or older for the 2022 tax year from \$40,000 to either \$50,000 or \$60,000, a copy of which is attached hereto as **EXHIBIT F**. Ms. Gerdes and Ms. McLaughlin responded to various questions from the Board. After a lengthy discussion, Director Shelnutt moved that the District (a) grant a residential homestead exemption of 20%, but not less than \$5,000, for 2022, and (b) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$60,000 from ad valorem taxes levied by the District during the calendar year 2022, and that the Resolution included under **EXHIBIT F** relative to same be passed and adopted by the Board and District. Director Norris seconded said motion, which carried by a vote of three (3) in favor, none opposed, with Director Stephens abstaining.

### **OPERATOR'S REPORT**

Mr. Thiry presented to and reviewed with the Board the Operator's Report dated January 12, 2022, a copy of which is attached hereto as **EXHIBIT G**, and discussed various repair and maintenance items noted therein.

With regard to the upgrade of the Supervisory Control and Data Acquisition ("SCADA") systems at WP Nos. 1 and 2 by Baird Gilroy & Dixon, LLC, Mr. Thiry reported that work has been completed and a final walkthrough is scheduled for tomorrow. Director Stephens requested that all personnel involved with EDP's communications systems be in attendance at said walkthrough.

Mr. Thiry next discussed the District's low water accountability for the last several months and reported that EDP has obtained a proposal from Accurate Meter & Supply ("Accurate Meter") to perform a leak detection survey in the approximate total amount of \$7,000. Mr. Thiry next advised that EDP recently discovered a significant water line leak in a ditch near the HEB on F.M. 2920. He stated that, in his opinion, said leak is very likely to have been the major cause for the District's low water accountability in 2021. After discussion, the Board deferred action on the proposal from Accurate Meter.

Mr. Thiry next requested that the Board authorize EDP to write-off three (3) accounts totaling \$620.47, as reflected in the Operator's Report, and to forward same to Penn Credit for further collection efforts. After discussion, it was moved by Director Stephens, seconded by Director Shelnutt and unanimously carried, that EDP be authorized to write-off the three (3) accounts totaling \$620.47, as reflected in the Operator's Report.

Mr. Thiry next reported that a written appeal dated December 27, 2021, a copy of a which is included with the Operator's Report, was received for account no. 68842, requesting a waiver of late fees in the amount of \$1,643.95. After discussion of the facts and circumstances surrounding the matter, Director Stephens moved that the request to waive the late fees for said account in the amount of \$1,643.95 be denied. Director Norris seconded said motion, which unanimously carried.

### **CONSUMER CONFIDENCE REPORT**

Mr. Rubinsky advised the Board that, pursuant to the Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide various information regarding the District's water supply to any other water supplier which received water from the District during the prior year by April 1st of this year.

After discussion on the matter, Director Shelnutt moved that EDP be authorized to provide such information to any other water supplier, as necessary, prior to April 1, 2022. Director Norris seconded said motion, which unanimously carried.

**RESOLUTION APPROVING SUBMITTAL OF THE WATER SMART APPLICATION FOR INCLUSION IN THE ASSOCIATION OF WATER BOARD DIRECTORS WATER SMART PARTNERS PROGRAM**

Mr. Thiry presented to and reviewed with the Board a Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program, which is attached hereto as **EXHIBIT H**. After discussion on the matter, Director Shelnutt moved that the Resolution be approved, that EDP be authorized to complete the Application for renewal of the District's Water Smart Partners Program membership, and that EDP be authorized to submit said Application to the Association of Water Board Directors on behalf of the Board and District. Director Stephens seconded said motion, which unanimously carried.

**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 January 12, 2022, a copy of which is attached hereto as **EXHIBIT I**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein. Mr. Ring responded to various inquiries from the Board. It was then moved by Director Shelnutt, seconded by Director Stephens and unanimously carried that the Engineer's Report and all action items listed therein be approved, including approval of Change Order No. 2 in the negative amount of \$21,661.78 from DL Glover, Inc. in connection with construction of Extension of Water Line and Sanitary Sewer Line along Spring Cypress Road.

**PROPOSED ANNEXATION AND DEVELOPMENT OF APPROXIMATE 27.6 ACRE TRACT LOCATED AT THE SOUTHWEST CORNER OF SPRING STUEBNER AND HOLZWARH 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 next discussed the status of the proposed annexation of the 0.5069 acre tract located at 1731 Spring Cypress Road (Starbucks). Mr. Ring reminded the Board that Odyssey

has completed plans for the construction of facilities to serve the tract and has submitted same to TxDOT for approval. Mr. Rubinsky then advised that SPH is in the process of preparing the annexation petitions.

