

## **SPRING WEST MUNICIPAL UTILITY DISTRICT**

### **Minutes of Meeting of Board of Directors**

**January 10, 2024**

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 January 10, 2024, 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: Justin Ring and Danielle Gonzalez of Odyssey Engineering Group, Inc. ("OEG"); Jorge Diaz of McLennan & Associates, L.P. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Bart Downum of Environmental Developmental Partners, LLC ("EDP"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); Matt Herring of Rockspring Properties; Matt Malmquist of Streamline Advisory Partners ("Streamline"); and Abraham Rubinsky, Katie Blasio, and Donjé Chatmon of Schwartz, Page & Harding, L.L.P. ("SPH").

The President called the meeting to order and declared it open for such business as might properly come before the Board.

### **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 November 8, 2003, November 29, 2023, and December 13, 2023. After discussion, Director Shelnett moved that the minutes of the meetings held November 8, 2023 and November 29, 2023

be approved as written, and to defer approval of the minutes of the meeting held on December 13, 2023. Director Patridge seconded said motion, which unanimously carried.

### **BOOKKEEPERS' REPORT**

Mr. Diaz presented and reviewed with the Board the Bookkeeper's Report for the period December 14, 2023 through January 10, 2024, 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 December 1, 2023 through December 31, 2023, a copy of which is included with the Bookkeeper's Report. Mr. Diaz responded to various questions and comments from the Board and Mr. Rubinsky regarding items in the Bookkeeper's Report. Mr. Rubinsky then noted that the remaining funds deposited with the District for the Louetta Woods Lift Station Improvements can be returned to Mill Creek Residential Trust, LLC ("MCRT") since MCRT is no longer pursuing the acquisition and development of the 19.72 acres on Louetta Road for which the Lift Station Improvements were required. Mr. Rubinsky also advised the Board that SPH has drafted a letter to SPSC Development Partners, L.P. ("SPSC") concerning the reimbursement to the District of \$1900 incurred for hydroseeding expenses in 2021 performed by Storm Maintenance & Monitoring in connection with the Spring Pines Detention Pond.

After discussion, Director Shelnett moved that the Bookkeepers' Report, and the disbursements presented therein for payment be approved and that the Bookkeeper be authorized to remit the balance of \$11,970.43 for the Louetta Woods Lift Station Improvements to MCRT. Director Norris 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 the financial institutions that have been removed or added since June 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 Shelnett 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.

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE**

Mr. Rubinsky next reminded the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit certain information annually to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Following discussion, it was moved by Director Shelnutt, seconded by Director Stephens, and unanimously carried that the District's auditor, Mark C. Eyring, CPA, PLLC, be authorized to prepare the required information and submit same to the Comptroller on behalf of the District for inclusion in the Special Purpose District Public Information Database prior to the April 1, 2024 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 ending December 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 January 4, 2024. After discussion, Director Stephens moved that the Tax Assessor/Collector's Report be approved and that the disbursements identified therein be approved for payment from the Tax Account. Director Shelnutt seconded said motion, which unanimously carried.

Mr. Malmquist entered the meeting during this discussion.

**DELINQUENT TAX REPORT**

The Board considered a Delinquent Tax Report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., ("Perdue") the District's Delinquent Tax Collections Attorney, a copy of which is attached hereto as **EXHIBIT D**. Mr. Rubinsky reviewed the Report with the Board. He advised the Board that SPH will follow up with Perdue on the status of further collection efforts related to the accounts described in items 5, 6, and 7 of Perdue's Report. After discussion, the Board concurred that no action was necessary on its part at this time.

**RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES**

Mr. Rubinsky next advised the Board that is authorized pursuant to Section 33.07 of the Property Tax Code to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty, and interest due to the District on personal property that becomes delinquent after February 1 of each year and that remains delinquent sixty (60) days after said date, to defray the costs of collection of said delinquent taxes, in accordance with Section 33.11 of the Property Tax Code, as amended. The Board considered the adoption of a Resolution authorizing such additional penalty. After discussion, it was moved by Director Shelnutt, seconded by Director Stephens, and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **EXHIBIT E**, be passed and adopted.

**RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION**

Mr. Rubinsky outlined for the Board the various tax exemptions available for the District, including the exemptions provided for Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2024, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2024, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After discussion, Director Norris moved that the District (a) grant a residential homestead exemption of 20%, but not less than \$5,000, for 2024, and (b) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$60,000 from ad valorem taxes levied by the District during the calendar year 2024, and that the Resolution attached hereto as **EXHIBIT F** relative to same be passed and adopted by the Board and District. Director Stephens seconded said motion, which carried unanimously.

**OPERATOR'S REPORT**

Mr. Downum presented to and reviewed with the Board the Operator's Report dated January 10, 2024, a copy of which is attached hereto as **EXHIBIT G**, and discussed various repairs and pending items noted therein. Mr. Downum reported that certain substantial system repairs and maintenance items were completed over the past month, including installation of non-potable water pump no. 3 at the Wastewater Treatment Plant ("WWTP"), and the concrete and landscaping repairs at 2502 Hannover Way. He also advised the Board that the headworks grating for the WWTP has been completed.

