

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors November 8, 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 November 8, 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
Walter E. Norris	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"); Bear Oakley of Acclaim Energy, Ltd. ("Acclaim"); Danielle Gonzalez of Odyssey Engineering Group, Inc. ("OEG"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); and Abraham Rubinsky, Katie Blasio, and Donjé Chatmon of Schwartz, Page & Harding, L.L.P. ("SPH").

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 October 11, 2023. Upon review, Director Norris 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 October 12, 2023, through November 8, 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 advised the Board that \$4,988.97 was transferred from the 19-acre Louetta Road Lift Station Improvement account to the 19.72-acre 2234 Louetta Road – Modera Spring annexation deposit account to pay the previous deficit in such account. Mr. Diaz advised that Stream Realty Partners deposited an additional \$10,000 in connection with the proposed

annexation of its 16-acre tract. Mr. Diaz next presented and reviewed an Investment Report for the period of October 1, 2023, through October 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.

Director Shelnut next discussed a \$1900 invoice from Storm Maintenance and Monitoring. After discussion, it was agreed that such invoice needs to be back-charged to SPSC Development Partners for the application of hydro-mulch to such detention pond on SPSC's behalf as a condition to the District's acceptance of said facility back on October 13, 2021. Spring Pond Regional Detention Pond agreed that such invoice needs to be paid.

After discussion, Director Stephens moved that the Investment Report, the Bookkeeper's Report, and the disbursements presented therein for payment be approved. Director Patridge seconded said motion, which unanimously carried.

DRAFT OPERATING BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2024

Mr. Diaz then presented to and reviewed with the Board a draft operating budget for the District's fiscal year ending December 31, 2024, a copy of which is attached to the Bookkeeper's Report, and requested that the Directors and consultants provide their comments, if any, to the District's Bookkeeper prior to the Board of Directors meeting scheduled for December 13, 2023.

COMPLIANCE WITH TEXAS GOVERNMENT CODE, CHAPTER 2265, RELATIVE TO ENERGY REPORTING

There was next a discussion regarding the status of the District's compliance with Texas Government Code, Chapter 2265, relative to energy reporting requirements. In that regard, Mr. Oakley presented a Cost and Usage Report prepared for the District by Acclaim Energy for the periods of October 2021 through September 2022 and October 2022 through September 2023, copies of which are attached hereto as **Exhibit B**. Mr. Oakley also presented two (2) proposed Energy Management Agreements between the District and Acclaim and explained the purposes of same. After discussion, it was moved by Director Shelnut, seconded by Director Stephens, and unanimously carried that the Acclaim Energy Management Agreement be approved.

Mr. Oakley exited the meeting after this discussion.

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 October 31, 2023, 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 November 1, 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. The Board also concurred

that no aerial of the District is required.

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 Collection 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 January 2024.

OPERATOR'S REPORT

Mr. Downum presented to and reviewed with the Board the Operator's Report dated November 8, 2023, a copy of which is attached hereto as **EXHIBIT D**, which included various repair and maintenance items. He informed the Board that the Wastewater Treatment Plant's headwork grating and the replacement on the non-potable system have been successfully completed. He noted, however, that there was an additional non-potable water pump that experienced a failure, but that it has already been replaced and an item will be added to the agenda to ratify such replacement.

Mr. Downum next addressed the need to repair or replace Blower No. 2 at the Wastewater Treatment Plant, stating that the estimated cost for repairs is \$22,000 and the estimated cost to replace is \$29,000. He mentioned that an insurance claim will be filed, but that it would only cover a portion of the expenses. The Board agreed to replace Blower No. 2, as recommended by EDP.

Mr. Downum then presented and reviewed with the Board the Annual Hydrant Inspection Report, a copy of which is attached hereto as **EXHIBIT E**, notifying the Board that the annual fire hydrant flushing second inspection has been completed. During the inspection, leaking hydrants were identified and recommended for repairs, at an estimated cost of \$19,755 as quoted by EPD. Mr. Downum also discussed hydrant painting with the Board and advised he will provide proposals for same at the next meeting. After a thorough discussion, Director Shelnett moved to approve the cost to replace Blower No. 2 at the Wastewater Treatment Plant and to repair the leaking fire hydrants identified in the inspection. Director Norris seconded said motion, which unanimously carried.

Following this, Mr. Rubinsky provided an update on the District's Drought Contingency Plan ("DCP") and advised the Board that the North Harris County Regional Water Authority has rescinded Stage 1 of its DCP. Mr. Downum recommended that the District also rescind Stage 1 of its DCP and authorize EDP to remove signage in the District pertaining to Stage 1. After further discussion, Director Shelnett moved to rescind Stage 1 of the District's DCP and remove signage, with Director Stephens seconding said motion, which unanimously carried.

TAX-EXEMPT MULTI-FAMILY DEVELOPMENTS

Ms. Gonzalez informed the Board that OEG has prepared a calculation of the non-taxable entity tap fee for SPH's review in connection with the Harlow Spring Cypress Apartments situated at 2539 Spring Cypress Road.

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

Ms. Gonzalez presented and reviewed in detail with the Board a written Engineer's Report dated November 8, 2023, a copy of which is attached hereto as **EXHIBIT F**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein.

In connection with the contract with CSE W-Industries, Inc. ("CSE") for the replacement and installation of an emergency generator at Water Plant No. 1 ("WP No. 1") OEG will prepare a letter advising CSE that it has exceeded the stated contract time, and confirming the updated schedule for completion of said contract..

