

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

May 8, 2024

The Board of Directors ("Board") of Spring West Municipal Utility District ("District") met in special session at 1300 Post Oak Boulevard, Suite 2500, Houston, Harris County, Texas on May 8, 2024, in accordance with the duly posted notice of meeting. The meeting was also held via 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 were present, except Directors Shelnett and Patridge, thus constituting a quorum. Director Shelnett entered the meeting after it was called to order as noted herein.

Also in attendance were: Danielle Gonzalez and Justin Ring of Odyssey Engineering Group, Inc. ("OEG")(Mr. Ring entered later in the meeting as noted herein); Jorge Diaz, Judy Osborn and Veronica Hernandez of McLennan & Associates, L.P. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Bart Downum and Missy Steadman of Environmental Developmental Partners, LLC ("EDP"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); Glenn Woodson of Storm Maintenance & Monitoring, Inc. ("SM&M"); Mark Eyring of Mark C. Eyring, CPA, PLLC ("MCE"); Matt Malmquist of Streamline Advisory Partners ("Streamline"), who entered later in the meeting as noted herein; Huntley Grichor of Red Key Properties ("Red Key"), who entered later in the meeting as noted herein; Sergeant Ramos and Deputy Parsons of Harris County Constable Office Precinct 4 ("HCCO"), who entered later in the meeting as noted herein; and Abraham Rubinsky, Katie Blasio, Kendall Dicke 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 meeting held on April 10, 2024. After discussion, Director Norris moved that the minutes of the meeting held on April 10, 2024, be approved as written. Director O'Neal seconded said motion, which unanimously carried.

ACCEPTANCE OF QUALIFICATION STATEMENTS, BONDS, OATHS OF OFFICE, AND AFFIDAVITS OF CURRENT DIRECTORS AND ELECTIONS NOT TO DISCLOSE CERTAIN INFORMATION OF DIRECTORS

The Board considered the acceptance of the Qualification Statements of Elected Officers, Bonds, Oaths of Office, Affidavits of Current Directors, and Elections Not to Disclose Certain Information of Directors for Beverly O'Neal and Walter Norris. The Board deferred consideration of said documents for Director Patridge since he was not present at today's meeting. After discussion, it was moved by Director Stephens, seconded by Director Norris, and unanimously carried that the Board (i) accept said Qualification Statements of Elected Officers, Oaths of Office, Affidavits of Current Directors, and Elections Not to Disclose Certain Information, and approve said Bonds for Beverly O'Neal and Walter Norris, and (ii) declare Beverly O'Neal and Walter Norris to be duly elected and qualified Directors of the District, each to serve a four-year term ending May 6, 2028.

Director Shelnutt entered the meeting during this discussion.

REORGANIZATION OF THE BOARD AND ELECTION OF OFFICERS

The Board next considered the reorganization of the Board of Directors. Director Stephens advised that she is resigning from her position as Vice President of the Board since she will be leaving the Board after today's meeting. The Board then concurred that all Directors remain in their current offices, and that a new Vice President be elected. Mr. Rubinsky then called for nominations for the office of Vice President. Director Shelnutt was nominated for that office and there being no further nominations for Vice President, the nominations were closed. Mr. Rubinsky called for a vote, and upon motion made by Director Stephens, seconded by Director Norris and unanimously carried, Director Shelnutt was elected Vice President of the Board and the District.

LIST OF LOCAL GOVERNMENT OFFICERS

Mr. Rubinsky next reminded the Board that pursuant to Chapter 176 of the Texas Local Government Code, the District is required to and does maintain a list of Local Government Officers, which includes the members of the Board and the District's Investment Officers in connection with conflict of interest disclosure requirements. After discussion, it was moved by Director Shelnutt, seconded by Director Stephens, and unanimously carried that the District update the District's list of Local Government Officers as required by law.

BOOKKEEPER'S REPORT

Mr. Diaz presented and reviewed with the Board the Bookkeeper's Report for the period April 11, 2024, through May 8, 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 April 1, 2024, through April 30, 2024, 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. Diaz informed the Board that an invoice for \$10,933.59 has been sent to Mario and Dora Otto for the outstanding balance owed to the District in connection with the feasibility study prepared in connection with the proposed annexation of a 0.61 acre tract located 20615 Sleepy Hollow Lane into the District, a copy of which is included with the Bookkeeper's Report.

Mr. Diaz next advised the Board that check nos. 2411-2413 have been reissued to Cortland Springs Cypress Apartments for the refund of the customers security deposits on three service accounts to replace stale dated check nos. 1856-1858, as reflected in the Bookkeeper's Report. After discussion, Director Stephens moved that the Bookkeeper's Report and the disbursements presented for payment therein be approved. Director Shelnett seconded said motion, which unanimously carried.

Mr. Ring entered the meeting during the above discussion.

