

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors July 13, 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 July 13, 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
W. Eugene Norris, Sr., Secretary
Scott Shelnett, Assistant Secretary
Jerome A. Patridge, Assistant Secretary

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

Also in attendance were: Michael Muceus of Johnson Fence and Masonry ("Johnson"); Judy Osborn of McLennan & Associates, Inc. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Eric Thiry and JC Reno of Environmental Development Partners, LLC ("EDP"); Justin Ring of Odyssey Engineering Group, Inc. ("Odyssey"); Christopher Scott-Ford of DL Glover, Inc. ("DLG"); Tom Hall of Lovejoy Commercial, LLC ("Lovejoy"); Narmeen Walji of Dhanani Private Equity Group ("DPEG"); Lucas Sandidge of Mill Creek Residential ("Mill Creek"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); and Katie Blasio and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Messrs. Reno, Hall and Scott-Ford entered later in the meeting, as noted herein. Messrs. Muceus and Hall participated in the meeting via teleconference and/or videoconference.

PUBLIC COMMENTS

The Board began by opening the meeting for public comments. There being no comments from the public, the Board continued to the next item of business.

APPROVAL OF MINUTES

The Board considered approval of the minutes of the Board of Directors meetings held on May 25, 2022 and June 8, 2022. Upon review, Director Norris moved that the minutes of the meetings held May 25, 2022 and June 8, 2022 be approved as written. Director Stephens seconded said motion, which unanimously carried.

REPAIR OF FENCE AT LIFT STATION NO. 2 (HANNOVER SPRINGS) SITE

The Board next recognized Mr. Muceus, who reported that Johnson has completed repair of the damaged fence at the Lift Station No. 2 (Hannover Springs) site ("LS No. 2"). He advised the Board that the total of the repair was \$10,300. Mr. Ring stated that Odyssey reviewed the final repair cost breakdown provided by Johnson, a copy of which is included in the Engineer's Report, and found said costs to be reasonable. He noted Odyssey has not yet received the final

pay request from Johnson. After discussion, it was moved by Director Stephens that the Board accept the fence repairs as complete and authorize payment of the final pay request in the amount of \$10,300 upon submittal of same, as recommended by Odyssey. Director Norris seconded the motion, which unanimously carried.

Mr. Muceus left the meeting at this time.

Messrs. Reno and Scott-Ford entered the meeting during the above discussion.

BOOKKEEPER'S REPORT

Ms. Osborn presented and reviewed with the Board the Bookkeeper's Report for the period of June 9, 2022, through July 13, 2022, a copy of which is attached hereto as **EXHIBIT A**, including the disbursements presented therein for payment from the District's various accounts. Ms. Osborn next presented and reviewed an Investment Report for the period of June 1, 2022, through June 30, 2022, a copy of which is included with the Bookkeeper's Report. Ms. Osborn then responded to various questions and comments from the Board regarding items in the Bookkeeper's Report. After further discussion concerning various matters reflected in said Reports, Director Shelnutt 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 Patridge seconded said motion, which unanimously carried.

CONTINUING DISCLOSURE REPORT

Ms. Blasio reported that the District's Annual Continuing Disclosure Report was filed with all applicable repositories by McCall, Parkhurst & Horton, L.L.P., the District's Disclosure Counsel, on June 29, 2022, prior to the June 30, 2022 deadline for submittal of same.

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 June 30, 2022, which is attached hereto as **EXHIBIT B**, 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 July 6, 2022. After discussion, Director Stephens 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 Norris seconded said motion, which unanimously carried.

Mr. Hall joined the meeting via teleconference during the above discussion.

DELINQUENT TAX REPORT

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

OPERATOR'S REPORT

Mr. Reno presented to and reviewed with the Board the Operator's Report dated July 13,

2022, a copy of which is attached hereto as **EXHIBIT D**, and discussed various repair and maintenance items noted therein. Mr. Reno next requested that the Board authorize EDP to write-off seven (7) accounts totaling \$947.73, 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 Patridge and unanimously carried, that EDP be authorized to write-off the seven (7) accounts totaling \$947.73, as reflected in the Operator's Report.

