

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors September 13, 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 September 13, 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 Shelnutt and with Director Patridge participating via videoconference, thus constituting a quorum. Director Shelnutt entered after the meeting was called to order, as noted herein.

Also in attendance were: Jorge Diaz of McLennan & Associates, Inc. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Craig Rathmann of Rathmann & Associates, LP ("Rathmann"); Bart Downum of Environmental Development Partners, LLC ("EDP"); Justin Ring and Danielle Gonzalez of Odyssey Engineering Group, Inc. ("Odyssey"); Todd Burrer and Mark Steelman of Inframark, LLC ("Inframark"); 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. Rathmann 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 August 9, 2023. Upon review, Director Patridge moved that the minutes of said meeting be approved as presented. Director Stephens 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 August 10, 2023, through September 13, 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

August 1, 2023, through August 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. Mr. Rubinsky requested that, to the extent the funds deposited with the District by various landowners in connection with annexations or other special projects are held in the District's Operating Account, McLennan reflect same as "Allocated Funds" on page 1 of the report. Mr. Diaz agreed to do so. 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 August 2023 be approved and the District's Investment Officer be authorized to execute same on behalf of the District. Director Norris 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 August 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 September 6, 2023. After discussion, Director Patridge 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 October.

Director Shelnett entered the meeting at this time.

2023 TAX RATE RECOMMENDATION

Mr. Rathmann next presented the Board with a Tax Rate Recommendation prepared by Rathmann, a copy of which is attached hereto as **EXHIBIT C**, and reviewed his recommendation regarding the proposed 2023 debt service and maintenance tax rates. There next followed a discussion concerning the requirements for notice of the District's intention to adopt a 2023 tax rate. Mr. Rubinsky advised that, pursuant to the Texas Water Code, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Rubinsky further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. He explained that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least 10 days before the date of the meeting. After a lengthy discussion on the matter, Director Stephens moved that (i) the Board indicate its intention to set a

2023 debt service tax rate of \$0.32 per \$100 of assessed valuation and a 2023 maintenance tax rate of \$0.37 per \$100 of assessed valuation, resulting in a combined 2023 tax rate of \$0.69 per \$100 of assessed valuation, and (ii) Leared be authorized to publish notice of the District's intention to adopt such 2023 tax rate at its meeting scheduled for October 11, 2023, in the form and at the time required by law. Director Shelnutt seconded said motion, which unanimously carried. The Board concurred that the notice should be published by Leared in the *Cypress Creek Mirror (Champions/Klein Edition)*.

Mr. Rathmann left the meeting at this time.

OPERATOR'S REPORT

Mr. Downum presented to and reviewed with the Board the Operator's Report dated September 13, 2023, a copy of which is attached hereto as **EXHIBIT D**, and discussed various repair and maintenance items noted therein. He reported that the District's water accountability for the period ending August 3, 2023 was 96.6%, with the twelve month average being 86.5%. Mr. Downum also advised the Board that Neil Technical Services has completed the installation of vent fans in the blower control panels located at the District's Wastewater Treatment Plant ("WWTP").

Mr. Downum next advised the Board that a non-potable pump located at the WWTP has failed. Mr. Downum stated that the estimated total cost for repair is approximately \$7,000 and the estimated cost for replacement is approximately \$10,000. After discussion, it was moved by Director Shelnutt, seconded by Director Stephens and unanimously carried, that EDP be authorized to either repair or replace the non-potable pump for an amount not to exceed \$10,000, subject to Director Shelnutt's final review and approval of EDP's further findings and recommendation.

With regard to the annual testing of fire hydrants within the District, Mr. Downum advised the Board that such testing is currently scheduled for the week of September 18, 2023. He noted that a copy of the planned notification regarding said testing is attached to the Operator's Report. Mr. Downum then inquired whether the Board wishes to defer fire hydrant testing within the District until later in the year after the North Harris County Regional Water Authority (the "Authority"), and, thereby, the District, have lifted the water use restrictions that are currently in place due to extreme drought conditions. After discussion, the Board requested that EDP defer fire hydrant testing until later in the year, as discussed above.

The Board next considered matters related to the Authority. In that regard, Mr. Rubinsky reported that the Authority has taken action to decrease its surface water rate and groundwater pumpage fee by \$0.50 each effective October 1, 2023, and, in order to pass through the reduction to the District's customers, the District's Rate Order would need to be amended. After discussion, the Board requested that an item be added to the agenda for the Board's next meeting to consider amending the District's Rate Order, as discussed above.

Mr. Rubinsky next reported that the Authority implemented Stage 2 of its Drought Contingency Plan ("DCP") last week, thereby triggering implementation of Stage 2 of the District's DCP. Mr. Downum confirmed that EDP has posted notification signs throughout the

District, and will include a notice in upcoming water bills informing District customers and residents regarding the Stage 2 water restrictions.

