

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors August 9, 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 August 9, 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"); 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 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 considered approval of the minutes of the Board of Directors meetings held on June 28, 2023 and July 12, 2023. Upon review, Director Patridge moved that the minutes of said meetings 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 July 13, 2023, through August 9, 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 July 1, 2023, through July 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. In connection with the recent change in retail electricity providers noted at the Board meeting held on July 12, 2023, Mr. Rubinsky advised the Board that the District's previous electricity contract with Cavallo Energy ("Cavallo") expired on April 30, 2023, and that its new contract with Reliant Energy Retail Services ("Reliant"), approved by the Board in 2019, became effective May 1, 2023. He further reported that SPH has been advised by Acclaim Energy that the District's current aggregation rate through Reliant is \$0.03819 per kilowatt hour ("kWh"), which is \$0.00321 per kWh less than the previous aggregation rate of \$0.04140 per kWh through Cavallo. Mr. Rubinsky next noted the negative balance of \$3,256.25 reflected on the "16.2 Acres West of Holzwarth Road" spreadsheet attached to the Bookkeeper's Report. Following discussion, the Board requested that Odyssey contact Stream Realty Partners to request an additional \$10,000 to cover said deficit plus any additional costs the District may incur in connection with the proposed annexation of the 16.2 acre tract. After discussion, Director Shelnut moved that: (i) the Bookkeeper's Report and the disbursements presented therein for payment be approved; and (ii) the Investment Report for July 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.

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 July 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 August 2, 2023. After discussion, Director Stephens 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 Norris 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 October.

2023 TAX RATE RECOMMENDATION

The Board deferred consideration of a recommendation from the District's financial advisor regarding the District's proposed 2023 debt service and maintenance tax rates, noting that the certified taxable values required to prepare such recommendation have not yet been received from the Harris Central Appraisal District.

OPERATOR'S REPORT

Mr. Downum presented to and reviewed with the Board the Operator's Report dated August 8, 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 July 5, 2023 was 95.1%, with the twelve month average being 86.4%.

With regard to the District's insurance claim for automobile damage to the Spring Plaza Pump Station, Mr. Downum presented to and reviewed with the Board a detailed breakdown of all costs incurred by the District and the related invoices (\$133,185.03) and payments received from the insurance company to date (\$116,284.05), a copy of which is attached to the Operators Report. He advised the Board that he believes the District's claim, minus its deductible, has been fully paid and that the claim is now closed. The Board requested that Mr. Downum follow up with the insurance company to confirm the amount of the deductible, and whether the insurance company should pay any portion of the net costs (\$16,900.98) incurred by the District.

A lengthy discussion next ensued regarding certain customers with very high water usage and low sanitary sewer capacity requirements, especially those utilizing far more water than provided in their respective Utility Commitments issued by the District. After discussing various proposed approaches to addressing such usage with the Board, Mr. Rubinsky requested that EDP begin including well run logs in the Operators Report going forward.

Mr. Rubinsky inquired about the cost of mowing of the Spring Pines Detention Pond reflected in the spreadsheet attached to the Operator's Report. Mr. Downum advised the cost appears to be low and that he will look into this matter.

Mr. Downum next presented a NetDMR Subscriber Agreement Signatory Authorization Form ("Authorization Form") naming Patrick Bond of EDP as an additional representative authorized to sign and submit Discharge Monitoring Reports on behalf of the Board and the District. Mr. Rubinsky recommended that the Board authorize Director O'Neal to sign the Authorization Form and authorize EDP to submit same to the Texas Commission on Environmental Quality ("TCEQ"). After discussion, it was moved by Director Stephens, seconded by Director Shelnutt and unanimously carried that the Board approve the Authorization Form and authorize Director O'Neal to execute said Form and EDP to submit same to the TCEQ, as discussed above.