Mr. Reno next reported that replacement of the leaking welded steel pipe located beneath the drainage channel near 2215 Hannover Way is complete and the water line is back in service. He noted that the concrete and landscaping repairs required in connection with the project are scheduled for July 15, 2022 and July 18, 2022, respectively.

Mr. Reno next advised that the North Harris County Regional Water Authority (the "Authority") has implemented Stage 1 of its Drought Contingency Plan ("DCP"), thereby triggering implementation of Stage 1 of the District's DCP. He further advised that EDP has followed the standard protocol for informing the District's customers and residents regarding voluntary water restrictions, including posting notification signs throughout the District. In connection therewith, he noted that EDP has ordered new notification signs and will replace the signs currently posted in the District when the new signs are received.

In connection with the previous request of DD Holzwarth 10.26, LLC ("DDH 10.26") that the Board consider granting a variance to the provisions set forth in Section 3.06 of the District's Rate Order by rolling back the rate charged to DDH 10.26 to Month 4 after initial connection to the District's water system and adjust DDH 10.26's account accordingly, Mr. Reno reported that EDP has advised DDH 10.26 that the Board deferred action on said request pending completion of the repairs to the Spring Pines Detention Pond that DDH 10.26 previously agreed to perform.

Mr. Reno next presented to and reviewed with the Board correspondence received from the Texas Commission on Environmental Quality ("TCEQ") dated June 14, 2022, a copy of which is attached to the Operator's Report, regarding the status of the District's previous request for exceptions to (a) the pressure cementing method requirement, and (b) the sanitary control easement requirement relative to Water Well No. 1 located at Water Plant No. 1 ("WW No. 1") in connection with the TCEQ's rule exception letter dated June 23, 2020. Mr. Reno reminded the Board that the TCEQ previously granted the District an exception to the pressure cementing method subject to collection of twelve (12) monthly raw water samples from WW No. 1 for bacteriological analysis, which requirement EDP complied with on behalf of the District. Mr. Reno reported that the TCEQ completed its review of the (12) monthly raw water sample results and granted the District's request for an exception to the pressure cementing method for WW No. 1. He noted that EDP will continue to monitor and test WW No. 1 on a monthly basis, as required by the TCEQ. Mr. Ring next reported that the TCEQ declined to grant the District's request for a sanitary control easement exception for WW No. 1 at this time. He then discussed with the Board the District's options relative to the sanitary control easement required for WW No. 1, and advised that Odyssey is in the process of preparing an exhibit relative to same.

Mr. Reno next advised the Board that the District is in receipt of correspondence from the United States Environmental Protection Agency (the "EPA") providing notification that the District is subject to requirements of Unregulated Contaminant Monitoring Rule ("UCMR 5"), including actions required to be taken in the Safe Drinking Water Accession and Review System prior to December 31, 2022. He reported that EDP has reviewed the sampling schedule assigned

to the District and will collect and submit samples as required. A copy of the EPA's correspondence is included with **EXHIBIT D**.

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.

CORRESPONDENCE FROM TCEQ REGARDING REQUESTS FOR EXCEPTIONS RELATIVE TO WW NO. 1

The Board deferred further discussion regarding correspondence from the TCEQ relative to WW No. 1, noting that the matter was previously discussed under the Operator's Report.

ENGINEER'S REPORT

Mr. Ring presented and reviewed in detail with the Board a written Engineer's Report dated July 13, 2022, 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 proposed replacement of the emergency generator at Water Plant No. 1, ("WP No. 1") and installation thereof, Mr. Ring presented to and reviewed with the Board a tabulation of the six (6) bids received for the project, a copy of which is included in the Engineer's Report, and recommended that the Board award the contract to the low bidder, CSE W-Industries, Inc. ("CSE") in the estimated total amount of \$198,869.

