

## **SPRING WEST MUNICIPAL UTILITY DISTRICT**

### **Minutes of Meeting of Board of Directors July 12, 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 July 12, 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: 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"); and Abraham Rubinsky, Katie Blasio and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Mr. Rubinsky entered after the meeting was called to order, as noted herein. 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 meeting held on June 14, 2023. Upon review, Director Stephens moved that the minutes of said meeting be approved as presented. Director Patridge seconded said motion, which unanimously carried.

#### **DIRECTOR FEES OF OFFICE**

The Board next considered an increase in the Director per diems. Ms. Blasio advised the Board that House Bill 2815, passed by the 88th Texas Legislature, amends Section 49.060 of the Texas Water Code to allow for an increase in director fees of office up to the amount of the per diem set by the Texas Ethics Commission for members of the legislature, not to exceed \$7,200 per annum. She additionally noted said change became effective as of June 18, 2023 and, therefore, Directors may request per diems in the increased amount for their daily attendance at

the recent Association of Water Board Directors conference. After discussion on the matter, Director Stephens moved that the Resolution Authorizing Increase in Fees of Office, attached hereto as **Exhibit A**, be approved, and that the President and Secretary be authorized to execute same on behalf of the Board and District. Director Norris seconded said motion, which carried by unanimous vote.

### **DISTRICT CODE OF ETHICS**

The Board next considered adoption of an updated Order Adopting a Code of Ethics, Fees and Expense Policy, Policy Relating to Consulting Services, Uniform Financial Accounting and Reporting Standards, Policy Relating to Adoption of Annual Operating Budget, and Creating and Audit Committee of the Board of Directors (the "Code of Ethics"). In connection therewith, Ms. Blasio presented to the Board a proposed Code of Ethics and advised that the language relative to the Fees and Expense Policy has been updated to provide that, upon Board approval, directors may claim fees of office for virtual attendance at or watching recorded sessions of conferences, with fees limited in number to the actual number of days over which live presentations were made in the course of such conference. After discussion, Director Stephens moved that (i) the District adopt the revised Code of Ethics, attached hereto as **Exhibit B**, (ii) the District's previously adopted code of ethics be revoked, and (iii) the President and Secretary be authorized to execute the Code of Ethics on behalf of the Board and District. Director Patridge seconded said motion, which carried unanimously.

Mr. Rubinsky entered the meeting during the above discussion.

### **BOOKKEEPER'S REPORT**

Mr. Diaz presented and reviewed with the Board the Bookkeeper's Report for the period of June 15, 2023, through July 12, 2023, a copy of which is attached hereto as **EXHIBIT C**, 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 June 1, 2023, through June 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. After discussion, Director Stephens moved that: (i) the Bookkeeper's Report and the disbursements presented therein for payment be approved; and (ii) the Investment Report for June 2023 be approved and the District's Investment Officer be authorized to execute same on behalf of the District. Director Shelnut seconded said motion, which unanimously carried.

### **CONTINUING DISCLOSURE REPORT**

Mr. Rubinsky reminded the Board that the District's Annual Continuing Disclosure Report was due by June 30, 2023. He advised the Board that SPH has confirmed that McCall, Parkhurst & Horton, L.L.P., the District's Disclosure Counsel, filed said report 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 June 30, 2023, which is attached hereto as

**EXHIBIT D**, 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 July 6, 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 considered a Delinquent Tax Report dated July 12, 2023, from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), the District's Delinquent Tax Collections Attorneys, a copy of which is attached hereto as **EXHIBIT E**. Mr. Rubinsky reviewed the Report with the Board. Following review, the Board concurred that no action was necessary on its part at this time.

### **OPERATOR'S REPORT**

Mr. Downum presented to and reviewed with the Board the Operator's Report dated July 12, 2023, a copy of which is attached hereto as **EXHIBIT F**, and discussed various repair and maintenance items noted therein. He reported that the District's water accountability for the period ending June 2, 2023 was 92.5%, with the twelve month average being 86.5%. Mr. Downum next requested that the Board authorize EDP to write-off nine (9) accounts totaling \$1,503.02 and to forward same to Penn Credit for further collection efforts. He then presented to and reviewed with the Board a Performance Test Report prepared by G-M Services ("GMS") in connection with the semi-annual well performance test conducted on the District's Water Well Nos. 1 and 3 ("WW Nos. 1 and 3") on April 19, 2023, copies of which are attached to the Operator's Report. Mr. Downum advised that, overall, the Report indicates that WW Nos. 1 and 3 are in excellent condition. After discussion, it was moved by Director Stephens, seconded by Director Shelnutt and unanimously carried that EDP be authorized to write-off the nine (9) accounts totaling \$1,503.02, as reflected in the confidential Operator's Report.