TAX-EXEMPT MULTI-FAMILY DEVELOPMENTS

The Board deferred discussion of tax-exempt multi-family developments within the District until later in the meeting.

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 August 9, 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. Mr. Ring reported that letters have been sent via certified mail notifying the respective property owners regarding the need to replace certain private storm sewer outfall

pipes that discharge into the District's drainage channel between F.M. 2920 and Spring Cypress Road, as previously authorized by the Board. After discussion, it was moved by Director Shelnutt, seconded by Director Stephens and unanimously carried that the Engineer's Report be approved, including approval of Change Order No. 1 in the amount of \$3,322 from Wright Solutions, LLC in connection with the contract for Channel Outfall Repairs.

In connection with the proposed extension of a 12-inch water line along Holzwarth Road, Mr. Ring reported that he and Ms. Gonzalez recently met with representatives of New Life Christian Reformed Church ("New Life") to discuss the District's acquisition of a variable width water line easement along the eastern boundary of New Life's property. He noted that a copy of the minutes of said meeting are attached to the Engineer's Report. Mr. Ring advised the Board that Odyssey will attend New Life's Board of Directors meeting on August 24, 2023 to further discuss the matter with members of the Church's Board.

Mr. Rubinsky next advised the Board that SPH has been contacted by representatives of Alliance Realty Partners, LLC ("Alliance") regarding its concerns with certain comments provided by Odyssey to the site plans for the proposed development of a multi-family project on the approximate 10.25 acre tract located at 2525 F.M. 2920 (the "Alliance Tract"), which Alliance is under contract to purchase. He reported that one of the issues Alliance would like to address is its desire to construct driveway access and parking spaces over the District's existing water line and sanitary sewer easement along the northern boundary of the Alliance Tract. Mr. Ring and Mr. Rubinsky recommended that the Board allow Alliance to construct the access driveways and parking spaces, as reflected in the site plans submitted to Odyssey for review, subject to Alliance's execution of a Consent to Encroachment and Indemnity Agreement with the District. Following discussion, Director Stephens moved that the Board approve the proposed Consent to Encroachment and Indemnity Agreement between the District and Alliance, and authorize the Board President to execute same on behalf of the Board and the District, subject to the execution and return of the Consent to Encroachment and Indemnity Agreement by Alliance in the form provided by the District. Director Patridge seconded the motion, which carried unanimously.

Ms. McLaughlin exited the meeting during the above discussion.

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 thereto, Mr. Rubinsky summarized the status of each of the 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.

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.

APPROVAL OF INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES

The Board deferred consideration an Interlocal Agreement for Law Enforcement Services between Harris County and the District for the term commencing on October 1, 2023, noting that the proposed Agreement has not yet been received from the County.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Rubinsky advised that he had nothing further to report to the Board other than the items previously discussed.

Mr. Ring then advised the Board that Harris County Precinct 3 Commissioner Tom Ramsey is hosting a town hall meeting on August 14, 2023 to discuss budget and drainage matters, which certain representatives of Odyssey plan to attend. He requested that the Directors share any drainage concerns they may have with him prior to said meeting in order for Odyssey to address such matters at the meeting.

With the exception of the Board, Mr. Rubinsky, Ms. Blasio and Ms. Walsh, all remaining attendees exited the meeting at this time.

CLOSED SESSION

The Board entered into Closed Session at 10:30 a.m. pursuant to Texas Government Code Section 551.071, for consultation with the District's attorney regarding matters protected by attorney-client privilege.

RECONVENE IN REGULAR SESSION

The Board reconvened in Regular Session at 11:25 a.m. and took no action on matters discussed during Closed Session.

OTHER MATTERS

The Board considered items to be placed on future agendas. The Board requested that SPH contact Todd Burrer of Inframark, LLC ("Inframark") to ask that he and Inframark's head of utility district operations attend the Board meeting scheduled for September 13, 2023 to discuss certain concerns related to Inframark's operations.

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

August 9, 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