Mr. Rubinsky next asked Mr. Downum several questions related to the status of billing and collection of maintenance expenses related to the Spring Plaza Regional Detention Pond and Pump Station and the Spring Pines Detention Pond and, in particular, apparent discrepancies between amounts invoiced, payments made and outstanding balances owed by several landowners. Mr. Downum advised he would investigate said items and report back to the Board at next month's meeting.

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

The Board next considered proposed action related to the tax-exempt multi-family development within the District. Mr. Rubinsky informed the Board that OEG has provided a spreadsheet calculating the actual cost of all facilities required to provide services to the tax-exempt Harlow Spring Cypress Apartments (formally Cortland's Sovereign Spring Cypress Apartments ) in accordance with the term of the District's Rate Order and applicable State law, which SPH is currently reviewing.

### **CONSUMER CONFIDENCE REPORT**

Mr. Rubinsky advised the Board that, pursuant to the Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide various information regarding the District's water supply to any other water supplier that received water from the District during the prior year by April 1<sup>st</sup> of this year. After discussion, Director Shelnutt moved that EDP be authorized to provide such information to any other water supplier, as necessary, prior to April 1, 2024. Director Norris seconded said 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 the 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 January 10, 2024, a copy of which is attached hereto as **EXHIBIT H**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein.

In connection with the extension of the water line and relocation of the existing water line along Holzwarth Road. Mr. Ring advised the Board that OEG is working with SPH on a

response to New Life Christian Reformed Church ("Church") regarding the District's need to acquire a Water Line Easement for said project along the Church's property.

In connection with the proposed construction of a public gravity sanitary sewer line to serve the tract located at 2020 FM 2920 (Top Soap), OEG advised the Board they are still waiting on the deposit from the Developer before requesting the necessary survey related to said project.

With regard to the contract between Starbucks and Bull-G Construction, LLC for construction of the off-site water and sanitary sewer extension to serve the existing Starbucks located at 1731 Spring Cypress Road, Mr. Ring advised the Board that OEG is still waiting for the contract to be executed by Starbucks. Mr. Rubinsky then updated the Board on communications with Starbucks regarding its current lease for the subject property and the exercise of an option to extend same, which is currently being reviewed by their attorney.

Mr. Ring also advised that Bowman Consultants intends to design the lift station for DPEG Panjwani, LLC ("DPEG") in connection with the proposed annexation of 27.7 acres into the District. He advised that OEG recommends authorizing Bowman consultants to design the lift station subject to OEG's review. After discussion, Director Stephens moved that Bowman consultants be authorized to design the lift station subject to OEG's review. Director Shelnut seconded said motion, which unanimously carried.

Mr. Ring next discussed the proposed projects within the District. After discussion, Director Stephens moved to authorize the improvements to Water Plant No. 1 and Water Plant No. 1 update MCC, along with the lift station design to Bowman Consultants for DPEG. Director Shelnut seconded said motion, which unanimously carried.

Mr. Ring next discussed proposed capital improvement projects within the District. After discussion, Director Stephens moved to authorize OEG to commence design of Water Plant No. 1 Improvements and Water Plant No. 1 Motor Control Center Update.

### **STATUS OF PROPOSED ANNEXATIONS**

The Board deferred consideration of various proposed annexations of property into the District, noting no updates at this time.

### **ANNEXATION OF 19.7-ACRES TRACT LOCATED AT 2324 LOUETTE ROAD**

The Board next recognized Mr. Malmquist who addressed the Board to request that the District consider annexation of water and sewer services to an approximate 19.7-acre tract located at 2324 Louette Road. He advised the Board that Streamline is under contract to acquire

the tract from Centro Cristiano El Alfa & La Omega and is proposing to develop three to four story multi-family garden-style apartments, totaling 350-365 units, along with approximately three or four acres of commercial retail space. Mr. Malmquist also advised the Board that the project will include low-income housing options and that Streamline is seeking to obtain low-income housing tax credits from the State in connection therewith. Mr. Malmquist requested that the Board authorize the preparation of an updated feasibility study in connection with said project and advised the Board that Streamline is ready to proceed with the deposit once the District is ready. After discussion, Director Stephens moved that OEG be authorized to prepare an updated feasibility study for annexation of this tract upon the District's receipt of a deposit in the amount of \$15,000. Director O'Neal seconded said motion, which unanimously carried. Director Shelnuttt requested that Mr. Malmquist provide the Board with information regarding Streamline's other multi-family projects in Texas.

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

Mr. Herring and Mr. Malmquist exited the meeting at this time.

#### **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 further consideration of the Developers' Reports, noting that no other developer representatives were in attendance at today's meeting whose matters had not already been addressed by the Board.

