

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors February 8, 2023

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 February 8, 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 Director Patridge participating via videoconference, thus constituting a quorum. Director Stephens entered after the meeting was called to order, as noted herein.

Also in attendance were: Jorge Diaz of McLennan & Associates, Inc. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Charles Crane of Ascension Multifamily ("Ascension"); Bart Downum, of Environmental Development Partners, LLC ("EDP"); 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"); and Gordon Cranner and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Ms. Berrios and Mr. Crane 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.

APPROVAL OF MINUTES

The Board considered approval of the minutes of the Board of Directors meeting held on January 11, 2023. Upon review, Director Shelnett moved that the minutes of said meeting be approved as presented. Director Norris 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 January 12, 2023, through February 8, 2023, 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 January 1, 2023, through January 31, 2023, 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. After discussion concerning various matters reflected in said Reports, Director Shelnett moved that: (i) the Bookkeeper's Report and the disbursements presented

therein for payment be approved, with check no. 1671 payable to Arthur J. Gallagher ("Gallagher") in the amount of \$55,826 approved subject to approval of the insurance renewal proposal prepared by Gallagher for the 2023-2024 policy term; and (ii) the Investment Report for January 2023 be approved and the District's Investment Officer be authorized to execute same on behalf of the District. Director Norris seconded said motion, which unanimously carried.

Director Stephens entered the meeting during the above discussion.

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 January 31, 2023, 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 February 6, 2023. After discussion, Director Shelnett 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.

Ms. McLaughlin next presented correspondence received from Ascension, dated January 25, 2023, a copy of which is included with **EXHIBIT B**, requesting the waiver of the accrued penalties and interest on delinquent property taxes for the 2021 tax year. Mr. Crane then addressed the Board regarding the request and summarized the facts and circumstances surrounding the matter. Mr. Craner then advised the Board that, in this case, applicable tax law prohibits the Board from granting the taxpayer's appeal. Following discussion, it was moved by Director Stephens, seconded by Director Shelnett and unanimously carried, that Ascension's appeal be denied.

Mr. Crane left the meeting at this time.

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. Craner stated that the next quarterly report will be provided in April.

BUSINESS LIST UPDATE FOR STRATEGIC PARTNERSHIP AGREEMENT ("SPA") WITH CITY OF HOUSTON ("COH")

Ms. McLaughlin next discussed with the Board the annual update of the list of businesses in the District subject to the District's SPA with the COH. In that regard, she advised the Board that Leared submitted an updated list of businesses located within the District's SPA boundaries to the COH prior to January 30, 2023, the COH's deadline for same.

RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2023 TAX YEAR

Mr. Craner reminded the Board that, pursuant to the Texas Property Tax Reform and Transparency Act of 2019, the District is required to determine whether or not the District will be considered a Developed District for the current tax year. Mr. Craner then reviewed with the Board a worksheet completed by Odyssey to assist the Board in making this determination, along

with a Resolution Concerning Developed District Status for the 2023 Tax Year. He noted that, according to the information provided by Odyssey, the District should not be considered a Developed District for the 2023 Tax Year. Following discussion, it was moved by Director Shelnutt, seconded by Director Stephens, and unanimously carried that the Resolution Concerning Developed District Status for 2023 Tax Year, which is attached hereto as **EXHIBIT C**, be adopted by the Board and the District.

OPERATOR'S REPORT

Mr. Downum presented to and reviewed with the Board the Operator's Report dated February 8, 2023, a copy of which is attached hereto as **EXHIBIT D**, and discussed various repair and maintenance items noted therein. He reported that the District's water accountability for the period ending January 4, 2023 was 72.4% which, he noted, is an improvement over the extremely low accountability of 58.8% for the previous reporting period. He noted EDP is continuing to closely monitor the District's accountability. He then discussed with the Board a recent automobile accident adjacent to Water Plant No. 2, which appears to have damaged a blow off valve located at the site. After discussion the Board requested that EDP obtain the accident report for the incident and file an insurance claim with the driver's insurance company, if possible.

With regard to the appeal previously presented to the Board at its meeting held on January 11, 2023, from a District customer disputing the meter readings for the account, Mr. Downum reported that a third party performed an independent inspection of the meter for said customer's account, as previously authorized by the Board, and confirmed that the meter for said account is in proper working order.

Mr. Downum next requested that the Board authorize EDP to write-off twenty (20) accounts totaling \$3,217.36, as reflected in the Operator's Report, and to forward same to Penn Credit for further collection efforts. Following discussion, Director Shelnutt requested that EDP provide the Board with a quarterly report summarizing the write-offs.

After discussion, it was moved by Director Shelnutt, seconded by Director Stephens and unanimously carried, that (i) the District customer's request discussed above be denied and (ii) EDP be authorized to refer to collections and write-off the twenty (20) accounts totaling \$3,217.36, as reflected in the Operator's Report.

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 February 8, 2023, 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. Mr. Ring then responded to various inquiries from the Board. With regard to the proposed construction of an emergency water interconnect (the "Interconnect Project")

between the District and Harris County Water Control and Improvement District No. 110 ("No. 110"), Mr. Ring reported that No. 110 received bids for the project on February 2, 2023 and that the lowest bid was received from Sequeira Civil Construction d/b/a SC2 ("SC2") in the total estimated amount of \$101,547. He advised that Odyssey has reviewed the bids and recommends that, should No. 110 award the contract for the Interconnect Project to SC2, the Board concur with same. After discussion, it was moved by Director Shelnut, seconded by Director Norris and unanimously carried that the Engineer's Report be approved, including concurrence with No. 110's award of the contract for construction of the Interconnect Project subject to No. 110 awarding said project to SC2, as recommended by Odyssey.

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, Mr. Craner provided an update regarding the status of proceedings.

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, Mr. Craner summarized the status of each of the pending annexations for the Board.

Ms. McLaughlin left the meeting at this time.

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 consideration of requests for Utility Commitments noting that no new formal written requests have been received.

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.

RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board next considered the review of a proposal for renewal of the District's insurance coverages and bonds for the term expiring March 31, 2023. In connection therewith, the Board discussed the renewal proposal received from Gallagher, the District's current insurance carrier, a copy of which is attached hereto as **EXHIBIT F**. After Mr. Ring advised the Board that it appears Odyssey neglected to include the emergency generator located at the Waste Water Treatment Plant, which was recently purchased by the District from NRG, in the Property Schedule for the District, the Board deferred action on the proposal from Gallagher and requested that Odyssey contact Gallagher to add the new emergency generator to the Property

Schedule and that SPH obtain a revised proposal from Gallagher reflecting same for consideration at its next meeting.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Cranner 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 Shelnuttt moved that the meeting be adjourned. Director Patridge seconded said motion, which unanimously carried.




Secretary, Board of Directors

EXHIBITS

February 8, 2023

- Exhibit A: Bookkeeper's Report; Investment Report
- Exhibit B: Tax Assessor-Collector's Report; Single Line Delinquent Tax Report
- Exhibit C: Resolution Concerning Developed District Status for the 2023 Tax Year
- Exhibit D: Operator's Report
- Exhibit E: Engineer's Report
- Exhibit F: Insurance Renewal Proposal from Gallagher