

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors August 10, 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 August 10, 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. Director Shelnett entered later in the meeting, as noted herein.

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"); Christopher Baiz of Commercial Metroplex Funding; Lucas Sandidge and Michelle Blieden of Mill Creek Residential ("Mill Creek"); Mark Kirkland of Kimley-Horn & Associates, Inc. (Kimley-Horn"); Jessica Berrios of Dhanani Private Equity Group ("DPEG"); Tom Hall of Lovejoy Commercial, LLC ("Lovejoy"), who joined in later in the meeting, as noted herein; Eric Badertscher and Linda Castro of Off Cinco, LLC ("Off Cinco"); and Abraham Rubinsky and Katie Blasio of Schwartz, Page & Harding, L.L.P. ("SPH"). Messrs. Baiz, Kirkland and Hall and Mses. Blieden and Berrios 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 meeting held on July 13, 2022. Upon review, Director Norris moved that the minutes of the meeting held July 13, 2022 be approved as written. Director Patridge 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 July 14, 2022, through August 10, 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 July 1, 2022, through July 31, 2022, a copy of which is included with the Bookkeeper's Report. Mr. Diaz then responded to various questions and comments from the Board regarding items in the Bookkeeper's Report. Mr. Rubinsky requested that McLennan and Leared investigate the apparent discrepancy in the percentage of 2021 taxes collected to date, as reflected in the Tax Assessor/Collector's Report for the month ended July 31, 2022, and the percentage of 2021 maintenance tax collected to date, as reflected in the Bookkeeper's Report. Mr. Diaz and Ms. McLaughlin stated that they will work together to investigate same. After further 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 Patridge seconded said motion, which unanimously carried.

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

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 July 31, 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 August 2, 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.

DELINQUENT TAX REPORT

The Board deferred consideration of a Delinquent Tax Report from Perdue after noting that a report was not due this month. Mr. Rubinsky stated that the next quarterly report will be provided in October 2022.

OPERATOR'S REPORT

Mr. Thiry presented to and reviewed with the Board the Operator's Report dated August 10, 2022, a copy of which is attached hereto as **EXHIBIT C**, and discussed various repair and maintenance items noted therein. Mr. Thiry reported that EDP repaired a major leak in a private eight-inch (8") water line located at 2122 F.M. 2920. He advised the Board that the customer will be back charged for the cost of repairs in the estimated total amount of \$7,431.13.

Director Shelnut entered the meeting and Ms. McLaughlin left the meeting at this time.

Mr. Thiry next reported that Lift Pump Nos. 1 and 2 at Lift Station No. 2 have failed. In connection therewith, Mr. Thiry presented a quote prepared by Neil Technical Services, a copy of which is attached to the Operator's Report, to replace both failed pumps with two new Flygt NP3085 pumps at a cost of \$10,678 per pump. After a lengthy discussion, it was moved by Director Shelnut, seconded by Director Stephens and unanimously carried, that EDP be

authorized to replace both Lift Pump Nos. 1 and 2 at Lift Station No. 2 with Flygt NP3085 pumps for a total estimated cost of \$21,356.

Mr. Thiry next advised the Board that EDP reviewed the report prepared by Odyssey (the "Phase II Televising Report"), a copy of which is included in **EXHIBIT C**, in connection with the recent Sanitary Sewer Cleaning, Televising and Smoke Testing, Phase II project performed by Source Point Solutions, LLC ("Source Point"). He noted that, overall, the system is in good condition. Mr. Thiry then presented to and reviewed with the Board a list of recommended repairs, as reflected in the Phase II Televising Report. He recommended that EDP perform some of the repairs listed in the Phase II Televising Report and that Source Point perform others. Noting that certain formatting changes need to be made to the Phase II Televising Report and that EDP has not yet received a cost estimate from Source Point for its repairs, the Board deferred action on the matter until its first meeting in September.

With regard to the District's Drought Contingency Plan ("DCP"), Mr. Thiry advised the Board that Stage 1 is currently still in effect. He stated that EDP will include well runtime data in the Operator's Report going forward in order to provide updates so the Board can determine whether implementation of Stage 2 of the DCP is required. In response to an inquiry from the Board regarding the status of the new metal DCP notification signs ordered by EDP for the District, Mr. Thiry advised that he will investigate to determine whether said signs have been received by EDP.