Ms. McLaughlin exited the meeting during the above discussion.

### **TAX-EXEMPT MULTI-FAMILY DEVELOPMENTS**

With regard to the Harlow Spring Cypress Apartments located at 2539 Spring Cypress Road, (the "Harlow Apartments") which recently became exempt from property taxes through an arrangement with the Lakeside Place Public Facility Corporation, Ms. Gonzalez advised the Board that Odyssey is in the process of calculating a tax exempt tap fee for the Harlow 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, as previously authorized by the Board.

### **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 July 12, 2023, a copy of which is attached hereto as **EXHIBIT G**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein. In connection therewith, Ms. Gonzalez advised the Board that the District's Wastewater Treatment Plant Discharge Permit (the "Permit") expires in December 2024 and requested that the Board authorize Odyssey to prepare the necessary Permit renewal application and submit same to the Texas Commission on Environmental Quality (the "TCEQ"). Ms. Gonzalez noted that preparation and submission of the Permit renewal application will cost approximately \$37,000.00, which includes Odyssey's fee and publication costs. 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: (i) concur with the approval by Harris County Water Control and Improvement District No. 110 ("No. 110") of Pay Request No. 1 and Final from Sequeira Civil Construction d/b/a SC2, a copy of which is attached to the Engineer's Report, in the amount of \$112,783.75 in connection with the contract for construction of the Emergency Interconnect between No. 110 and the District; and (ii) authorize Odyssey to prepare the Permit renewal application and submit same to the TCEQ at the cost of approximately \$37,000.00, as discussed above. The Board deferred authorizing Odyssey to advertise for bids for the proposed relocation of the water line along Holzwarth Road.

With regard to the proposed replacement of two (2) private storm sewer outfall pipes which flow into Senger Gully (the "Drainage Channel"), Mr. Rubinsky advised the Board that, after close review of certain exhibits provided by Odyssey depicting the location of the subject pipes, he has concluded that one of said properties is not located within the District's boundaries and, further, that it appears both properties outfall on the west side of the Drainage Channel, which he believes is owned by the Texas Department of Transportation. After discussion, the Board requested that Odyssey confirm the ownership of the west side of the Drainage Channel prior to proceeding to notify the respective property owners regarding the need to replace the subject pipes.

Mr. Diaz exited the meeting at this time.

### **STATUS OF PROPOSED ANNEXATIONS**

The Board next considered the status of the proposed annexations and development of various tracts into the boundaries of the District. 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 reported that the District received DPEG's additional annexation deposit and the Harris Central Appraisal District ("HCAD") is currently working with DPEG to clear up a discrepancy it discovered in the acreage conveyed to DPEG's development entities by 4J Diversified Ventures, LP. 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.

**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.

**AMENDMENT TO THE FIFTH AMENDED AND RESTATED DISTRICT INFORMATION FORM**

Mr. Rubinsky presented and discussed with the Board an Amendment to the Fifth Amended and Restated District Information Form (the "DIF") reflecting a change in the form of Notice to Purchasers ("NTP"). He advised that the NTP is required to be furnished by a seller to a purchaser of real property located within the District. After discussion, Director Shelnut moved that the amended DIF be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Stephens seconded said motion, which carried unanimously.

**ATTORNEY'S REPORT**

The Board next considered the Attorney's Report. In connection therewith, Mr. Rubinsky reported that SPH is in the process of preparing an amended Agreement for Shared Detention Facilities with Meadowhill Regional Municipal Utility District relative to the ongoing maintenance of the Hannover Village Regional Detention Pond.

Mr. Rubinsky next presented to and reviewed with the Board SPH's Legislative Summary of the 88<sup>th</sup> Regular Session of the Texas Legislature, a copy of which is attached hereto as **Exhibit H**

**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. Ms. Gonzalez informed the Board of a request received from Stream Development regarding a drainage analysis. The Board concurred to add an item to the next agenda to discuss same.

**ADJOURNMENT**

There being no further business to come before the Board, Director Shelnuttt moved that the meeting be adjourned. Director Stephens seconded said motion, which unanimously carried.



Secretary, Board of Directors



## EXHIBITS

July 12, 2023

- Exhibit A: Resolution Authorizing Increase in Fees of Office
- Exhibit B: Code of Ethics
- Exhibit C: Bookkeeper's Report; Investment Report
- Exhibit D: Tax Assessor-Collector's Report; Single Line Delinquent Tax Report
- Exhibit E: Delinquent Tax Report
- Exhibit F: Operator's Report
- Exhibit G: Engineer's Report
- Exhibit H: Legislative Summary – 88<sup>th</sup> Regular Session of the Texas Legislature