

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors January 25, 2023

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 January 25, 2023, 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 the exception of Director Norris, 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"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); James O'Neal, a member of the public; and Katie Blasio and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Ms. Berrios and Mr. Ring participated in the meeting via teleconference.

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.

RATIFY PRIOR REVIEW OF FIFTH YEAR ARBITRAGE REBATE REPORT PREPARED BY ARBITRAGE COMPLIANCE SPECIALISTS, INC. IN CONNECTION WITH THE DISTRICT'S \$6,685,000 UNLIMITED TAX BONDS, SERIES 2017

The Board considered ratification of its prior review of an Arbitrage Rebate Calculations Report prepared by Arbitrage Compliance Specialists, Inc. for the 5th year rebate installment computation period in connection with the District's \$6,685,000 Unlimited Tax Bonds, Series 2017 (the "Series 2017 Arbitrage Rebate Report"). After discussion, Director Stephens moved that the Board's prior review of the 5th year Series 2017 Arbitrage Rebate Report be ratified and approved in all respects. Director Shelnett seconded the motion, which carried unanimously.

STORM WATER QUALITY INSPECTION REPORTS

Ms. Blasio noted that the Storm Water Quality Inspection Reports ("Inspection Reports") prepared by Storm Water Solutions ("SWS") for the month of November 2022, copies of which are attached hereto as **EXHIBIT A**, were circulated to the Board for its review prior to today's meeting. After Directors O'Neal and Shelnett noted that a certain corrugated outflow pipe located at the Hannover Springs Detention Pond (Phase IV Hannover Village Regional Detention

Pond) appeared to be corroded, the Board requested that SM&M inspect the subject pipe and provide recommendations for addressing the issue.

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 December 5, 2022, copies of which are attached hereto as **EXHIBIT B**. In that regard, Mr. Woodson reviewed the D&D Reports with the Board. He then responded to various questions from the Board. After discussion, Director Shelnutt moved that SM&M be authorized to proceed with application of fertilizer to approximately four (4) acres of side slopes at Section II of the Hannover Springs Detention Pond (Phase IV Hannover Village Regional Detention Pond) for a cost of \$400 per acre. Director Stephens seconded the motion, which unanimously carried.

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 January 25, 2023, 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. Mr. Ring then responded to various inquiries from the Board. After discussion, it was moved by Director Shelnutt, seconded by Director Patridge and unanimously carried that the Engineer's Report be approved, including approval of Change Order No. 2 in the negative amount of \$7,160 from BRZ Coatings, Inc. in connection with the 500,000 Gallon Ground Storage Tank Rehabilitation at Water Plant No. 1.

With regard to the status of the Spring Pines Detention Pond, Mr. Ring reported that the developer's contractor has completed the punch list of items prepared by Odyssey. After Director Shelnutt noted a possible deficiency as depicted in photographs of the pond reviewed earlier in the meeting, the Board requested that SM&M inspect the pond to confirm whether the repairs performed by the contractor are acceptable to the District and if any deficiencies still exist. Mr. Ring stated that Odyssey will address any remaining deficiencies with the contractor, if necessary.

In connection with the proposed development of Top Soap Car Wash at 2020 FM 2920, within the boundaries of the District, by Turphin Ventures, LLC ("Turphin"), Mr. Ring advised the Board that Odyssey recommends construction of a public eight-inch (8-inch) gravity line to provide sanitary sewer service to the tract. He reported that the total estimated cost for construction of the gravity line is approximately \$184,000 and recommended that the Board authorize Odyssey to request that Turphin escrow funds in the amount of \$37,000 for engineering design fees in connection with same. Alternatively, he noted, the Board may instead choose to allow Turphin to construct a private, grinder lift station. Following discussion, the Board concurred to defer action on the matter pending further discussion at its next meeting.

REVIEW OF ODYSSEY'S REVISED SCHEDULE OF HOURLY RATES

The Board next considered acceptance of Odyssey's revised Schedule of Hourly Rates pursuant to the Engineering Contract between the District and Odyssey. In connection therewith, Mr. Ring reviewed email correspondence and materials sent by Odyssey to the Board for review prior to today's meeting, copies of which are attached hereto as **EXHIBIT D**, providing details and analysis of Odyssey's revised rates, which are to be effective as of February 6, 2023, the beginning of Odyssey's March billing cycle for the District. Mr. Ring then responded to various questions from the Board noting, in particular, that the Board will be given right of approval of any changes in Odyssey personnel working on the District's account. Such representation is included in Mr. Ring's correspondence to the Board included in **EXHIBIT D**. After discussion, Director Shelnutt moved that the Board accept Odyssey's revised Schedule of Hourly Rates to be effective as of February 6, 2023. Director O'Neal seconded the motion, which unanimously carried.

