

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors October 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 October 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
W. Eugene Norris, Sr., Secretary
Scott Shelnut, Assistant Secretary
Jerome A. Patridge, Assistant Secretary

and all persons attended the meeting, with Directors O'Neal and Patridge participating via videoconference, thus constituting a quorum.

Also in attendance were: Judy Osborn of McLennan & Associates, Inc. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Bart Downum of Environmental Development Partners, LLC ("EDP"); Todd Burrer of Inframark, LLC ("Inframark"); Angela Peters 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, Katie Blasio and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Mr. Hall 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 meetings held on August 10, 2022, August 24, 2022, and September 14, 2022. Upon review, Director Shelnut moved that the minutes of said meetings be approved as written. Director Patridge seconded said motion, which unanimously carried. The Board deferred consideration of the minutes of the Board of Directors meeting held on September 28 2022.

BOOKKEEPER'S REPORT

Ms. Osborn presented and reviewed with the Board the Bookkeeper's Report for the period of September 15, 2022, through October 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. She noted that the District is in receipt of deposits in the amount of \$54,000

(in connection with the design of improvements to the Loretta Woods Lift Station) and \$10,000 (in connection with the proposed annexation of a 2.0 acre tract) from Mill Creek Residential and Alliance Residential Company, respectively. Ms. Osborn next presented and reviewed an Investment Report for the period of September 1, 2022, through September 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 Shelnut moved that: (i) the Bookkeeper's Report and the disbursements presented therein for payment be approved; (ii) the Investment Report 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.

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

The Board deferred discussion regarding the status of the District's compliance with Texas Government Code, Chapter 2265, relative to energy reporting requirements as it was noted that this year's Cost and Usage Report for the District has not yet been prepared. Ms. Osborn advised that McLennan would request such Report from Acclaim Energy Advisors and present it once received.

REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER

The Board considered the review of its Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Investment Policy"), and the adoption of a Resolution in connection therewith. Mr. Rubinsky presented for the Board's review an amended Investment Policy and a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Resolution"), which are attached hereto as **EXHIBIT B**. Mr. Rubinsky then discussed the proposed amendments to the District's Investment Policy. After discussion on the matter, it was moved by Director Stephens, seconded by Director Norris, and unanimously carried, that the amended Investment Policy be approved to reflect the proposed changes, that the Board adopt the Resolution, and that the President and Secretary be authorized to execute the Investment Policy and the Resolution on behalf of the Board and the District.

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 September 30, 2022, 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 October 4, 2022. In connection with the collection of sales tax revenue received by the District pursuant to its Strategic Partnership Agreement with the City of Houston ("SPA"), Ms. McLaughlin advised the Board that, with the assistance of SPH, Leared has confirmed the Houston Garden Center located at 21107 Interstate Highway 45 is not located within the District's SPA boundary. 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 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 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.

PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S PROPOSED 2022 TAX RATES

As the next order of business, the Board conducted a public hearing regarding the levy of the District's proposed debt service and maintenance tax rates for 2022. It was noted that no taxpayer appeared at the hearing to address said matter, and the public hearing was closed.

ADOPTION OF ORDER LEVYING THE DISTRICT'S 2022 DEBT SERVICE TAX RATE AND MAINTENANCE TAX RATE

The Board next discussed the setting of the District's 2022 tax rate. Ms. McLaughlin confirmed that the required notice, a copy of which is attached hereto as **EXHIBIT E**, had been published in *Cypress Creek Mirror (Champions/Klein)* in accordance with all legal requirements and as directed by the Board at its previous meeting. After discussion on the matter, Director Stephens moved that: (i) the Board levy a 2022 debt service tax rate of \$0.355 per \$100 of taxable valuation and a 2022 maintenance tax rate of \$0.355 per \$100 of taxable valuation, resulting in a 2022 total tax rate of \$0.71 per \$100 of taxable valuation; and (ii) the Order Levying Taxes, attached hereto as **EXHIBIT F**, be adopted in connection therewith and the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Shelnutt seconded said motion, which carried unanimously.

AMENDMENT TO THE DISTRICT'S FIFTH AMENDED AND RESTATED DISTRICT INFORMATION FORM

Mr. Rubinsky next presented and discussed with the Board an Amendment to the District's Fifth Amended and Restated District Information Form ("Information Form") in connection with the levy of the District's 2022 tax rate. After discussion regarding said Information Form, Director Norris moved that the Amendment to the Information Form be approved and that the Board members present be authorized to execute same on behalf of the Board and District. Director Shelnutt seconded said motion, which carried unanimously.

