

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors November 9, 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 November 9, 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: Jorge Diaz of McLennan & Associates, Inc. ("McLennan"); Brenda McLaughlin and Lynn Beck of Bob Leared Interests, Inc. ("Leared"); Eric Thiry and Bart Downum, of Environmental Development Partners, LLC ("EDP"); Robert Cardenas of Inframark, LLC ("Inframark"); Angela Peters and Danielle Gonzalez of Odyssey Engineering Group, Inc. ("Odyssey"); Lucas Sandidge, Michelle Blieden and Jeb Cox of Mill Creek Residential; 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"). Messrs. Sandidge and 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 October 12, 2022. Mr. Rubinsky noted one change that was required to the list of attendees in said minutes. Upon further review, Director Shelnett moved that the minutes of said meeting be approved as revised. Director Stephens 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 October 13, 2022, through November 9, 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 October 1, 2022, through October 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 and Mr. Rubinsky regarding items in the Bookkeeper's Report. After further discussion concerning various matters reflected in said Reports, Director Norris 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

There was next a discussion regarding the status of the District's compliance with Texas Government Code, Chapter 2265, relative to energy reporting requirements. In that regard, Mr. Diaz presented a Cost and Usage Report prepared for the District by Acclaim Energy Advisors for the period September 2021 through August 2022, a copy of which is attached hereto as **EXHIBIT B**. Mr. Rubinsky noted that the District has satisfied its statutory obligations by having the Cost and Usage Report prepared.

DRAFT OPERATING BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2021

Mr. Diaz next presented to and reviewed with the Board a draft operating budget for the District's fiscal year ending December 31, 2023, which is attached to the Bookkeeper's Report, and requested that the Directors and consultants provide their comments, if any, to the District's Bookkeeper prior to the Board of Directors meeting scheduled for December 14, 2022.

ACKNOWLEDGMENT OF PRIOR ENGAGEMENT OF AUDITOR

The Board next considered its prior engagement of Mark C. Eyring, CPA, PLLC ("Eyring") to prepare and file the District's audit report for the fiscal year ending December 31, 2022. In that regard, Mr. Rubinsky reminded the Board that it previously engaged Eyring to prepare audit reports for the District's 2021 and 2022 fiscal years. After discussion, it was moved by Director Shelnett, seconded by Director Stephens and unanimously carried, that the Board acknowledge and confirm the prior engagement of Eyring to prepare and file the District's audit report for the fiscal year ending December 31, 2022.

REVIEW OF FINAL ARBITRAGE REBATE REPORT PREPARED BY ARBITRAGE COMPLIANCE SPECIALISTS, INC. IN CONNECTION WITH THE DISTRICT'S \$7,275,000 UNLIMITED TAX BONDS, SERIES 2014 (THE "SERIES 2014 BONDS")

Mr. Rubinsky next reviewed with the Board an Arbitrage Rebate Calculations Report prepared by Arbitrage Compliance Specialists, Inc., a copy of which is attached hereto as **EXHIBIT C**, for the final rebate installment computation period in connection with the District's Series 2014 Bonds. Mr. Rubinsky advised the Board that the Report indicates that there is no rebate installment payment due to the Internal Revenue Service for such computation period for the District's Series 2014 Bonds.

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 October 31, 2022, which is attached hereto as **EXHIBIT D**, 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 November 2, 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 Norris 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 January 2023.

OPERATOR'S REPORT

Mr. Downum presented to and reviewed with the Board the Operator's Report dated November 9, 2022, a copy of which is attached hereto as **EXHIBIT E**, and discussed various repair and maintenance items noted therein. In connection with the damage caused to the Storm Water Pump Station located at the Spring Plaza Regional Detention Pond (the "Pump Station") by an automobile accident this past September, Mr. Downum reported that EDP has obtained one (1) quote in the approximate total amount of \$6,000 for repair of the hurricane fence around the Pump Station site. He advised that EDP is still working to obtain a second quote for the repair. In connection with the annual testing of fire hydrants within the District, Mr. Downum presented and reviewed with the Board the annual Fire Hydrant Inspection 2022 Report (the "Inspection Report"), a copy of which is included with the Operator's Report. He requested that the Board authorize EDP to make various recommended repairs and to install reflectors, as needed, for an estimated total cost of \$7,700, as detailed in the Inspection Report. After further discussion, the Board authorized EDP to (i) proceed with repair of the hurricane fence at the Pump Station site at a cost not to exceed \$6,000, and (ii) make the recommended fire hydrant repairs and install reflectors, as detailed in the Inspection Report, for a total estimated cost of \$7,700. The Board concurred to defer painting of the fire hydrants located within the District 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.

