

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors October 26, 2022

The Board of Directors ("Board") of Spring West Municipal Utility District ("District") met in regular session at La Quinta by Wyndham Houston Spring South located at 21119 North Freeway, Spring, Harris County, Texas, on October 26, 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: Glenn Woodson of Storm Maintenance & Monitoring ("SM&M"); Justin Ring 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, Katie Blasio and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Mr. Hall, Ms. Berrios, Ms. Walsh and Mr. Rubinsky 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 September 28, 2022. Upon review, Director Shelnett moved that the minutes of said meeting be approved as written. Director Patridge seconded said motion, which unanimously carried.

RATIFY ENGAGEMENT OF ARBITRAGE COMPLIANCE SPECIALISTS, INC. TO PREPARE ARBITRAGE REBATE REPORT

The Board considered ratification of its prior action relative to the approval of an engagement letter for arbitrage rebate services from Arbitrage Compliance Specialists, Inc. ("ACS"), with respect to the District's Series 2017 Unlimited Tax Bonds. After discussion, Director Shelnett moved that the Board's prior action to approve the engagement letter from ACS for arbitrage rebate services as set forth in the engagement letter be ratified in all respects. Director Stephens seconded the motion, which carried unanimously.

STORM WATER QUALITY INSPECTION REPORTS

Mr. Rubinsky noted that the Storm Water Quality Inspection Reports ("Inspection Reports") prepared by Storm Water Solutions ("SWS") for the month of September 2022, copies of which are attached hereto as **EXHIBIT A**, were circulated to the Board for its review prior to today's meeting. After discussion, it was noted that no action was required by the Board in connection with the Inspection Reports at this time.

DRAINAGE AND DETENTION FACILITIES MAINTENANCE REPORT

The Board next considered the Drainage and Detention Facilities Maintenance Reports from SM&M (the "D&D Reports") dated October 11, 2022, copies of which are attached hereto as **EXHIBIT B**. In that regard, Mr. Woodson reviewed the D&D Reports with the Board. He reported that SM&M removed certain small trees located within drainage channels and/or detention ponds which were noted in the D&D Reports dated September 14, 2022, as previously authorized by the Board. Mr. Woodson then responded to various questions from the Board. The Board noted that no action was necessary in connection with the D&D Reports at this time.

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

Mr. Ring presented and reviewed in detail with the Board a written Engineer's Report dated October 26, 2022, a copy of which is attached hereto as **EXHIBIT C**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein.

With regard to the design of improvements to the Louetta Woods Lift Station, which Mr. Ring reported are being funded by Mill Creek Residential Trust LLC ("Mill Creek") in connection with the proposed annexation of an approximate 19.72 acre tract located at 2324 Louetta Road (the "Louetta Road Tract"), Mr. Rubinsky recommended that the Board authorize SPH to prepare a Utility Development Agreement ("UDA") and Waiver Agreement between the District and Mill Creek memorializing the terms and conditions by which Mill Creek would be reimbursed for the eligible costs of said project, subject to annexation of the Louetta Road Tract into the District. After discussion, Director Stephens moved that SPH be authorized to prepare a UDA and a Waiver Agreement with Mill Creek. Director Shelnut seconded said motion, which unanimously carried.

The Board next considered the acceptance of easement conveyances for facilities constructed or to be constructed for the District. In connection therewith, Mr. Ring reported that Odyssey has requested that the engineer for DD Holzwarth 13.96, LLC clarify certain discrepancies noted by SPH in the metes and bounds prepared for the abandonment and/or dedication of certain easements required in connection with the relocation of the Public Fire

Water Line to serve Spring Pines Shopping Center (the "Relocation Project"). Mr. Rubinsky next reported that the SPH has not yet received an executed copy of the Water Meter Easement required from AM 2920 MM, LLC ("AM 2920") in connection with its development of the Saxon Pond Flats project, which, he noted, was provided to AM 2920 for review and execution on September 30, 2022. Following discussion, the Board deferred (i) approval of the abandonment and/or acceptance of various Water Line and/or Water Meter Easements required in connection with the Relocation Project, and (ii) acceptance of the Water Meter Easement required to serve the Saxon Pond Flats project.

In connection with review of District's updated water and wastewater capacity allocation chart, Mr. Rubinsky recommended that certain revisions and updates be made to the chart and discussed SPH's comments to same with Mr. Ring and the Board.