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 provided an update regarding Undine's application and the possible course of action that may be required and how the proposed annexations of the 0.5069 acre tract located at 1731 Spring Cypress Road (the "Starbucks Tract") and 0.61 acre tract (Lots 26, 27 and 28) located at 20615 Sleepy Hollow Lane (the "Sleepy Hollow Tract") might be affected. He reminded the Board that Undine has indicated that it is not willing to revise the map included with its application to remove the two above referenced annexation tracts, and instead will wait for the recommendation of the Public Utility Commission ("PUC"). Mr. Rubinsky then advised the Board that the law firm he

approached to act as outside counsel in connection with the matter has a conflict of interest and is not able to represent the District in connection with said matter. Following discussion, it was moved by Director Stephens, seconded by Director Shelnutt and unanimously carried, that (i) SPH be authorized to engage outside counsel to handle matters with the PUC with respect to the Starbucks and Sleepy Hollow Tracts going forward, if necessary, with all costs that may be incurred by the District in connection with such representation to be included in the costs of annexation to be paid by Starbucks and the International Applied Behavior Analysis Institute or the current landowners, and (ii) the President be authorized to execute an engagement letter with outside counsel relative to same.

Director O'Neal left the meeting at this time.

OPERATOR'S REPORT

Mr. Downum presented to and reviewed with the Board the Operator's Report dated October 12, 2022, a copy of which is attached hereto as **EXHIBIT G**, and discussed various repair and maintenance items noted therein. Director Stephens inquired about replacement of the UPS at the District's Water Plant No. 1 ("WP No. 1") site, which the Operator's Report reflects was performed sometime during the course of the last month for a cost of \$1,088.20. She recalled that such work had been performed at WP No. 1 earlier in the year and requested that Mr. Downum investigate the matter and report back to the Board at its first meeting in November.

Mr. Burrer next addressed the Board regarding the water leak reported April 13, 2022 beneath the drainage channel located near 2215 Hannover Way and the subsequent replacement of the leaking welded steel pipe by Wright Solutions ("Wright") for an estimated total cost of \$65,475. He discussed the possible causes of said leak with the Board and advised that Inframark is willing to contribute \$35,000 toward the cost of replacement of the steel pipe by Wright. After discussion, it was moved by Director Stephens that the Board accept a contribution of \$35,000 from Inframark for replacement of the pipe as discussed above. Director Patridge seconded said motion, which passed with Directors Stephens, Norris, and Patridge voting in favor of such motion. Director Shelnutt abstained from voting on the matter.

Ms. McLaughlin left 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.

ENGINEER'S REPORT

Ms. Peters presented and reviewed in detail with the Board a written Engineer's Report dated October 12, 2022, a copy of which is attached hereto as **EXHIBIT H**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein.

With regard to the proposed abandonment of various Water Line Easements and the dedication of certain new Water Line Easements and/or Water Meter Easements in connection with the relocation of the Public Fire Water Line to serve Spring Pines Shopping Center (the "Relocation Project"), Mr. Rubinsky reported that SPH is in receipt of the ownership and lienholder reports required for preparation of the conveyance documents. He then advised the Board that, upon review, SPH noted some discrepancies in the metes and bounds descriptions provided for the abandonment of certain Easements and requested that the Board defer approval and acceptance of the conveyance documents required in connection with the Relocation Project until said discrepancies can be resolved.

The Board next considered the status of construction of drainage improvements along Louetta Road (the "Joint Drainage Project") by Main Lane Industries, Ltd. ("Main Lane") pursuant to the Joint Participation Interlocal Agreement between the District and Harris County (the "Joint Participation Agreement"). After reporting that the project is substantially complete, Ms. Peters noted that Main Lane is currently completing a punch list of items to be addressed prior to acceptance of facilities by Harris County. Ms. Peters then reported that the total Final Change Order and Quantity adjustment for the Drainage Project is approximately \$96,375, of which the District's share is approximately \$48,187.50, which is below the allowance for change orders reflected in the Joint Participation Agreement between the District and Harris County related to said project.

With regard to the proposed construction of an emergency water interconnect between the District and Harris County Water Control and Improvement District No. 110 ("No. 110"), Mr. Rubinsky reported that SPH is in receipt of a revised Emergency Water Supply Contract between the District and No. 110 (the "EWS Contract"), which reflects most of the comments provided by SPH. He advised the Board, however, that the attorneys for No. 110 did not make the revisions requested by SPH related to easement acquisitions. Upon discussion, the Board requested that SPH follow up with No. 110's attorneys to discuss the matter and clarify responsibility for the acquisition of easements required for the proposed construction of an emergency water interconnect between the District and No. 110, including any required within the boundaries of the District.

