

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors June 14, 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 June 14, 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.

Also in attendance were: Jorge Diaz of McLennan & Associates, Inc. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Missy Steadman of Environmental Development Partners, LLC ("EDP"); Justin Ring of Odyssey Engineering Group, Inc. ("Odyssey"); Jessica Berrios of Dhanani Private Equity Group ("DPEG"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); and Abraham Rubinsky and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Ms. McLaughlin and 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 considered approval of the minutes of the Board of Directors meetings held on April 26, 2023 and May 10, 2023. Upon review, Director Stephens moved that the minutes of said meetings be approved as presented. Director Shelnett 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 May 11, 2023, through June 14, 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 May 1, 2023, through May 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. With regard to the proposed annexation and development of an approximate 27.7 acre tract located at the southwest corner of Spring Stuebner and Holzwarth

Roads, Mr. Rubinsky advised Ms. Berrios that an additional deposit of \$25,000 is required from the DPEG to cover the costs of said annexation. Mr. Diaz next inquired whether the Board wishes for McLennan to continue holding check nos. 1856 through 1858 payable to Cortland Spring Cypress ("Cortland"), which are for the refund of customer security deposits related to Cortland's accounts. A discussion ensued regarding the Cortland apartments located at 2539 Spring Cypress Road (now called the "Harlow Spring Cypress Apartments") which recently became exempt from property taxes through an arrangement with the Lakeside Place Public Facility Corporation. In connection therewith, Mr. Rubinsky recommended that the Board authorize Odyssey to calculate a tax exempt tap fee for the Harlow Spring Cypress Apartments, in accordance with the provision of the Utility Commitment issued to the original developer of said project and the terms of the District's Rate Order. He also requested that EDP provide him with all the available customer contact information for said customer. After due consideration, Director Shelnut moved that: (i) the Bookkeeper's Report and the disbursements presented therein for payment be approved; (ii) the Investment Report for May 2023 be approved and the District's Investment Officer be authorized to execute same on behalf of the District; (iii) the District's Bookkeeper continue holding check nos. 1856 through 1858 pending further direction from the Board; and (iv) the Board authorize Odyssey to calculate a tax exempt tap fee for the Harlow Spring Cypress Apartments, with the engineering and legal fees incurred by the District in connection with the Harlow Spring Cypress Apartments matter to be tracked separately by the District's Bookkeeper. Director Stephens seconded said motion, which unanimously carried.

UNCLAIMED PROPERTY REPORT

The Board next considered 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. In connection therewith, Mr. Diaz advised that the District has \$283.47 in unclaimed property funds for the current reporting period to escheat to the Texas Comptroller of Public Accounts (the "Comptroller"). After discussion on the matter, Director Stephens moved that the District's Bookkeeper be authorized to file the Unclaimed Property Report for the subject reporting period with the State Comptroller prior to July 1, 2023. Director Shelnut seconded said motion, which unanimously carried.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Rubinsky presented and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **EXHIBIT B**. He noted that three banks have been added to the list since January 2023. He further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Shelnut moved that the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and that the President and Secretary be authorized to execute same. Director Stephens seconded said motion, which unanimously carried.

CONTINUING DISCLOSURE REPORT

Mr. Rubinsky stated that the District's Annual Continuing Disclosure Report is due by June 30, 2023, and that McCall, Parkhurst & Horton, L.L.P., the District's Disclosure Counsel, will prepare and file same 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 May 31, 2023, which is attached hereto as **EXHIBIT C**, 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 June 6, 2023. Ms. McLaughlin next reported that the preliminary taxable value of the District for the 2023 tax year, as determined by the Harris Central Appraisal District, is approximately \$513,000,000. After discussion, Director Shelnuttt 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

Ms. Steadman presented to and reviewed with the Board the Operator's Report dated June 14, 2023, a copy of which is attached hereto as **EXHIBIT D**, and discussed various repair and maintenance items noted therein. She reported that the District's water accountability for the period ending May 2, 2023 was 92.8%, with the twelve month average being 86.7%. Ms. Steadman next presented a proposal from Neil Technical Services ("NTS"), a copy of which is included with the Operator's Report, for installation of vent fans in the blower control panels located at the District's Wastewater Treatment Plant ("WWTP") for a total estimated cost of \$1,850. After a brief discussion, it was moved by Director Shelnuttt, seconded by Director Stephens and unanimously carried that the Board authorize NTS to install vent fans in the blower control panels at the WWTP, as discussed above.