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 August 10, 2022, a copy of which is attached hereto as **EXHIBIT D**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein.

In connection with the District's contract with DL Glover, Inc. ("DLG") for construction of Water Distribution and Wastewater Collection Facilities to serve Spring Cypress Road, Mr. Ring reported that DLG rejected the District's offer to relieve DLG of its previously agreed upon obligation to bear the costs of continuous on-site observation by Odyssey of DLG's work to repair the noted deficiencies discovered in the sanitary sewer line, materials testing, and televised inspections by Source Point upon completion of said repairs and pay DLG the total estimated final amount of \$59,285.42, which reflects the estimated total amount of \$39,510.42 currently remaining on the original contract plus the District's previously agreed upon contribution of \$19,775 toward the cost of repairs. A discussion then ensued regarding DLG's failure to request a change order prior to proceeding with the expanded scope of work required to complete said repair. After discussion, Director Shelnett moved that Odyssey be authorized to contact DLG's

bonding company to settle the matter. Director Stephens seconded the motion, which unanimously carried.

The Board next considered the proposed construction of an emergency water interconnect between the District and Harris County Water Control and Improvement District No. 110 ("No. 110"). In connection therewith, Mr. Rubinsky reviewed a summary of communications between the District and various representatives of No. 110, which summary was previously circulated to the Board for its review prior to today's meeting, regarding the proposed project and the terms and conditions to be included in the proposed Emergency Water Supply Contract between the District and No. 110. Following discussion, it was moved by Director Shelnut, seconded by Director Norris and unanimously carried, that the District agree to contribute fifty-percent (50%) of the estimated total cost of design and construction of the proposed emergency water interconnect (the "Interconnect Project"). Noting that the previous total estimated cost in the amount of approximately \$137,000 was dated March 2, 2022, the Board requested that Odyssey obtain an updated cost estimate for the design and construction of the proposed Interconnect Project.

In connection with the proposed purchase of the existing emergency generator located at the District's Wastewater Treatment Plant (the "WWTP Generator"), Mr. Ring reported that the load test conducted by NRG Energy ("NRG") indicates that the WWTP Generator is in good condition. Noting that the WWTP Generator was tested well beyond its typical usage and performed very well, Mr. Ring advised the Board that Odyssey recommends that the District proceed with the purchase of the WWTP Generator from NRG. Mr. Rubinsky then reminded the Board that the District's lease with NRG for the WWTP Generator expires September 30, 2022 and that the cost to acquire said generator at the end of the lease is \$137,500. After discussion, Director Shelnut motioned that SPH be authorized to contact NRG regarding the District's desire to purchase the WWTP Generator upon the expiration of the lease, as discussed above. Director Stephens seconded the motion, which unanimously carried.

Mr. Ring next presented Pay Request No. 1 and Final from Johnson Fence & Masonry, LLC ("Johnson") in the amount of \$10,300 for repair of the fence at the Lift Station No. 2 (Hannover Springs) site and recommended that the Board approve same. Director Shelnut motioned that the Board approve Pay Request No. 1 and Final from Johnson, as discussed above. Director Stephens seconded the motion, which unanimously carried.

Mr. Diaz left the meeting during the above discussion.

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, Mr. Rubinsky reported that SPH has yet to receive certain documents and information required from the owners of the Starbucks Tract.

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

With regard to the proposed annexation and development by International Applied Behavior Analysis Institute ("iABAI") of an approximate 0.61 acre tract located at 20615 Sleepy

Hollow Lane (the "Sleepy Hollow Tract"), 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 E**. Mr. Ring advised the Board that Odyssey has concluded that annexation of the subject property into the District is feasible. Mr. Rubinsky next discussed certain additional recommended revisions to the Report with Mr. Ring and the Board. After discussion, it was moved by Director Shelnutt that the Annexation Feasibility Report be approved, subject to revision as recommended by Mr. Rubinsky, and that the District proceed with the annexation of the Sleepy Hollow Tract under the terms and conditions set forth therein. Director Stephens seconded the motion, which unanimously carried.