UNCLAIMED PROPERTY

The Board next considered approval of an Unclaimed Property Report as of March 1, 2024, and the filing of same with the State Comptroller prior to July 1, 2024. In connection therewith, Mr. Diaz advised that the District has \$1,159.47 in unclaimed property for the current reporting period to escheat to the Texas Comptroller of Public Accounts (the "Comptroller"). After discussion, Director Shelnett moved that the District's Bookkeeper be authorized to file the Unclaimed Property Report for the subject reporting period with the Comptroller prior to July 1, 2024. Director Norris seconded said motion, which unanimously carried.

APPROVAL OF AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2023

The Board next considered the review and approval of an audit of the District's financial statements for the fiscal year ended December 31, 2023. In that regard, Mr. Eyring presented and reviewed in detail with the Board a draft of the District's audit report prepared for the fiscal year ended December 31, 2023, a copy of which is attached as **EXHIBIT B**. Mr. Eyring reported that he found no problems with the District's financial records for the subject fiscal year. After discussion of the draft audit report represented, Director Shelnett moved that (i) the audit report for fiscal year ended December 31, 2023, be approved, subject to SPH's final review and comments, (ii) the President be authorized to execute the Annual Filing Affidavit on behalf of the

Board and District, and (iii) such audit report and Annual Filing Affidavit be filed with the appropriate government authorities, including the Texas Commission on Environmental Quality (the "TCEQ"), by the applicable deadline. Director Stephens seconded said motion, which unanimously carried.

Mr. Eyring 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 ending April 30, 2024, 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 May 2, 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 Shelnett 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 this month. Mr. Rubinsky advised that Perdue will provide the next quarterly report in June. Mr. Rubinsky also advised the Board that SPH has reached out to Perdue regarding the two delinquent accounts which the Board requested an update on last month but has not yet received a response.

OPERATOR'S REPORT

Mr. Downum presented to and reviewed with the Board the Operator's Report dated May 8, 2024, a copy of which is attached hereto as **EXHIBIT D**, and discussed various completed and pending repairs noted therein. Mr. Downum responded to various questions and comments from the Board and Mr. Rubinsky regarding items in the Operator's Report. Mr. Downum next advised the Board that the repairs to the fire line at the FedEx Ground facility have been completed and that such account should no longer reflect usage on future reports. Mr. Downum then advised the Board that, after an inspection at Houston Garden Center, the water meter was found to be turned off. He advised that Inframark will inspect the meter to confirm that it is registering properly. After discussion, no action was taken by the Board relative to said matter.

During this discussion, Mr. Malmquist, Mr. Grichor, Sergeant Ramos and Deputy Parsons entered the meeting.

HARRIS COUNTY CONSTABLE PRECINCT 4 MONTHLY ACTIVITY REPORT

Sergeant Ramos and Deputy Parsons presented to and reviewed with the Board a security report provided by HCCO for April 2024, a copy of which is attached hereto as **EXHIBIT E**, and discussed the current status of criminal activities in the District and surrounding areas. Sergeant Ramos and Deputy Parson responded to various questions and comments from the Board. After discussion, no action was taken by the Board relative to said matter.

Sergeant Ramos and Deputy Parsons exited the meeting at this time.

AMENDMENT TO AGREEMENT FOR OPERATING SERVICES

The Board next considered the proposed Amendment to Agreement for Operating Services between the District and EDP. Ms. Steadman advised that the Board last approved a rate increase in 2016 and that the Consumer Price Index from 2016 to current has increased 35%. After discussion, the Board concurred to defer consideration of said matter until its next meeting.

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

AMENDMENT OF RATE ORDER

The Board deferred consideration of an amendment to the District's Rate Order in connection with EDP's proposed increase in operating rates.

APPROVAL OF CONSUMER CONFIDENCE REPORT ("CCR")

Mr. Downum presented to and reviewed with the Board a copy of the draft 2023 Consumer Confidence Report ("CCR") prepared by EDP, a copy of which is attached to the Operator's Report, which has been submitted to SPH for review and approval in accordance with the current TCEQ CCR template. Mr. Rubinsky reminded the Board that pursuant to CCR requirements promulgated by the United States Environmental Protection Agency and the TCEQ, the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2024. After discussion, Director Stephens moved that the CCR be approved by the Board subject to final review and approval by SPH, and that EDP be authorized to distribute same electronically to the District's customers prior to the July 1, 2024 deadline. Director Norris seconded said motion, which unanimously carried.

STORM WATER QUALITY INSPECTION REPORT

Mr. Rubinsky presented and reviewed the Storm Water Quality Inspection Reports ("Inspection Reports") prepared by Storm Water Solutions ("SWS") for May 2024, copies of which are attached hereto as **EXHIBIT F**, and which were circulated to the Board for its review prior to today's meeting.

