

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors September 14, 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 September 14, 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 Directors Patridge and Norris 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 and Bart Downum of Environmental Development Partners, LLC ("EDP"); Craig Rathmann of Rathmann & Associates, LP ("Rathmann"), who entered later in the meeting, as noted herein; Angela Peters and Danielle Gonzalez of Odyssey Engineering Group, Inc. ("Odyssey"); Jessica Berrios of Dhanani Private Equity Group ("DPEG"); Tom Hall of Lovejoy Commercial, LLC ("Lovejoy"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); and Abraham Rubinsky and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Mr. Hall and Ms. 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 27, 2022. Upon review, Director Stephens moved that the minutes of the meeting held July 27, 2022 be approved as written. Director Shelnett 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 August 11, 2022, through September 14, 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 August 1, 2022, through August 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 additional check no. 1484, presented for payment at today's meeting, in the amount of \$60,285.20 for Pay Request No. 4 and Final (including proposed Change Order No. 3 in the amount of \$20,775) payable to DL Glover, Inc ("DLG") in connection with construction of West Extension of Water Line and Sanitary Sewer Lines along Spring Cypress Road (the "West Extension Project"), as well as any final engineering fees for the project, be added to the "Water & Sewer Extension – Spring Cypress" spreadsheet attached to the Bookkeeper's Report. 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; (ii) additional check no. 1484 be approved, subject to further discussion during the Engineer's Report regarding the status of the West Extension Project; and (iii) the Investment Report be approved and the District's Investment Officer be authorized to execute same on behalf of the District. Director Shelnutt seconded said motion, which unanimously carried.

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 August 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 September 8, 2022. After discussion, Director Shelnutt 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 September 14, 2022, a copy of which is attached hereto as **EXHIBIT C**, and discussed various repair and maintenance items noted therein. Mr. Thiry next presented for the Board's review Performance Test Reports received from G-M Services in connection with the water well performance tests conducted on the District's Water Well Nos. 1, 2 and 3 on August 4, 2022 and August 8, 2022, copies of which reports are included with the Operator's Report. Mr. Thiry reported that all of the water wells were found to be in good to excellent condition.

In connection with the recent Sanitary Sewer Cleaning, Televising and Smoke Testing, Phase II performed by Source Point Solutions, LLC ("Source Point"), Mr. Thiry presented a list of recommended repairs, a copy of which is attached to the Operator's Report, and advised the Board that the estimated total cost to complete said repairs is \$85,085.40, which estimate consists of an estimated cost of approximately \$29,175 for certain repairs proposed to be performed by EDP and an estimated cost of approximately \$55,910.40 for certain repairs that EDP recommends be performed by Source Point. After discussion, Director Shelnutt moved that EDP be authorized to proceed with the recommended repairs for an amount not to exceed \$85,000, with EDP given discretion to determine the order of priority in which such repairs are performed, and that EDP be authorized to install inflow protectors as needed. Director Stephens

seconded said motion, which unanimously carried.

Mr. Rubinsky next inquired about the status of the sanitary sewer manhole survey, which the Board authorized EDP to conduct on June 9, 2021 for an estimated total cost of \$11,500. Mr. Thiry stated that he will research EDP's records and provide an update to the Board regarding the status of said sanitary sewer manhole survey at its meeting scheduled for October 12, 2022.