Mr. Baiz 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 by Mill Creek of an approximate 19.72 acre tract located at 2324 Louetta Road (the "Louetta Road Tract"), 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**. Mr. Ring advised the Board that Odyssey has concluded that annexation of the subject property into the District is feasible. After Mr. Ring noted that Mill Creek has been made aware of the need to determine the manner in which it will connect to the District's sanitary sewer line, Mr. Sandidge advised that Mill Creek is in discussions with the adjacent landowner regarding the easement required by Mill Creek in connection therewith. In the event that the Board agrees to proceed with annexation of the Louetta Road Tract, Mr. Ring advised the Board that Mill Creek has requested that it also (i) authorize Odyssey to review Mill Creek's preliminary construction plans prior to execution of an annexation agreement, and (ii) agree to provide service to the Louetta Road Tract on an out-of-District basis while annexation of the subject tract is underway. After discussion, it was moved by Director Shelnutt, seconded by Director Norris and unanimously carried, that (i) the Annexation Feasibility Report be approved, subject to revision as recommended by Mr. Rubinsky, and that the District proceed with the annexation of the Louetta Road Tract under the terms and conditions set forth therein, (ii) Odyssey be authorized to review Mill Creek's preliminary construction plans, as discussed above, and (iii) SPH be authorized to prepare a Utility Commitment Letter to Mill Creek.

Ms. Castro exited the meeting during the above discussion.

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

With regard to the proposed annexation and development by Dhanani of an approximate 27.6 acre tract located at the southwest corner of Spring Stuebner and Holzwarth Roads (the "Spring Stuebner Tract"), 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 G**. Mr. Ring advised the Board that Odyssey has concluded that annexation of the subject property into the District is feasible. Mr. Rubinsky next discussed certain additional recommended revisions to the Report with Mr. Ring

and the Board. After discussion, it was moved by Director Shelnutt that the Annexation Feasibility Report be approved, subject to revision as recommended by Mr. Rubinsky, and that the District proceed with the annexation of the Spring Stuebner Tract under the terms and conditions set forth therein. Director Stephens seconded the motion, which unanimously carried.

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

ISSUANCE OF UTILITY COMMITMENTS

The Board next considered requests for Utility Commitments. In connection therewith, Mr. Rubinsky reported that SPH is in receipt of a formal request for a Utility Commitment from Alliance Residential ("Alliance") for 131 equivalent single family connections of water and wastewater capacity to serve the development of an approximate 267-unit multi-family project on an approximate 10.25 acre tract located at 2525 F.M. 2920, consisting of an approximate 2.0 acre tract located outside the boundaries of the District (the "Annexation Tract") and an approximate 8.25 acre tract located within the District and adjacent to the western boundary of the Annexation Tract. Mr. Ring stated that the District has the capacity required to serve said development. After discussion, Director Stephens moved that the Board: (i) approve a Utility Commitment to Alliance, as discussed above, subject to receipt of the executed Utility Commitment and related TEC Form 1295 from Alliance and completion of the proposed annexation of the Annexation Tract into the boundaries of the District, and (ii) authorize the Board President to execute same on behalf of the Board and District. Director Norris seconded said motion, which unanimously carried.

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, Mr. Rubinsky presented to and reviewed with the Board a Special Warranty Deed from the District to Director Shelnutt for a 500 square foot (0.0115 acre) surplus tract of land. After discussion, Director O'Neil moved that the Special Warranty Deed be approved, subject to the District's receipt of payment in the amount of \$287 from Director Shelnutt, and that the Board President be authorized to execute same on behalf of the Board and District. 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 that SPH has drafted correspondence to Costello, Inc. ("Costello"), as previously authorized by the Board, in connection with the District's demand for financial compensation associated with Costello's negligence in the administration of the construction contract with R Construction Company ("R Construction") several years ago. He stated that said correspondence, which sets forth the District's demand in connection with Costello's role in the defective sanitary sewer line constructed along Spring Cypress Road by R Construction, will be sent to Costello soon.

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




Secretary, Board of Directors

EXHIBITS

August 10, 2022

- Exhibit A: Bookkeeper's Report; Investment Report
- Exhibit B: Tax Assessor-Collector's Report; Single Line Delinquent Tax Report
- Exhibit C: Operator's Report
- Exhibit D: Engineer's Report
- Exhibit E: Annexation Feasibility Report for 0.61 acre tract located at 20615 Sleepy Hollow Lane
- Exhibit F: Annexation Feasibility Report for 19.72 acre tract located at 2324 Louetta Road
- Exhibit G: Annexation Feasibility Report for 27.6 acre tract located at intersection of Spring Stuebner and Holzwarth Roads