### **PROPOSED ANNEXATION AND DEVELOPMENT OF APPROXIMATE 0.50 ACRE TRACT LOCATED ON F.M. 2920**

The Board deferred consideration of 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, after Mr. Ring noted that there are no new updates to report at this time.

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

The Board deferred 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 discussed the status of a Utility Commitment to DD Holzwarth 13.96, LLC for approximately 191 equivalent single-family connections ("esfcs") of water and wastewater treatment capacity to serve the proposed development of a 400-unit multi-family project on an approximate 13.96 acre tract located on a portion of SPSC Development Partners, L.P.'s tract within the boundaries of the District. In that regard, Mr. Rubinsky presented a draft Utility Commitment prepared by SPH, as previously authorized by the Board, a copy of which is attached hereto as **Exhibit J**. Mr. Rubinsky advised that Davis Development ("Davis") has reviewed the draft Utility Commitment and has no comments to same. He noted that closing on the purchase of the 13.96 acre tract is scheduled for January 14, 2022.

### **DEVELOPERS' REPORTS**

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

### **INSURANCE PROPOSALS**

The Board next considered authorizing the solicitation of proposals for renewal of the District's insurance coverages. Mr. Rubinsky advised the Board that the District's current coverage is with Arthur J. Gallagher ("AJG"), and will expire on March 31, 2022. He inquired whether the Board wished to renew its coverage through AJG, or solicit proposals from additional agencies. After discussion on the matter, Director Stephens moved that SPH be authorized to solicit a term renewal proposal from AJG as well as an additional proposal from McDonald & Wessendorff Insurance, L.L.C. for the Board's consideration at its meeting scheduled for February 9, 2022. Director Norris seconded said motion, which unanimously carried.

### **ATTORNEY'S REPORT**

The Board next considered the Attorney's Report. In connection therewith, Mr. Rubinsky advised the Board that Rathmann, the District's Financial Advisor, had provided SPH, on behalf

of the District, with Rathmann's MSRB Rule G-10 Annual Disclosure, a copy of which is attached as **EXHIBIT K**.

The Board next discussed the condition of the Spring Plaza Detention Pond (the "Detention Pond"). After discussion, the Board requested that EDP contact the management of the FedEx facility located adjacent to said detention pond to discuss possible solutions to the trash littering the Detention Pond which appears to be coming from the Fed Ex property.

### **SUPPLEMENTAL AGENDA**

The Board considered the calling of a Directors Election in accordance with the requirements of the Texas Water Code. There was presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit L** calling such election to be held on May 7, 2022. It was noted that the terms of office of Directors Stephens and Shelnett expire in May of this year. In reviewing the Order with the Board, Mr. Rubinsky advised that the Order provides for the conduct of the Directors Election by Harris County, Texas (the "County"), jointly with elections of other political subdivision, using County election officials, voting equipment, and polling locations at a shared expense. Although the County will conduct the Directors Election, he advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Melanie Walsh as such agent (the "Election Agent"). Mr. Rubinsky further advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code. Mr. Rubinsky advised the Board that notice of the Directors Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each County election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. Following discussion of the options, the Board concurred that notice of the Directors Election be given by posting same at a public place in each County election precinct that overlaps the District. After discussion on the matter, Director Shelnett moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Norris seconded said motion, which unanimously carried. Mr. Rubinsky advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 22, 2022, the Board may thereafter cancel the Directors Election in accordance with the Texas Election Code.

### **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 Norris moved that the meeting be adjourned. Director Shelnett seconded said motion, which unanimously carried.

  
Secretary, Board of Directors





## EXHIBITS

January 12, 2022

- Exhibit A: Bookkeeper's Report; Investment Report
- Exhibit B: Resolution Adopting List of Qualified Brokers
- Exhibit C: Tax Assessor-Collector Report; Single Line Delinquent Tax Report
- Exhibit D: Delinquent Tax Report
- Exhibit E: Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit F: Financial Advisor's analysis related to the possible increase of an exemption for persons under a disability or sixty-five years of age or older for the 2022 tax year; Resolution Concerning Exemptions from Taxation
- Exhibit G: Operator's Report
- Exhibit H: Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program
- Exhibit I: Engineer's Report
- Exhibit J: Draft Utility Commitment to DD Holzwarth 13.96, LLC
- Exhibit K: Rathmann – MSRB Rule G-10 Annual Disclosure
- Exhibit L: Order Calling Directors Election