

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors February 22, 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 February 22, 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 Shelnut	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 and Ahsan Daredia of Dhanani Private Equity Group ("DPEG"); Tyler Wellborn and Christina Gibson of Stream Realty Partners ("Stream"), Tyler Eaton and Kristin LeBlanc of Halff Associates ("Halff"); Bart Downum of Environmental Development Partners, LLC ("EDP"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); and Abraham Rubinsky, Katie Blasio and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Ms. Berrios, Mr. Daredia, Mr. Rubinsky, Ms. Blasio and Ms. Walsh 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 25, 2023. Upon review, Director Shelnut moved that the minutes of said meeting be approved as presented. Director Patridge seconded said motion, which unanimously carried.

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 December 2022, copies of which are attached hereto as **EXHIBIT A**, were circulated to the Board for its review prior to today's meeting. Following Mr. Rubinsky's review of the reports with the Board, Mr. Ring noted that Odyssey is in the process of inspecting all of the District's outfall pipes and will present its findings and recommendations for the Board's consideration in March.

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 February 8, 2023, copies of which are attached hereto as **EXHIBIT B**. In that regard, Mr. Woodson reviewed the D&D Reports and responded to various questions from the Board. After discussion, the Board noted that no action was required on its part 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 February 22, 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. With regard to the joint project with Harris County (the "County") for construction of drainage improvements along Louetta Road pursuant to the Joint Participation Interlocal Agreement dated August 10, 2021, Mr. Ring reported that the total final cost for the project is \$1,126,004.05. He then presented a breakdown of the final accounting of costs for the project provided by the County and advised the Board that Odyssey has reviewed all of the documentation of said costs and recommends that the Board approve payment of the District's share in the total amount of \$637,537.84 upon receipt of an invoice from the County for same. After discussion, it was moved by Director Stephens, seconded by Director Patridge and unanimously carried that the Engineer's Report be approved and that the Board agree to the payment to the County of \$637,537.84 pursuant to the Joint Participation Interlocal Agreement upon receipt of an invoice from the County, as recommended by Odyssey.

With regard to the Sanitary Control Easements required for Water Well No. 1 ("Well No. 1"), Mr. Ring reported that the Texas Commission on Environmental Quality ("TCEQ") has advised Odyssey that the District must attempt to obtain a Sanitary Control Easement from the County over the public right-of-way in the vicinity of Well No. 1. He noted that, should the County deny the District's request for said Easement, the County's response may be submitted to the TCEQ along with a request that it grant the District a waiver relative to same. Mr. Rubinsky then discussed the history of the various easements acquired by the District in connection with Well No. 1.

A discussion next ensued regarding the District's updated water and wastewater capacity allocation chart. In connection therewith, Mr. Ring reported that Turphin Ventures, LLC has indicated that it does not wish to construct an on-site lift station to serve the proposed development of a Top Soap Car Wash on its property located at 2020 FM 2920 and is instead requesting that public lines be constructed to serve the proposed development. With regard thereto, Mr. Ring advised the Board that Odyssey is in the process of preparing various options for construction of a sanitary sewer line along Holzwarth Road for consideration by the Board at its meeting scheduled for March 8, 2022.

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, at its last meeting, No. 110 awarded the contract for construction of the Interconnect Project in the total estimated amount of \$101,547.00 to Sequeira Civil Construction d/b/a SC2 ("SC2"). He reminded the Board that it previously approved concurrence with No. 110's award of said contract to SC2. Mr. Ring then advised the Board that before No. 110 issues a Notice to Proceed to SC2, the District must advance its fifty-percent share of the total estimated cost to No. 110. He stated that Odyssey will request that No. 110 put the request for funds in writing, which will be forwarded to the District's Bookkeeper for payment at the first Board meeting in March.

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

The Board deferred discussion regarding the status of Undine's application to the Public Utility Commission ("PUC") to amend its water CCN until later in the meeting.

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. Rubinsky summarized the status of each of the pending annexations for the Board, noting in particular that Dhanani Private Equity Group ("DPEG") will soon close on its purchase of the 27.7 acre tract located at the southwest corner of Spring Stuebner Road and Holzwarth Road. With that in mind, Mr. Rubinsky recommended that SPH revise the annexation documents for execution by DPEG's development entity rather than the current owner of the property. The Board concurred with Mr. Rubinsky's recommendation.

Ms. Berrios left the meeting at this time.