With regard to the Spring Pines Detention Pond (the "SPSC Pond"), Mr. Ring reported that, upon inspection, Odyssey observed separation of certain outfall pipes and advised the Board that the contractor for DD Holzwarth 10.26, LLC ("DDH 10.26") has been notified and the issue will be addressed. It was noted that the arrangement to grant DDH 10.26 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 subject to completion of the repairs to the SPSC Pond that DDH 10.26 previously agreed to perform has expired. The Board concurred that it would reconsider the matter once all issues with the SPSC Pond have been addressed satisfactorily.

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 advised the Board that he has attempted to contact the attorney for No. 110 regarding the Emergency Water Supply Contract between the District and No. 110 (the "EWS Contract") and certain revisions and/or clarification related to easement acquisitions, as previously requested by the Board, but has not yet been able to discuss the matter with said attorney.

With regard to the proposed purchase of the existing emergency generator at the District's Wastewater Treatment Plant from NRG Energy Services, LLC ("NRG"), Mr. Rubinsky reminded the Board that SPH received notification from NRG on October 11, 2022 that it is in the process of preparing the documents required for the District's purchase of the emergency generator and advised the Board that such documents have not yet been received from NRG.

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

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 summarized the history of communication with Undine regarding its application to include 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") within its CCN. 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 reported that SPH communicated with the PUC's attorney who is handling the Undine matter and advised him of the District's view on the matter and provided background information regarding the District's proposed annexation of the Starbucks Tract and Sleepy Hollow Tract. He reported that the PUC's attorney recommended that a pleading be submitted prior to finalization of Undine's maps. After Mr. Rubinsky reminded the Board that the law firm originally approached by SPH to act as outside counsel in the matter has a conflict of interest, he requested that the Board authorize SPH to engage different outside counsel. Following discussion, it was moved by Director Stephens, seconded by Director Norris and unanimously carried, that (i) SPH be authorized to solicit an engagement letter from 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.

PROPOSED ANNEXATION OF THE STARBUCKS TRACT

The Board considered the proposed annexation and development of the Starbucks Tract owned by 3743-47 UP Spring No. 2, LLC ("UP Spring"). Mr. Rubinsky presented to and reviewed with the Board a Petition for Addition of Land to the District, which he reported has been signed and returned to SPH by UP Spring, and a Petition for Consent to Include Additional Land in the District (collectively, the "UP Spring Petitions"). Upon discussion, Director Norris moved that the UP Spring Petitions be approved, pending resolution of the Undine matter. Director Stephens seconded said motion, which unanimously carried.

PROPOSED ANNEXATION AND DEVELOPMENT OF THE SLEEPY HOLLOW TRACT

The Board next considered the proposed annexation and development Sleepy Hollow Tract owned by Mario Raul Otto and Dora Holl Otto. Mr. Rubinsky presented to and reviewed with the Board a Petition for Addition of Land to the District, which he reported has been signed and returned to SPH by the Ottos, and a Petition for Consent to Include Additional Land in the District (collectively, the "Otto Petitions"). Upon discussion, Director Stephens moved that the Otto Petitions be approved, pending resolution of the Undine matter. Director Patridge seconded said motion, which unanimously carried.

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 of the Louetta Road Tract, which tract is currently still owned by Centro Cristiano El Alfa y La Omega, after Mr. Rubinsky reported that SPH received an ownership and lien holder report for the Louetta Road Tract earlier this week which reflects a lien on the property which had not been previously reported.

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")

The Board deferred consideration of the proposed annexation and development by Dhanani of the Spring Stuebner Tract after Mr. Rubinsky noted that the ownership and lienholder report has not yet been sent to the District by the title company.

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 after Mr. Rubinsky noted that the ownership and lienholder report has not yet been sent to the District by the title company.

ISSUANCE OF UTILITY COMMITMENTS

The Board deferred consideration of requests for Utility Commitments, after noting that no new requests were received.

DEVELOPERS' REPORTS

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

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY")

The Board next considered matters related to the Authority. In that regard, Mr. Rubinsky and Direct Shelnutt discussed recent activities of the Authority, including the status of construction of the Northeast Water Purification Plant Expansion project.

HARRIS COUNTY CONSTABLE'S OFFICE ("HCCO") MONTHLY ACTIVITY REPORT

Mr. Rubinsky noted that a security report received from the HCCO for the month of September 2022, a copy of which is attached hereto as **EXHIBIT D**, on the current status of criminal activities in the District and surrounding areas was distributed to the Board prior to today's meeting. After discussion, no action was taken by the Board relative to said matter.

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


Secretary, Board of Directors



EXHIBITS

October 26, 2022

- Exhibit A: Storm Water Quality Inspection Reports
- Exhibit B: Detention and Drainage Facilities Maintenance Reports
- Exhibit C: Engineer's Report
- Exhibit D: HCCO Security Report