SUBMISSION OF CRITICAL LOAD STATUS INFORMATION TO THE COUNTY OFFICE OF EMERGENCY MANAGEMENT, PUBLIC UTILITY COMMISSION, AND THE DIVISION OF EMERGENCY MANAGEMENT OF THE GOVERNOR

Mr. Rubinsky advised that Section 13.1396 of the Texas Water Code, as amended, requires the District to update its information identifying the location and description of facilities that have qualified for critical load status and its information regarding emergency contacts (a) annually to each electric utility that provides transmission and distribution service to the District and each retail electric provider that sells power to the District and (b) immediately upon any change in the information to the above entities, as well as to the Office of Emergency Management of Harris County, the Public Utility Commission of Texas, and the Division of Emergency Management of the Governor. Director Shelnuttt moved to authorize submission of

updated contact information regarding District facilities that qualify for critical load status to the Office of Emergency Management of Harris County, the Public Utility Commission of Texas, and the Division of Emergency Management of the Governor. Director Norris 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.

TAX-EXEMPT MULTI-FAMILY DEVELOPMENTS

The Board deferred further discussion regarding potential and existing tax-exempt multi-family developments within the District, noting that the matter had been discussed earlier in the meeting during the Bookkeeper's Report.

ENGINEER'S REPORT

Mr. Ring presented and reviewed in detail with the Board a written Engineer's Report dated June 14, 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. After discussion, it was moved by Director Shelnutt, seconded by Director Stephens and unanimously carried, that the Engineer's Report be approved, and that the Board concur with Brazos Contractors and Development's award of the contract for construction of Proposed Off-Site Water and Sanitary Sewer Extensions to Serve Existing Starbucks Located at 1731 Spring Cypress Road (the "Starbucks Tract") to Bull-G Construction, LLC in the estimated total amount of \$141,884.

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"), and Mr. Rubinsky noted that an additional deposit for such annexation was requested and discussed earlier in the meeting. Mr. Rubinsky then summarized the status of each of the other pending annexations for the Board. It was noted that no action was required by the Board in connection with annexation matters at this time.

Ms. Berrios left the meeting at this time.

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

The Board considered the status of preparation of an annexation feasibility report relative to the proposed annexation and development of an approximate 16.2 acre tract located west of Holzwarth Road and north of the District (the "Stream Tract") by Stream Realty Partners

("Stream"). In that regard, Mr. Ring provided an update regarding same. It was noted that no action was required by the Board in connection with the Feasibility Report for the Stream Tract at this time.

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.

AUTHORIZE COMPLETION, EXECUTION AND FILING WITH THE SECRETARY OF STATE OF A VOTING SYSTEM ANNUAL FILING FORM

The Board considered authorizing the completion, execution and filing with the Secretary of State of a Voting System Annual Filing Form relative to District elections. Mr. Rubinsky advised that pursuant to the Texas Election Code, each political subdivision in the State of Texas will be required to complete and file said Form with the Secretary of State's office. After discussion, Director Stephens moved that SPH be authorized to complete and execute the Voting System Annual Filing Form and to file same with the Secretary of State's Office on behalf of the Board and the District. Director Norris seconded said motion, which unanimously carried.

RECORDS DESTRUCTION REQUEST

The Board next considered a request from the District's Records Management Officer to destroy SPH's handwritten notes and audio recordings of Board meetings held between February 9, 2022, and February 22, 2023, a copy of which request is attached hereto as **EXHIBIT F**. After discussion of the request, Director Norris moved that the destruction of SPH's handwritten notes and audio and/or video recordings of Board meetings be authorized as requested in accordance with the provisions of the District's Records Management Program. Director Patridge seconded the motion, which unanimously carried.

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 O'Neal moved that the meeting be adjourned. Director Shelnuttt seconded said motion, which unanimously carried.


Secretary, Board of Directors



EXHIBITS

June 14, 2023

- Exhibit A: Bookkeeper's Report; Investment Report
- Exhibit B: Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions
- Exhibit C: Tax Assessor-Collector's Report; Single Line Delinquent Tax Report
- Exhibit D: Operator's Report
- Exhibit E: Engineer's Report
- Exhibit F: Records Management Officer Records Destruction Request