The Board next considered the status of communications with NRG Energy Services, LLC ("NRG") regarding the District's desire to purchase the existing emergency generator at the District's Wastewater Treatment Plant from NRG. With regard thereto, Mr. Rubinsky reported that SPH received notification from NRG that it is in the process of preparing the documents required for the District's purchase of the emergency generator.

No action was taken by the Board in connection with the Engineer's Report at this time.

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 HOLZWARH ROADS (THE "SPRING STUEBNER TRACT")

The Board deferred consideration of the proposed annexation and development by Dhanani of the Spring Stuebner Tract.

PROPOSED ANNEXATION AND DEVELOPMENT OF APPROXIMATE 2.0 ACRE ANNEXATION LOCATED AT 2525 FM 2920 (THE "ALLIANCE TRACT")

The Board deferred consideration of the proposed annexation and development by Alliance Residential Company ("Alliance") of the Alliance Tract.

ISSUANCE OF UTILITY COMMITMENTS

The Board next considered requests for Utility Commitments. In connection therewith, Mr. Rubinsky reported that Alliance has requested that the Board consider updating the Utility Commitment to Alliance, dated August 24, 2022, to provide for water and wastewater capacity to serve the development of a 305-unit multi-family project, instead of a 267-unit development as was originally contemplated, which would require increasing the equivalent single family connections ("esfcs") reflected in Alliance's Utility Commitment from 131 to 150 esfcs. After discussion, Director Stephens moved that the Board approve revising the Utility Commitment to Alliance, as discussed above. Director Patridge seconded the motion, which unanimously carried.

The Board next considered the status of the Utility Commitment to Ascension Multifamily ("Ascension"), which was subsequently assigned by Ascension to AM 2920, LLC, dated April 28, 2021 and extended by correspondence dated June 3, 2022, as approved by the Board at its meeting held on April 13, 2022, for 181 esfcs of water and wastewater treatment capacity to serve the proposed development of a 380-unit multi-family project on an approximate 14.03 acre tract located south of FM 2920 between Covington Bridge Lane and Foster Road, within the boundaries of the District. In connection therewith, Mr. Rubinsky advised that the District is in receipt of correspondence from Ascension requesting that the Board consider extending the deadline to break ground on construction of the improvements, as detailed in paragraph 19 of said Commitment and as extended by said correspondence. After discussion, Director Norris moved that the Board approve a six-month extension of the deadline to break ground on construction of the improvements by AM 2920, LLC from November 1, 2022 to May 1, 2023. Director Shelnutt seconded the 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.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Rubinsky advised the Board that a 5th Year Arbitrage Rebate Report will need to be prepared relative to the District's Series 2017 Unlimited Tax Bonds (the "Series 2017 Bonds") no later than 60 days after December 7, 2022. Mr. Rubinsky then presented for the Board's approval an engagement letter for preparation of said report from Arbitrage Compliance Specialists, Inc. ("ACS"), a copy of which engagement letter is attached hereto as **EXHIBIT I**. Mr. Rubinsky advised that ACS's fee for preparation of the report is \$2,950 and that, if additional services are necessary, they will be performed at the company's standard hourly rates as set forth in the engagement letter. After discussion of the matter, Director Stephens moved that the Board approve the engagement letter with ACS for arbitrage compliance services, that the Vice President be authorized to execute same on behalf of the Board and the District, and that the associated Texas Ethics Commission ("TEC") Form 1295 provided by ACS be accepted and acknowledged by SPH. Director Shelnut seconded said motion, which unanimously carried.

Mr. Rubinsky next presented to and discussed with the Board correspondence received from No. 110, dated October 11, 2022, inviting the Board to participate in a meeting scheduled for October 26, 2022, to discuss a proposed flood mitigation project. A copy of said correspondence is attached hereto as **EXHIBIT J**.

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 Norris seconded said motion, which unanimously carried.




Secretary, Board of Directors

EXHIBITS

October 12, 2022

- Exhibit A: Bookkeeper's Report; Investment Report
- Exhibit B: Resolution and Order regarding Investment Policy
- Exhibit C: Tax Assessor-Collector's Report; Single Line Delinquent Tax Report
- Exhibit D: Delinquent Tax Report
- Exhibit E: Affidavit of Publication
- Exhibit F: Order Levying Taxes
- Exhibit G: Operator's Report
- Exhibit H: Engineer's Report
- Exhibit I: Engagement Letter from ACS
- Exhibit J: Correspondence from No. 110