In connection with the contract between Starbucks Coffee Company and Bull-G Construction, LLC for Off-Site Water and Sanitary Sewer Extensions to serve the existing Starbucks located at 1731 Spring Cypress Road, Ms. Gonzalez advised that Starbucks still has not signed the Construction Contract. Mr. Rubinsky discussed recent communications with Brazos Contractors, a contractor for Starbucks, concerning the total estimated costs of service. After discussion, Mr. Downum agreed to work with OEG to gather the estimated cost for the meters and other items for service to be sent to Brazos Contractors and Starbucks.

With regard to the contract with Wright Solutions for the replacement of certain District drainage outfall pipes, Ms. Gonzalez advised the Board that the project is complete. After discussion, Director Shelnett moved that Change Order No. 1 in the amount of \$3,322 and Pay Estimate No. 1 and Final in the amount of \$61,107 be approved. Director Stephens seconded said motion which unanimously carried.

In connection with the contract between SC2 and Harris County Water Control and Improvement District No. 110 ("No. 110") for the construction of Emergency Interconnect between the District and No. 110, Ms. Gonzalez advised the Board that the project is complete. After discussion, Director Stephens moved that Change Order No. 1 in the amount of \$11,236.75 and Invoice No. 2 and Final in the amount of \$13,298.82 be approved. Director Norris seconded said motion, which unanimously carried.

Ms. McLaughlin and Mr. Diaz left the meeting during this discussion.

With regard to the acquisition of the Water Line Easement required from New Life Christian Reformed Church ("NLCRC"), Ms. Gonzalez advised the Board that OEG has sent the latest plans to NLCRC and the draft Easement for review, but NLCRC submitted several requests related to same for the Board's consideration. Ms. Gonzalez and Mr. Rubinsky reviewed the list of requests with the Board and the Board provided its responses. After discussion, Director Stephens moved that SPH respond to NLCRC and prepare a proposed Agreement with NLCRC to address other items. Director Shelnett seconded said motion, which unanimously carried.

The Board deferred consideration of discussions regarding future capital improvement projects.

STATUS OF PROPOSED ANNEXATIONS

Mr. Rubinsky next provided a status update to the Board regarding the proposed annexations of various tracts of land into the boundaries of the District.

With regard to the annexation of 0.5069 acres located at 1731 Spring Cypress Road (Starbucks), the Board deferred consideration of the annexation to allow SPH to review the revised boundary map provided by OEG.

ISSUANCE OF UTILITY COMMITMENTS

Ms. Gonzalez advised the Board that OEG received a request for a utility commitment from Black Tie Collision located at 2415 F.M. 2920 for water services. She advised that Black Tie did not specify the number of connections needed. After discussion, Ms. Gonzalez advised that OEG will confirm if the address already has a sewer line and if so OEG will advise that the District will also require sewer services be provided. OEG will also advise Black Tie that the property has a private outfall that needs to be repaired and payment will be required prior to approval of utility commitment.

In connection with the proposed utility commitment to 7Brew for water and sanitary sewer capacity to serve the proposed development of a drive-thru coffee shop at 2129 F.M. 2920, Ms. Gonzalez advised the Board that 7Brew has moved and service is no longer needed.

In connection with the utility commitment to Rigby Owen, Jr. for water service only to serve a 1.677-acre tract located at 21115 I-45 North Freeway, Ms. Gonzalez advised the Board that OEG received correspondence regarding the use of a private septic tank for sewer service at this address. After discussion, Ms. Gonzalez advised that OEG will notify the contact for Rigby Owen, Jr. that the District has already approved the utility commitment for water service only for 21115 I-45 North Freeway and has authorized the continued use of a private septic tank on said property.

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.

EMINENT DOMAIN REPORT

Mr. Rubinsky reported that pursuant to §2206.154, Texas Government Code, all political subdivisions with the power of eminent domain, including the District, are required to file an Annual Eminent Domain Report by February 1st of each year with the Texas Comptroller of Public Accounts (the "Comptroller"). He explained that the report will contain the District's contact information as well as information related to the District's legal authority to exercise the power of eminent domain. After discussion, it was moved by Director Stephens, seconded by Director Shelnett, and unanimously carried that the Board authorize SPH to file the Annual Eminent Domain Report with the Comptroller on behalf of the District prior to the applicable deadline.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Mr. Rubinsky updated on Board on the status of the Amended and Restated Agreement for Shared Detention Facilities with Meadowhill Regional Municipal Utility District relative to Hannover Village Regional Detention Pond, advising that OEG and SPH are reviewing the draft Agreement.

Mr. Rubinsky next discussed the Board's regular meeting schedule and the meetings scheduled for the remainder of November and December 2023. The Board considered meeting once a month or twice every other month but deferred further discussion on this matter. After discussion, the Board concurred that the November 22, 2023 Board meeting be moved to November 29, 2023, at 12:30 PM at SPH. It was also concurred by the Board that the December 13, 2023, meeting will continue as scheduled, and the December 29, 2023 meeting will be canceled.

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

(SEAL)



EXHIBITS
SPRING WEST MUNICIPAL UTILITY DISTRICT

November 8, 2023

- Exhibit A: Bookkeeper's Report; Cash Report Summary
- Exhibit B: Acclaim Energy Cost and Usage Report
- Exhibit C: Tax Assessor-Collector's Report; Single Line Delinquent Tax Report
- Exhibit D: Operator's Report
- Exhibit E: Fire Hydrant Survey
- Exhibit F: Engineer's Report