Mr. Thiry next reported that a recent automobile accident caused significant damage to the Storm Water Pump Station located at the Spring Plaza Regional Detention Pond (the "Pump Station"). A photograph depicting some of the damage is attached to the Operator's Report. Mr. Thiry advised the Board that EDP is in the process of filing an insurance claim for repair of the Pump Station. He then informed the Board that Neil Technical Services ("NTS") inspected the damaged Pump Station and estimates the total cost for repairs to be approximately \$110,340, which, Mr. Thiry noted, does not include the cost to rent an emergency generator nor the cost for installation of new fencing at the site. Mr. Thiry reported that NTS advised EDP that the cost to rent an emergency generator on a temporary basis will be between approximately \$2,800 to \$4,000 per month, depending on the size of the generator required. Director Shelnuttt requested that EDP investigate to confirm that the estimated generator rental prices provided by NTS are competitive. After further discussion, the Board authorized EDP to (i) proceed with having the Pump Station repaired as quickly as possible, (ii) submit a claim to the District's insurance carrier and provide notice of the damages to All State, the responsible party's automobile insurance company, and (iii) obtain a rental emergency generator and have it wired up and operational as quickly as possible in the event the District experiences a severe weather event in the coming weeks before the electrical panel is fully repaired and operational.

Mr. Thiry next advised the Board that EDP received a written request from a District customer for a water bill adjustment due to a water leak, a copy of which is attached to the Operator's Report. Mr. Thiry stated that the water leak was subsequently repaired. He stated that, due to the leak, the customer incurred sanitary sewer charges in the amount of \$1,015 for the month of July noting, however, that none of the leaked water actually flowed through the District's Wastewater Treatment Plant. Upon discussion, Director Stephens moved that EDP be authorized to adjust the sanitary sewer charge on the customer's water bill to reflect the customer's average monthly usage and credit the customer for the difference. Director Shelnuttt seconded said motion, which unanimously carried.

Mr. Rathmann entered the meeting during the above discussion.

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 (the "Amended and Restated Agreement") between the District and Hannover Forest Homeowners Association (the "Hannover Forest HOA") in connection with maintenance by the District of the Hannover Forest, Section Two Detention Pond.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2022 TAX RATE

Mr. Rathmann next presented the Board with a Tax Rate Recommendation prepared by Rathmann, a copy of which is attached hereto as **EXHIBIT D**, and reviewed his recommendation regarding the proposed 2022 debt service and maintenance tax rates. There

next followed a discussion concerning the requirements for notice of the District's intention to adopt a 2022 tax rate. Mr. Rubinsky advised that, pursuant to the Texas Water Code, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Rubinsky further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. He explained that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least 10 days before the date of the meeting. After a lengthy discussion on the matter, Director Shelnuttt moved that (i) the Board indicate its intention to set a 2022 debt service tax rate of \$0.355 per \$100 of assessed valuation and a 2022 maintenance tax rate of \$0.36 per \$100 of assessed valuation, resulting in a combined 2022 tax rate of \$0.715 per \$100 of assessed valuation, and (ii) Leared be authorized to publish notice of the District's intention to adopt such 2022 tax rate at its meeting scheduled for October 12, 2022, in the form and at the time required by law. Director Stephens seconded said motion, which unanimously carried. The Board concurred that the notice should be published by Leared in the *Cypress Creek Mirror (Champions/Klein Edition)*.

Mr. Rathmann exited the meeting at this time.

ENGINEER'S REPORT

Ms. Peters presented and reviewed in detail with the Board a written Engineer's Report dated September 14, 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.

In connection with the District's contract with DLG for construction of the West Extension Project and as previously discussed during the Bookkeeper's Report, Ms. Peters presented Change Order No. 3 in the amount of \$20,775 and Pay Request No. 4 and Final in the amount of \$60,285.20 from DLG for the Board's approval.

With regard to the Spring Pines Shopping Center Detention Pond ("SPSC Pond"), Ms. Peters reported that DD Holzwarth 10.26, LLC ("DDH 10.26") has completed the required adjustments to the outfall pipe and concrete pilot channel. She advised the Board that Odyssey and Storm Maintenance & Monitoring will inspect the completed repairs to confirm compliance with the punch list Odyssey previously provided to DDH 10.26.

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 reported that SPH provided comments to the proposed Emergency Water Supply Contract between the District and No. 110 to the attorneys for No. 110 earlier today.