Ms. McLaughlin and Ms. Beck 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 November 9, 2022, a copy of which is attached hereto as **EXHIBIT F**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein.

With regard to the proposed extension of an eight-inch (8-inch) water line and eight-inch ("8-inch) sanitary sewer line to serve property located at 1731 Spring Cypress Road (the "Starbucks Project"), Ms. Peters advised the Board that the construction plans for the project have received full approval and requested that the Board authorize Odyssey to advertise for bids.

After discussion, Director Shelnutt moved that Odyssey be authorized to advertise for bids subject to confirmation from the Public Utility Commission ("PUC") or Undine Texas, LLC ("Undine") that the subject property has been removed from Undine's application to amend its water Certificate of Convenience and Necessity ("CCN") to include said tract. Director Stephens seconded the motion, which unanimously carried.

In connection with the design of improvements to the Louetta Woods Lift Station 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"), Ms. Peters reviewed a proposed schedule for said project. Mr. Rubinsky then reminded the Board that the petitions prepared by SPH in connection with the proposed annexation of the Louetta Road Tract were sent to Centro Cristiano El Alfa y La Omega, Inc. ("CCAO"), the current landowner, for review and execution by CCAO and its lender. Mr. Rubinsky and Mr. Cox then discussed the proposed schedule for annexation of the Louetta Road Tract and construction of an approximate 380-unit multi-family project on the subject tract (the "Modera Springs Apartments"), as well as various conditions for service to said tract.

The Board deferred the acceptance of easement conveyances 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") and the Water Meter Easement required from AM 2920 MM, LLC ("AM 2920") in connection with its development of the Saxon Pond Flats project.

With regard to the Spring Pines Detention Pond (the "SPSC Pond"), Ms. Peters reported that the contractor for DD Holzwarth 10.26, LLC ("DDH 10.26") is currently working to correct the deficiencies noted in certain outfall pipes at the site.

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, Ms. Peters reported that the updated total cost estimate for the project is approximately \$155,000, which is approximately \$18,000 higher than the original cost estimate, and noted that the District's contribution would now be approximately \$77,500, which is fifty-percent (50%) of the total estimated cost. Ms. Peters also reported that, after further research and evaluation, Odyssey has confirmed that the District already has all easements required in connection with such project and that no additional easements need to be obtained within the District. After further discussion, it was moved by Director Stephens, seconded by Director Shelnutt and unanimously carried, that the Emergency Water Supply Contract between the District and No. 110 be reapproved, and that the Board President be authorized to execute same.

With regard to the proposed purchase of the existing emergency generator at the District's Wastewater Treatment Plant ("WWTP") from NRG Energy Services, LLC ("NRG"), Mr. Rubinsky reported that SPH is in receipt of a proposed Bill of Sale from NRG for the District's purchase of the emergency generator and advised the Board that SPH is in the process of reviewing the document. After discussion, it was moved by Director Shelnutt that the Bill of Sale from NRG in the amount of \$137,500 for the purchase of the emergency generator at the WWTP be approved, to be effective as of December 14, 2022, subject to final review and approval by SPH. Director Stephens seconded the motion, which unanimously carried.

With regard to the facilities to be constructed to serve the proposed development of the Modera Springs Apartments, Ms. Peters advised that the City of Houston will not approve an extension of the District's water line along Louetta Road and discussed certain issues related to the new proposed location for tying such property into the District's facilities. It was then noted that the proposed development will require approximately 57,300 gallons per day of water and sanitary sewer capacity, or approximately 191 equivalent single-family connections ("esfc"). After discussion, it was moved by Director Patridge, seconded by Director Shelnut and unanimously carried, that SPH be authorized to prepare a Utility Commitment to MCRT Investments, LLC, the entity created by Mill Creek for development of the Modera Springs Apartments, as discussed above, and that said Utility Commitment include the terms and conditions set forth in the annexation feasibility study prepared by Odyssey, including that such Commitment is subject to the annexation of said tract into the District.