#### **INSURANCE PROPOSALS**

The Board next considered authorizing the solicitation of proposals for renewal of the District's insurance coverages. Mr. Rubinsky advised the Board that the District's current coverage is through Arthur J. Gallagher ("AJG"), and that said policies will expire on March 31, 2024. He inquired whether the Board wishes to renew its coverage through AJG or solicit proposals from additional agencies. After discussion on the matter, Director Shelnuttt moved that SPH be authorized to solicit a renewal proposal from AJG only at this time. Director Stephens seconded said motion, which unanimously carried.

#### **MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION**

Mr. Rubinsky next reported on issues related to the District's Directors Election (the "Election") to be held on May 4, 2024. In connection therewith, Mr. Rubinsky presented to and discussed with the Board a Memorandum prepared by SPH, a copy of which is attached hereto as

**Exhibit I**, regarding administering an independent election or participating in the joint election with Harris County (the "County") if the County offers said services. However, in connection therewith, Mr. Rubinsky advised that the County very recently decided that it will not offer joint election services to political subdivisions for the May 4, 2024 election, and therefore, the District will have to hold an independent election. He further discussed the challenges of administering an independent election.

Mr. Rubinsky noted that Section 49.111, Texas Water Code, provides an exemption from the requirement to provide certain electronic voting systems at the Election if the District's previous directors election was canceled as uncontested or if fewer than 250 voters voted in the District's previous directors election. Mr. Rubinsky reported that the District is exempt from said requirement because the District's previous directors election was canceled. Following discussion, it was moved by Director Stephens, seconded by Director Shelnutt, and unanimously carried that SPH be authorized to provide notice of the District's intent not to provide electronic voting systems for said Election by publication in a newspaper of general circulation in an area that includes the District.

#### **SUPPLEMENTAL AGENDA**

The Board next considered calling the Election in accordance with the requirements of the Texas Water Code. In connection therewith, Mr. Rubinsky presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit J** calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors O'Neal, Norris, and Patridge expire in May of this year. In reviewing the Order with the Board, Mr. Rubinsky advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Election and that the Order named Donjé Chatmon as such agent (the "Election Agent"). Mr. Rubinsky further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. Mr. Rubinsky advised the Board that notice of the Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. Following discussion of the options, the Board concurred that notice of the Election be given by posting same at a public place in each election precinct that overlaps the District. After discussion on the matter, Director Stephens moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Election in accordance with the Order. Director Shelnutt seconded said motion, which unanimously carried. Mr. Rubinsky advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of



5:00 p.m. on February 20, 2024, the Board may thereafter cancel the Election in accordance with the Texas Election Code.

The Board next considered the establishment of fees to be paid to officials for the Election. Mr. Rubinsky advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum wage rate. After discussion on the matter, Director Stephens moved that the judges and clerks for the Election, including early voting clerks, be paid \$25.00 per hour. Director Shelnett seconded said motion, which unanimously carried.

### **ATTORNEY'S REPORT**

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

Mr. Rubinsky next discussed the frequency of the Board's regular meetings. After discussion, the Board concurred that the January 24, 2024 Board meeting be canceled, and that the Board will consider alternate locations within the District for holding future meetings. The Board then confirmed that its next meeting will be held on February 14, 2024 as scheduled.

### **ANNUAL NOTIFICATION PURSUANT TO MSRB RULE G-10**

Mr. Rubinsky next advised the Board that Rathmann and Associates, L.P., the District's Financial Advisor, has provided SPH, on behalf of the District, with Rathmann's MSRB Rule G-10 Annual Disclosure, a copy of which is attached hereto as **EXHIBIT K**.

### **CLOSED SESSION**

The Board determined that it would not be necessary to meet in Closed Session at this time.

### **OTHER MATTERS**

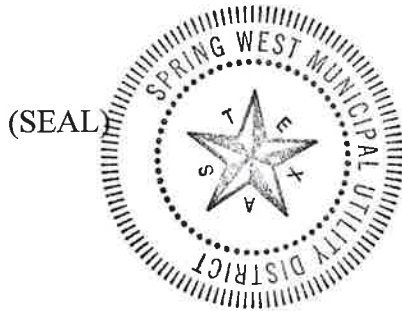
The Board considered items to be placed on future agendas. Except as may be reflected above, there were no additional agenda items requested other than routine, and ongoing matters.

**ADJOURNMENT**

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

Secretary, Board of Directors





List of Exhibits to  
Spring West Municipal Utility District  
Meeting on January 10, 2024

- Exhibit A: Bookkeeper's Report; Investment Report (Dec. 2023)
- Exhibit B Resolution Adopting List of Qualified Brokers
- Exhibit C Tax Assessor/Collector's Report
- Exhibit D Delinquent Tax Report
- Exhibit E: Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit F: Resolution Concerning Exemptions from Taxation
- Exhibit G Operator's Report
- Exhibit H: Engineer's Report
- Exhibit I Memorandum regarding Joint Elections with Harris County
- Exhibit J Order Calling Directors Election
- Exhibit K: Financial Advisor's – MSRB Rule G-10 Annual Disclosure