

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors May 10, 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 May 10, 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 Shelnutt	Assistant Secretary
Jerome A. Patridge	Assistant Secretary

and all persons attended the meeting, except Director Norris, with Director Patridge participating via videoconference, thus constituting a quorum.

Also in attendance were: Jorge Diaz of McLennan & Associates, Inc. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Bart Downum, of Environmental Development Partners, LLC ("EDP"); 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 Abraham Rubinsky, Katie Blasio and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Ms. Berrios participated in the meeting via teleconference and/or video conference.

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 deferred consideration of approval of the minutes of the Board of Directors meeting held on April 12, 2023.

BOOKKEEPER'S REPORT

Mr. Diaz presented and reviewed with the Board the Bookkeeper's Report for the period of April 13, 2023, through May 10, 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 April 1, 2023, through April 30, 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. With regard to check nos. 1856 through 1858 payable to Cortland Spring Cypress ("Cortland") in the amounts of \$1,865, \$4,265 and \$33,200, respectively, which are for

the refund of customer security deposits related to Cortland's accounts, Mr. Rubinsky recommended that, because the Cortland apartments located at 2539 Spring Cypress Road recently became exempt from property taxes through an arrangement with the Lakeside Public Facility Corporation, the Board consider directing the District's Bookkeeper to hold onto said checks pending further discussion by the Board regarding various possible remedies and alternatives for recouping lost tax revenue. After discussion, Director Shelnutt moved that: (i) the Bookkeeper's Report and the disbursements presented therein for payment be approved, with check nos. 1856 through 1858 to be held by the District's Bookkeeper pending further direction from the Board, as discussed above; and (ii) the Investment Report for April 2023 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.

UNCLAIMED PROPERTY REPORT

The Board deferred consideration of approval of an Unclaimed Property Report as of March 1, 2023, and the filing of same with the State Comptroller prior to July 1, 2023, until its meeting scheduled for June 14, 2023.

CONTINUING DISCLOSURE REPORT

Mr. Rubinsky stated that the District's Annual Continuing Disclosure Report is due by June 30, 2023, and that SPH will provide Mark Eyring, CPA, PLLC with final comments to the District's Annual Audit Report for the fiscal year ended December 31, 2022 shortly so that the Disclosure Report can be filed by McCall, Parkhurst & Horton, L.L.P., the District's Disclosure Counsel, prior to such deadline.

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 April 30, 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 May 3, 2023. 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 Stephens seconded said motion, which unanimously carried.

DELINQUENT TAX REPORT

The Board deferred consideration of a Delinquent Tax Report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), the District's Delinquent Tax Collections Attorneys, after noting that a quarterly report was not due for this month. Mr. Rubinsky advised that the next quarterly report will be provided by Perdue in July.

OPERATOR'S REPORT

Mr. Downum presented to and reviewed with the Board the Operator's Report dated May 10, 2023, a copy of which is attached hereto as **EXHIBIT C**, and discussed various repair and maintenance items noted therein. He reported that the District's water accountability for the

period ending April 3, 2023 was 93.3%, with the twelve month average being 86.8%. Mr. Rubinsky inquired about the "Maintenance" column in the Water Production Report included in the Operator's Report. Mr. Downum advised that EDP will populate such column going forward. After discussion, it was noted that no action was required by the Board in connection with the Operator's Report at this time.

APPROVAL OF CONSUMER CONFIDENCE REPORT ("CCR")

Mr. Downum next presented to and reviewed with the Board a copy of the draft Consumer Confidence Report ("CCR") prepared by EDP, a copy of which is attached to the Operator's Report, which has been submitted to SPH for review and approval in accordance with the current Texas Commission on Environmental Quality ("TCEQ") CCR template. Mr. Rubinsky reminded the Board that pursuant to CCR requirements promulgated by the United States Environmental Protection Agency and the TCEQ, the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2023. After discussion on the matter, Director Shelnutt moved that the CCR be approved by the Board, subject to final review and approval by SPH, and that EDP be authorized to distribute same to the District's customers prior to the July 1, 2023 deadline. Director Stephens seconded said motion, which carried unanimously.

AMENDMENT OF RATE ORDER

The Board next considered amending the District's Rate Order in connection with changes being undertaken by certain multi-family developments within the District that have or will result in the significant loss of tax revenues by the District. Mr. Rubinsky then discussed the status of certain bills pending before the 88th Texas Legislature and other pending legal actions related to similar situations in other municipal utility districts and responded to various questions from the Board regarding same. Following discussion, the Board concurred with Mr. Rubinsky's recommendation that the Board defer taking any action on the matter for the time being.