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 became exempt from ad valorem property taxes earlier this year through an arrangement with the Lakeside Place Public Facility Corporation, Mr. Rubinsky requested that EDP determine the tap fee paid by DD Louetta/Spring Cypress, LLC ("DDL/SC"), the original developer of the apartment complex, to assist in the process of calculating the Non-Taxable Entity tap fee for the Harlow Apartments, in accordance with the provisions of the Utility Commitment issued to DDL/SC, the terms of the District's Rate Order, and applicable provisions of the Texas Water Code.

AMENDED AND RESTATED CONSTRUCTION AND MAINTENANCE AGREEMENT WITH HANNOVER FOREST HOA

The Board deferred consideration of the proposed Amended and Restated Construction and Maintenance Agreement (the "Amended and Restated Agreement") between the District and the Hannover Forest HOA in connection with maintenance by the District of the Hannover Forest Pond.

ENGINEER'S REPORT

Mr. Ring presented and reviewed in detail with the Board a written Engineer's Report dated September 13, 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.

With regard to the proposed modifications to Lift Station No. 1 (Louetta Woods) (the "LS No. 1 Modification Project"), Mr. Ring advised the Board that MCRT Investments, LLC ("MCRT") is no longer under contract to purchase the approximate 19.7221 acre tract of land located at 2324 Louetta Road the ("CCAO Tract") from the current landowner, Centro Cristiano El Alfa y La Omega, Inc. (the "Church"), and, therefore, MCRT's development plans, including the LS Modification Project, are on hold for the time being.

In connection with the proposed extension of a 12-inch water line along Holzwarth Road, Mr. Ring reported that New Life Christian Reformed Church has indicated that it is willing to grant the required easement to the District. He stated that Odyssey will send the metes and bounds for the required easement to SPH for preparation of the Water Line Easement.

With regard to the District's drainage channel located between F.M. 2920 and Spring Cypress Road, Ms. Gonzalez presented to and reviewed with the Board an exhibit prepared by Odyssey, a copy of which is included with **EXHIBIT E**, identifying the ownership and location of various properties which outflow into said channel, including the two properties which are served by certain storm sewer outfall pipes that need to be replaced.

Mr. Ring next reported that the District is in receipt of a formal written request for a Utility Commitment for one (1) equivalent single family connection ("esfc") of water and wastewater capacity to serve the proposed redevelopment of an existing commercial property located within the District at 20923 Holzwarth Road. A copy of said request is attached to the Engineer's Report. Following discussion, it was moved by Director Stephens, seconded by Director Norris and unanimously carried, that the Engineer's Report be approved and that SPH be authorized to prepare a Utility Commitment to the owner of the referenced tract, as discussed above.

Mr. Diaz 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 reminded the Board that MCRT is no longer under contract to purchase the CCAO Tract from the Church. He further reminded the Board that the District's application for the proposed annexation of the Church Tract and the 0.5069 acres located at 1731 Spring Cypress Road (the Starbucks Tract") were declared administratively complete by the City of Houston on August 1, 2023. Mr. Rubinsky then advised the Board that the District is under no obligation to complete the annexation of the CCAO Tract upon receipt of City consent, nor is there an existing agreement between the Church and the District to provide service to the CCAO Tract on an out-of-District basis. After discussion, it was noted that no action was required by the Board at this time in connection with this matter.

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

With regard to the proposed UDA and Waiver Agreement between the District and MCRT relative to the proposed annexation and development of the CCAO Tract, Mr. Rubinsky noted that such agreements will no longer be needed if MCRT does not proceed with the purchase of the CCAO Tract. The Board then requested that this matter be removed from the agenda going forward.

ISSUANCE OF UTILITY COMMITMENTS

The Board deferred further consideration of requests for Utility Commitments, noting that the matter was discussed earlier in the meeting under the Engineer's Report.

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.

Mr. Ring exited the meeting at this time.

DISCUSSION REGARDING EDP/INFRAMARK OPERATIONS

The Board next recognized Mr. Burrer, who discussed various matters of concern to the Board related to Inframark's operations. He and Mr. Steelman then responded to various questions from the Board. After a lengthy discussion, the Board thanked Mr. Burrer and Mr. Steelman for their time and noted that no action was necessary in connection with this matter at this time.

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.

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 Stephens seconded said motion, which unanimously carried.


Secretary, Board of Directors



EXHIBITS

September 13, 2023

- Exhibit A: Bookkeeper's Report; Investment Report
- Exhibit B: Tax Assessor-Collector's Report; Single Line Delinquent Tax Report
- Exhibit C: Financial Advisor's 2023 Tax Rate Recommendation
- Exhibit D: Operator's Report
- Exhibit E: Engineer's Report; HCAD Information Exhibit