PROPOSED ANNEXATION AND DEVELOPMENT OF 16.2 ACRE TRACT LOCATED WEST OF HOLZWARTH ROAD AND WUENSCHER ROAD INTERSECTION

The Board next recognized Mr. Wellborn, who addressed the Board on behalf of Stream with a request for service to and annexation of an approximate 16.2 acre tract located south of Spring Stuebner Road, on the west side of the intersection of Holzwarth Road and Wuenscher Road. Mr. Wellborn then presented correspondence from Stream and from its engineer, Half Associates, Inc., both dated February 15, 2023, as well as a proposed site plan detailing Stream's preliminary plans for development of two industrial warehouses and office buildings of approximately 124,800 square feet and 91,520 square feet, respectively, on the subject tract. Copies of the correspondence and site plan are attached hereto as **EXHIBIT D**. He advised the Board that Stream estimates it will require approximately 29 equivalent single-family connections of water and wastewater treatment capacity to serve the proposed development. Mr. Wellborn, Mr. Eaton, Ms. LeBlanc and Mr. Ring then discussed the proposed development and certain drainage issues to be addressed in connection therewith and responded to various questions from the Board. After discussion, it was moved by Director Norris, seconded by Director Stephens and unanimously carried, that Odyssey be authorized to prepare an Annexation Feasibility Report in connection with Stream's request, subject to the District's receipt of a \$15,000 deposit to cover any costs the District may incur in connection with the preparation of same.

Mr. Wellborn, Ms. Gibson, Mr. Eaton, and Ms. LeBlanc left the meeting at this time.

APPROVAL OF UTILITY DEVELOPMENT AGREEMENT ("UDA") AND WAIVER AGREEMENT BETWEEN THE DISTRICT AND MCRT INVESTMENTS, LLC

The Board deferred consideration of a UDA and a Waiver Agreement between the District and MCRT Investments, LLC in connection with the proposed development of the 19.7221 acre tract to be annexed into the District.

ISSUANCE OF UTILITY COMMITMENTS

The Board considered requests for Utility Commitments. With regard to the proposed Utility Commitment to Alliance Residential Company ("Alliance") for water and sanitary sewer service to serve approximate 10.25 acre property located at 2525 FM 2920, Mr. Rubinsky reported that SPH sent a final draft of said Commitment to Odyssey for review and comment on February 20, 2023, and advised that SPH will send said Commitment to Alliance for execution pending receipt of comments, if any, from Odyssey.

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, Mr. Rubinsky noted that a revised renewal proposal for the term of March 31, 2023 to March 31, 2024, prepared by Arthur J. Gallagher ("Gallagher"), the District's current insurance carrier, was distributed to the Board for review prior to today's meeting. He advised that the proposal, which was originally presented to the Board for consideration at its meeting held on February 3, 2023, has been revised to reflect the District's ownership of the emergency generator located at the Wastewater Treatment Plant, which was recently purchased from NRG, in the Property Schedule for the District. Mr. Rubinsky next reviewed correspondence received from Gallagher, a copy of which is attached hereto as **EXHIBIT E**, providing an explanation for the previously noted discrepancy between the insurance payments received by the District to date in connection with its claim for automobile damage to the Spring Plaza Pump Station and the insurance payments for said claim reflected in the renewal proposal. After discussion on the matter, Director Stephens moved that (i) the revised proposal from Gallagher, a copy of which is included with **EXHIBIT E**, be accepted by the Board and that the President be authorized to execute such proposal on behalf of the Board and the District, and (ii) the Texas Ethics Commission ("TEC") Form 1295 from Gallagher be accepted and SPH be authorized to acknowledge receipt of same with the TEC. Director Norris seconded said motion, which unanimously carried.

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

The Board next considered matters related to the Authority. In that regard, Mr. Rubinsky 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 January 2023, a copy of which is attached hereto as **EXHIBIT F**, 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 presented to and reviewed with the Board a Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program, which is attached hereto as **EXHIBIT G**. After discussion on the matter, Director Shelnutt moved that the Resolution be approved, that EDP be authorized to (i) complete the Application for renewal of the District's Water Smart Partners Program membership, and (ii) submit said Application to the Association of Water Board Directors on behalf of the Board and District. Director Stephens seconded said motion, which unanimously carried.

The Board next considered the status of Undine's application to the PUC to amend its water CCN and the District's intervention in such matter due to pending annexations which would be adversely impacted. In connection therewith, Mr. Rubinsky provided an update regarding the status of proceedings and reported that a mediation hearing has been scheduled for Friday, March 3, 2023, in which SPH proposes to participate on behalf of the Board and the District, along with the Carlton Law Firm. He then inquired whether the Board is willing to agree to certain specific arrangements relative to the proposed annexations of and services to the approximate 0.5069 acre tract located at 1731 Spring Cypress Road (the "Starbucks Tract") and the approximate 0.61 acre tract (Lots 26, 27 and 28) located at 20615 Sleepy Hollow Lane (the "Sleepy Hollow Tract"). After discussion, Director O'Neal moved that SPH be authorized to participate in the upcoming mediation hearing subject to receipt of an additional \$30,000 to \$40,000 deposit each from representatives of the Starbucks Tract and the Sleepy Hollow Tract.

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 Stephens seconded said motion, which unanimously carried.




Secretary, Board of Directors

EXHIBITS

February 22, 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 Preliminary Site Plan Relative to Proposed Annexation and Development of Approximate 16.2 Acre Tract
- Exhibit E: Correspondence and Revised Insurance Renewal Proposal from Gallagher
- Exhibit F: HCCO Security Report
- Exhibit G: Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program