The Board next recognized Mr. Scott-Ford, who reviewed the work performed by DLG in connection with correction of the noted deficiencies discovered in the sanitary sewer line constructed in connection with construction of Water Distribution and Wastewater Collection Facilities to serve Spring Cypress Road ("West Extension Project"). Mr. Scott-Ford stated that DLG believes the scope of the repair to address the deficiencies was expanded, and that DLG performed additional work beyond what was anticipated. He then requested that the District agree to pay the total increased costs for said repairs and further discussed DLG's position concerning the matter. With regard thereto, Mr. Ring advised the Board that DLG did not request a pay item for wet sub-grade preparation during its initial construction of the sanitary sewer line, as was provided for in the District's contract with DLG, or include any costs of mention of same in its proposal for correction of the deficiencies. Mr. Ring also stated that DLG did not submit a change order to the Board for approval and instead proceeded with the additional work without authorization from the Board. After discussion, the Board requested that DLG prepare a detailed and itemized summary of the additional compensation it is requesting relative to the repair work performed for the Board's review at its meeting scheduled for July 27, 2022.

Mr. Scott-Ford left the meeting at this time.

With regard to the contract for Headworks Structural Repairs at the District's Wastewater Treatment Plant ("WWTP"), which the Board previously awarded to Gilleland Smith

Construction, Inc. ("Gilleland") at its meeting held on June 22, 2022, Mr. Ring reported that, shortly after said meeting, Odyssey received a third bid for the project from Wright Solutions, LLC ("Wright") in the total estimated amount of \$41,166. Noting that Wright's bid is substantially lower than Gilleland's bid in the total estimated amount of \$67,850, Mr. Ring recommended that the Board revoke its prior award of the contract to Gilleland and award the contract to Wright instead. In response to an inquiry from the Board, Mr. Ring stated that Odyssey has not communicated with Gilleland in any way regarding the Board's previous action.

Mr. Ring next reported that Odyssey is in receipt of a request from a prospective purchaser of the property located at 2020 FM 2920 (the "2920 Tract"), within the boundaries of the District, for approximately 35 equivalent single-family connections ("esfcs") of water and wastewater capacity to serve the proposed development of a Top Soap Car Wash on the 2920 Tract. Mr. Ring stated that the District has the capacity required to serve the proposed development.

In connection with the proposed construction of an emergency water interconnect between the District and Harris County Water Control and Improvement District No. 110 ("No. 110"), Ms. Blasio advised the Board that SPH provided comments to the proposed Emergency Water Supply Contract between the District and No. 110 to the attorney for No. 110 on July 7, 2022, and has not yet received a response from No. 110's attorney.

After discussion, it was 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 that: (i) the contract for replacement of the emergency generator at WP No. 1 and installation thereof be awarded to CSE, as discussed above, and the President be authorized to execute same on behalf of the Board and the District, subject to SPH's review of the related bonds and worker's compensation insurance and receipt of a Texas Ethics Commission ("TEC") Form 1295 from CSE relative to same; (ii) the previous award of the contract to Gilleland for Headworks Structural Repairs at the District's WWTP be revoked and awarded instead to Wright, as discussed above, and the President be authorized to execute same on behalf of the Board and the District, subject to SPH's review of the related bonds and worker's compensation insurance and receipt of a TEC Form 1295 from Wright relative to same; and (iii) Odyssey be authorized to prepare a utility availability letter relative to the proposed development of the 2920 Tract, as discussed above. It was noted that a formal utility commitment letter for the 2920 Tract will not be issued until the District receives confirmation that the developer has completed the purchase of the 2920 Tract and receives firm development plans for same.

Ms. McLaughlin left the meeting 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 next considered the proposed annexation and development of an approximate 27.6 acre tract located at the southwest corner of Spring Stuebner and Holzwarth Roads. In that regard, Mr. Ring reminded the Board that Dhanani Private Equity Group has paid the \$15,000 deposit required to cover any costs the District may incur in connection with the preparation an Annexation Feasibility Report and advised that Odyssey is currently working on the related feasibility study.