After discussion, it was moved by Director Shelnuttt, seconded by Director Patridge and unanimously carried that the Engineer's Report be approved and that Change Order No. 3 and Pay Request No. 4 and Final from DLG be approved, as detailed above and as recommended by the District's Engineer. The Board deferred (i) approval of the abandonment of various Water Line and/or Water Meter Easements and acceptance of various Water Line and/or Water Meter Easements required in connection with relocation of the Public Fire Water Line to serve Spring

Pines Shopping Center, and (ii) acceptance of the Water Meter Easement required to serve the Saxon Pond Flats project.

NOTICE OF APPLICATION OF UNDINE TEXAS, LLC ("UNDINE") TO AMEND ITS CERTIFICATE(S) OF CONVENIENCE AND NECESSITY

The Board next considered the status of Undine's application to amend its water Certificate of Convenience and Necessity ("CCN"). With regard thereto, Mr. Rubinsky reported that SPH submitted correspondence to the Public Utility Commission of Texas on September 2, 2022, requesting intervention with respect to inclusion of the approximate 0.5069 acre tract located at 1731 Spring Cypress Road (the "Starbucks Tract") and the approximate 0.61 acre tract (Lots 26, 27 and 28) located at 20615 Sleepy Hollow Lane (the "Sleepy Hollow Tract") in Undine's amended CCN, as previously authorized by the Board. Mr. Rubinsky advised the Board that SPH has communicated with the current owners of the Starbucks Tract regarding the Undine CCN matter and reported that they have indicated their desire to continue with the process to annex the tract into the boundaries of the District. He stated that SPH is still working to contact the current owners of the Sleepy Hollow Tract to determine whether they wish to proceed with the proposed annexation of the tract.

PROPOSED ANNEXATION OF THE STARBUCKS TRACT

The Board deferred further consideration of the proposed annexation and development of the Starbucks Tract, noting that the matter had been already been discussed in connection with the Undine CCN matter.

PROPOSED ANNEXATION AND DEVELOPMENT OF THE SLEEPY HOLLOW TRACT

The Board deferred further consideration of the proposed annexation and development Sleepy Hollow Tract, noting that the matter had been already been discussed in connection with the Undine CCN matter.

PROPOSED ANNEXATION AND DEVELOPMENT OF 19.72 ACRE TRACT LOCATED AT 2324 LOUETTA ROAD (THE "LOUETTA ROAD TRACT")

The Board deferred consideration of the proposed annexation and development by Mill Creek Residential of the Louetta Road Tract.

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

With regard to the proposed annexation and development by Dhanani of the Spring Stuebner Tract, Ms. Berrios reported that proposed closing date for Dhanani's purchase of the tract is December 16, 2022.

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 Off Lease Only ("OLO") for 6 equivalent single family connections of water and wastewater capacity to serve the development of an automobile dealership on an approximate 8.2 acre tract

located just north of the northwest intersection of Interstate 45 North and Spring Cypress Road. Ms. Peters 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 OLO, as discussed above, subject to receipt of the executed Utility Commitment and related Texas Ethics Commission Form 1295 from OLO, and (ii) authorize the Board President to execute same on behalf of the Board and District. Director Shelnut seconded said motion, which unanimously carried. The Board deferred consideration of the request for water and sanitary sewer capacity to serve the proposed development of an Eye Care Facility at 21309 Foster Road, pending receipt of additional information required from the developer of such tract.

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 Stephens for a 500 square foot (0.0115 acre) tract of land. After discussion, Director Patridge moved that the Special Warranty Deed be approved, subject to the District's receipt of payment in the amount of \$287 from Director Stephens, and that the Board President be authorized to execute same on behalf of the Board and District. Director Shelnut seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Rubinsky advised that he had nothing further to report of a legal nature that was not included under another agenda item.

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




Secretary, Board of Directors

EXHIBITS

September 14, 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: Financial Advisor's 2022 Tax Rate Recommendation
- Exhibit E: Engineer's Report