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

The Board next considered the status of Undine's application to the Public Utility Commission ("PUC") to amend its water CCN. With regard thereto, Ms. Blasio provided an update regarding the status of proceedings. She advised the Board that PUC has completed a draft Preliminary Order for consideration at its meeting scheduled for January 26, 2023, which includes a list of issues to be addressed at a possible hearing before the State Office of Administrative Hearings ("SOAH"). She reported that the burden will be on Undine to provide a response to said list of issues. Ms. Blasio then advised the Board that SPH has contacted the landowners and/or developers of the 0.5069 acre tract located at 1731 Spring Cypress Road (the "Starbucks Tract") and the 0.61 acre tract (Lots 26, 27 and 28) located at 20615 Sleepy Hollow Lane (the "Sleepy Hollow Tract") (collectively, the "Contested Tracts") to request additional deposits from each of them. She noted that no further professional services will be performed relative to the Contested Tracts pending receipt of the requested additional deposits. She then reported that John Carlton intends to coordinate a conference call with representatives of the Contested Tracts to determine whether they wish to proceed with the hearing before the SOAH.

STATUS OF PROPOSED ANNEXATIONS

The Board next considered the status of the proposed annexation and development of various tracts into the boundaries of the District. With regard thereto, Ms. Blasio summarized the status of each of the pending annexations for the Board.

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.

Ms. Berrios left the meeting at this time.

ISSUANCE OF UTILITY COMMITMENTS

The Board next considered requests for Utility Commitments. In that regard, Ms. Blasio reported that the District is in receipt of a formal written request for a Utility Commitment for

three (3) equivalent single family connections ("esfc") of water and wastewater capacity to serve the proposed development of 7Brew Drive-Thru Coffee Shop on an existing vacant pad site within the HEB shopping center located at 2129 FM 2920 within the District. A copy of said request is attached hereto as **EXHIBIT E**. After discussion, Director Stephens moved that SPH be authorized to prepare a Utility Commitment, as discussed above. Director Shelnutt 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 whose matter had not already been addressed by the Board.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY"); AMENDMENT OF RATE ORDER

The Board next considered matters related to the Authority. In that regard, Ms. Blasio advised the Board that the Authority will decrease its groundwater pumpage fee effective February 1, 2023, and, in order to pass through the reduction, the District's Rate Order will need to be amended. A copy of correspondence from the Authority providing notice of the fee decrease is attached hereto as **EXHIBIT F**. After discussion, it was moved by Director Shelnutt, seconded by Director Patridge, and unanimously carried that the District's Rate Order be amended to: (i) decrease the Groundwater Pumpage Fee from \$5.08 to \$4.51 per 1,000 gallons of water to pay the pumpage fee assessed by the Authority, and (ii) that said amended Rate Order, attached hereto as **EXHIBIT G**, be effective as of February 1, 2023, and any and all rate orders heretofore adopted by the Board be revoked as of that date.

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

Ms. Blasio noted that a security report received from the HCCO for the month of December 2022, a copy of which is attached hereto as **EXHIBIT H**, 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, Ms. Blasio advised that she 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 Shelnutt moved that the meeting be adjourned. Director Patridge seconded said motion, which unanimously carried.


Secretary, Board of Directors



EXHIBITS

January 25, 2023

- Exhibit A: Storm Water Quality Inspection Reports
- Exhibit B: Detention and Drainage Facilities Maintenance Reports
- Exhibit C: Engineer's Report
- Exhibit D: Correspondence and materials relative to Odyssey's Revised Schedule of Hourly Rates
- Exhibit E: Request for Utility Commitment for development of 7Brew Drive-thru Coffee Shop
- Exhibit F: Correspondence from the Authority regarding fee reduction
- Exhibit G: Amended Rate Order
- Exhibit H: HCCO Security Report