PROPOSED ANNEXATION OF 0.5069 ACRE TRACT LOCATED AT 1731 SPRING CYPRESS ROAD (THE "STARBUCKS TRACT")

In connection with the proposed annexation and development of the Starbucks Tract, Ms. Blasio reported that SPH has yet to receive certain documents and information required from the owners of the Starbucks Tract.

Mr. Hall and Ms. Walji left the meeting at this time.

PROPOSED ANNEXATION AND DEVELOPMENT OF 19.72 ACRE TRACT LOCATED AT 2324 LOUETTA ROAD

With regard to the proposed annexation and development of an approximate 19.72 acre tract located at 2324 Louetta Road, Ms. Blasio and Mr. Ring discussed the status of preparation of the annexation feasibility report with Mr. Sandidge and reviewed the process and estimated timeline to complete the annexation of the approximate 19.72 acre tract into the boundaries of the District should the District and Mill Creek elect to proceed with same.

PROPOSED ANNEXATION AND DEVELOPMENT OF AN APPROXIMATE 0.61 ACRE TRACT (LOTS 26, 27 AND 28) LOCATED AT 20615 SLEEPY HOLLOW LANE

The Board deferred consideration of the proposed annexation and development by International Applied Behavior Analysis Institute ("iABAI") of an approximate 0.61 acre tract (Lots 26, 27 and 28) located at 20615 Sleepy Hollow Lane, outside the boundaries of the District, after Ms. Blasio noted that the annexation feasibility report is under review by SPH.

ISSUANCE OF UTILITY COMMITMENTS

The Board next considered requests for Utility Commitments. In connection therewith, Ms. Blasio reported that SPH is in receipt of a formal request for a Utility Commitment from Starbucks for three (3) esfc of water and wastewater capacity to serve the existing Starbucks on the Starbucks Tract. Mr. Ring stated that the District has the capacity required to serve the existing Starbucks. After discussion, Director Shelnutt moved that the Board: (i) approve a Utility Commitment to Starbucks, as discussed above, subject to (a) receipt of the executed Utility Commitment and related TEC Form 1295 from Starbucks, (b) completion of the proposed annexation of the Starbucks Tract into the boundaries of the District, and (c) conveyance to the District of the easements required in connection therewith; and (ii) authorize the Board President to execute same on behalf of the Board and District. Director Norris seconded said motion, which unanimously carried.

Ms. Blasio next reported that the Utility Commitment to Iglesia Intimidad Con Dios ("Iglesia Intimidad"), approved by the Board at its meeting on June 22, 2022, is in the process of being prepared by SPH.

DEVELOPERS' REPORTS

The Board deferred consideration of the Developers' Reports, noting that no developer representatives were in attendance at today's meeting.

SALE OF SURPLUS LAND

In connection with the proposed sale of surplus land by the District, Ms. Blasio presented to and reviewed with the Board a Resolution Declaring Property Surplus and Authorizing Private Sale of Surplus Property. After discussion on the matter, Director Patridge moved that the Resolution Declaring Property Surplus and Authorizing Private Sale of Surplus Property attached hereto as **EXHIBIT F** be passed and adopted by the Board. Director Norris seconded said motion, which unanimously carried. The Board deferred approval of the conveyance documents relative to the proposed sale of surplus land by the District.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Ms. Blasio advised the Board that the District received a request from Infinity Services, LLC ("Infinity") for an agenda item to be added to an upcoming agenda to discuss the proposed development of a District website by Infinity. After discussion, the Board declined to receive such a presentation and requested that SPH convey its decision to Infinity.

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. Except as may be reflected above, there were no additional agenda items requested other than routine, and ongoing matters.

ADJOURNMENT

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




Secretary, Board of Directors

EXHIBITS

July 13, 2022

- Exhibit A: Bookkeeper's Report; Investment Report
- Exhibit B: Tax Assessor-Collector's Report; Single Line Delinquent Tax Report
- Exhibit C: Delinquent Tax Report
- Exhibit D: Operator's Report; correspondence from the EPA
- Exhibit E: Engineer's Report
- Exhibit F: Resolution Declaring Property Surplus and Authorizing Private Sale of Surplus Property