Mr. Diaz and Mr. Sandidge exited the meeting during the above discussion.

NOTICE OF APPLICATION OF UNDINE TO AMEND ITS CCN

The Board next considered the status of Undine's application to the PUC to amend its water CCN. With regard thereto, Mr. Rubinsky summarized the history of communications 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 maps included with its application to remove the two above referenced annexation tracts. Mr. Rubinsky then presented to and reviewed with the Board the Motion for Contested Case Hearing, a copy of which is attached hereto as **EXHIBIT G**, which was prepared by SPH and submitted to the PUC on October 31, 2022, as recommended by the PUC's attorney.

Mr. Cox left the meeting during the above discussion.

PROPOSED ANNEXATION OF THE STARBUCKS TRACT

The Board deferred further consideration of the proposed annexation and development of the Starbucks Tract owned by 3743-47 UP Spring No. 2, LLC ("UP Spring"), noting that the matter had already been discussed earlier in the meeting.

PROPOSED ANNEXATION AND DEVELOPMENT OF THE SLEEPY HOLLOW TRACT

The Board deferred further consideration of the proposed annexation and development of the Sleepy Hollow Tract owned by Mario Raul Otto and Dora Holl Otto, noting that the matter had already been discussed earlier in the meeting.

PROPOSED ANNEXATION AND DEVELOPMENT OF THE LOUETTA ROAD TRACT

The Board deferred further consideration of the proposed annexation and development by Mill Creek of the Louetta Road Tract, noting that the matter had been discussed earlier in the meeting under the Engineer's Report.

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 requisite ownership and lien holder report had been received by the District and that the annexation petitions are now being prepared by SPH.

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 requisite ownership and lien holder report had been received by the District and that the annexation petitions are now being prepared by SPH.

APPROVAL OF UTILITY DEVELOPMENT AGREEMENT ("UDA") AND WAIVER AGREEMENT BETWEEN THE DISTRICT AND MILL CREEK

The Board deferred consideration of a UDA and a Waiver Agreement between the District and Mill Creek.

ISSUANCE OF UTILITY COMMITMENTS

The Board deferred further consideration of requests for Utility Commitments, after noting that Mill Creek's request for service had been discussed and acted upon earlier in the meeting.

DEVELOPERS' REPORTS

The Board deferred consideration of the Developers' Reports, noting that no developer representatives were in attendance at today's meeting whose matter had not already been addressed by the Board.

EMINENT DOMAIN REPORT

Mr. Rubinsky reported that, pursuant to §2206.154, Texas Government Code, all political subdivisions with the power of eminent domain, including the District, are required to file an Annual Eminent Domain Report by February 1 of each year with the Texas Comptroller of Public Accounts (the "Comptroller"). He explained that the report will contain the District's contact information as well as information related to the District's legal authority to exercise the power of eminent domain. After discussion, it was moved by Director Stephens, seconded by Director Norris and unanimously carried, that the Board authorize SPH to file the Annual Eminent Domain Report with the Comptroller on behalf of the District prior to the applicable deadline.

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.

DISCUSS BOARD MEETING SCHEDULE FOR REMAINDER OF 2022

The Board next discussed its meeting schedule for the remainder of 2022. After discussion, the Board concurred to hold its regular meeting scheduled for December 14, 2022, and to cancel its meeting scheduled for December 28, 2022.

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

November 9, 2022

- Exhibit A: Bookkeeper's Report; Investment Report
- Exhibit B: Electricity Cost and Usage Report
- Exhibit C: Arbitrage Rebate Calculations Report for the District's Series 2014 Unlimited Tax Bonds
- Exhibit D: Tax Assessor-Collector's Report; Single Line Delinquent Tax Report
- Exhibit E: Operator's Report
- Exhibit F: Engineer's Report
- Exhibit G: Motion for Contested Case Hearing