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

Ms. Gonzalez presented and reviewed in detail with the Board a written Engineer's Report dated May 10, 2023, a copy of which is attached hereto as **EXHIBIT D**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein. Ms. Gonzalez then responded to various inquiries from the Board. With regard to the proposed public sanitary sewer line to serve the property located at 2020 FM 2920 (the "Top Soap Tract"), Ms. Gonzalez requested that the Board authorize Odyssey to proceed with the preparation of plans for construction of said line, subject to receipt of funds from Turphin Ventures, LLC ("Turphin") to cover the costs of design of said line. After discussion and upon motion made by Director Shelnutt, seconded by Director Stephens and

unanimously carried, the Board authorized Odyssey to proceed with the preparation of plans for construction of a public sanitary line to serve the Top Soap Tract, subject to receipt of funds from Turphin as discussed above and with the understanding that the District will not be reimbursing said costs.

The Board next considered the District's water and wastewater capacity allocation chart (the "Capacity Chart"). With regard thereto, Mr. Rubinsky reminded the Board that it authorized SPH to prepare a Utility Commitment to Rigby Owen, Jr. for two (2) equivalent single-family connections ("esfcs") of water capacity to serve a 1.677 acre tract located at 21115 North Freeway (the "Owen Tract") for development of a used automobile dealership on the site and recommended that Odyssey revise the Capacity Allocation chart to reflect same. The Board concurred with Mr. Rubinsky's recommendation.

With regard to ongoing discussions between the District and Meadowhill Regional Municipal Utility District ("Meadowhill") regarding various matters related to the Hannover Village Regional Detention Pond, Ms. Gonzalez presented to and reviewed with the Board a summary of the various matters to be negotiated, as well as certain repair and/or rehabilitation issues to be addressed (the "Summary"), a copy of which is included with **EXHIBIT D**. She then reported that Meadowhill wishes to enter into a formal maintenance agreement with the District and reviewed certain terms and conditions proposed by Meadowhill, as reflected in the Summary. After discussion, the Board requested that Odyssey advise the engineer for Meadowhill that the District is generally amenable to a proposed Maintenance Agreement with Meadowhill relative to the subject facility and deferred further discussion regarding the matter until the next Board meeting.

STATUS OF PROPOSED ANNEXATIONS

The Board next considered the status of the proposed annexation and development of an approximate 27.7 acre tract located at the southwest corner of Spring Stuebner Road and Holzwarth Road (the "DPEG Tract") into the boundaries of the District by DPEG Panjwani, LLC and/or related entities ("DPEG Development Entities"). With regard thereto, Ms. Gonzalez advised the Board that the DPEG Development Entities wish to engage Bowman Engineering ("Bowman") to prepare the plans for construction of the off-site water line and force main required to serve the DPEG Tract and reported that Odyssey has no objection with such arrangement.

Ms. Berrios left the meeting at this time.

Mr. Diaz left the meeting during the above discussion.

STATUS OF FEASIBILITY REPORT RELATIVE TO PROPOSED ANNEXATION AND DEVELOPMENT OF THE STREAM REALTY PARTNERS TRACT

Ms. Gonzalez reminded the Board that Stream Realty Partners has paid the \$15,000 deposit required to cover any costs the District may incur in connection with the preparation an Annexation Feasibility Report relative to the proposed annexation of an approximate 16.2 acre tract located west of Holzwarth Road and north of the District (the "Stream Tract") and advised that Odyssey is currently working on such feasibility study.

SETTLEMENT AGREEMENT WITH UNDINE

The Board next considered the status of Undine's Application to the Public Utility Commission ("PUC") to amend its water Certificate of Convenience and Necessity ("CCN") in the area of the District and the District's intervention in such matter due to pending annexations which would be adversely impacted. In connection therewith, Mr. Rubinsky reported that, on May 5, 2023, SPH received confirmation from the Carlton Law Firm ("Carlton") that Undine has filed a Notice of Amendment of Application with the Public Utility Commission ("PUC") relative to the removal of the approximate 0.5069 acres 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 "School Tract") from the areas proposed to be added to Undine's CCN and that, immediately thereafter, Carlton filed the District's Motion to Withdraw Protest with the PUC pursuant to the Settlement Agreement approved by the Board at its meeting held on April 26, 2023. He then advised the Board that SPH will proceed with completion of the remaining documents required in connection with the proposed annexations of the Starbucks Tract and the School Tract.

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

The Board deferred consideration of a UDA and a Waiver Agreement between the District and MCRT in connection with the proposed annexation and development of the MCRT Tract.

ISSUANCE OF UTILITY COMMITMENTS

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

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 Shelnutt seconded said motion, which unanimously carried.


Secretary, Board of Directors



EXHIBITS

May 10, 2023

- Exhibit A: Bookkeeper's Report; Investment Report
- Exhibit B: Tax Assessor-Collector's Report; Single Line Delinquent Tax Report
- Exhibit C: Operator's Report
- Exhibit D: Engineer's Report