Mr. Rubinsky next presented a Proposal for Maintenance and Storm Water Quality

Management Services for SWQ Permit No. 1603230104 associated with the Spring Pines Regional Detention Pond in the amount of \$3,700 per year, which is included in the SWS Report. Mr. Rubinsky advised the Board that the application for transfer of the Subject SWQ Permit from SPSC Development Partners to the District has been submitted to Harris County and that SWS is awaiting approval of same.

AMENDED AND RESTATED MASTER SERVICE AGREEMENT WITH STORM WATER SOLUTIONS

Mr. Rubinsky next presented an Amended and Restated Master Service Agreement ("Agreement") between the District and SWS in connection with the District's Storm Water Management Program, including the monthly inspection of the District's various storm water quality features and the annual renewal of the Storm Water Quality Permits issued by Harris County in connection therewith, a copy of which is attached hereto as **EXHIBIT G**. After discussion, Director Shelnett moved that the Agreement between the District and SWS, including the above Proposal related to the Spring Pines Regional Detention Pond discussed above, be approved. Director Stephens seconded said motion, which unanimously carried.

DRAINAGE AND DETENTION FACILITIES MAINTENANCE REPORT

The Board next considered the Drainage and Detention Facilities Maintenance Report from SM&M (the "D&D Report") dated May 6, 2024, a copy of which is attached hereto as **EXHIBIT H**. In that regard, Mr. Woodson presented to and reviewed with the Board the D&D Report and responded to various questions from the Board. Director Shelnett raised concerns regarding the condition of certain facilities. Mr. Woodson advised that he will schedule a walk-through with Director Shelnett to address his concerns.

Mr. Woodson exited the meeting at this time.

TAX-EXEMPT MULTI-FAMILY DEVELOPMENTS

The Board deferred consideration of the existing and potential tax-exempt multi-family developments within the District and discussion regarding the calculation of the Non-Taxable Entity tap fee in connection with the Harlow Spring Cypress Apartments ("Apartments") located at 2539 Spring Cypress Road.

**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 between the District and the Hannover Forest Homeowners Association 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 May 8, 2024, a copy of which is attached hereto as **EXHIBIT I**, 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 existing water line along Holzwarth Road to serve the Stream Realty annexation tract, Mr. Ring advised the Board that OEG has begun advertising for bids for the project and expects to open bids on or about May 16, 2024.

In connection with the contract with CSE W-Industries, Inc. for the replacement and installation of a new Emergency Generator at Water Plant No.1, Mr. Ring advised the Board that the installation has been completed and that the final walk-through with the contractor has been scheduled for May 10, 2024. After discussion, Director Stephens moved that Pay Estimate No.1 from CSE W-Industries, Inc. in the amount of \$137,644.14 be approved. Director Norris seconded said motion, which unanimously carried.

In connection with the application to the TCEQ for renewal of the waste discharge permit for the District's Wastewater Treatment Plant, Mr. Ring advised that the permit renewal application has been completed and is ready for Board execution and submittal to the TCEQ. After discussion, Director Stephens moved that the President be authorized to execute the permit renewal application and that OEG be authorized to submit same to the TCEQ. Director Norris seconded said motion which carried unanimously.

Mr. Downum exited the meeting during this 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. 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.

ANNEXATION OF 19.7-ACRE TRACT LOCATED AT 2324 LOUETTA ROAD

Mr. Ring next presented to and reviewed with the Board the annexation feasibility report for the 19.7-acre tract located at 2324 Louetta Road, a copy of which is attached to the Engineer's Report. He advised that the District does not currently have sufficient water and wastewater treatment capacity to support the required connections for Streamline Advisory Partners, LLC's ("Streamline") proposed development. Mr. Ring further advised that, in order to provide the capacity necessary to serve the proposed development, significant improvements would need to be made to the District's Water Supply facilities, Wastewater Treatment Plant and the Louetta Woods Lift Station. Mr. Malmquist advised that based on the findings in the feasibility study, the project would not be feasible for Streamline. After discussion, Director Shelnuttt moved to accept the feasibility report for the 19.7-acre tract located at 2324 Louetta Road. Director Norris seconded said motion, which unanimously carried.

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

ISSUANCE OF UTILITY COMMITMENTS

The Board next considered the issuance of utility commitments.

In connection with the request of Bowman Engineers for a Utility Commitment to serve the 27.7 acres to be annexed into the District on behalf of Dhanani Private Equity Group ("DPEG"), Mr. Rubinsky advised that Bowman's correspondence dated April 22, 2024 addresses both the proposed development of a 318-unit multi-family project and various commercial developments, but does not properly calculate the specific water capacity required for each proposed development. Mr. Rubinsky requested that the District's Engineers discuss the matter with Bowman and resubmit said request.

Mr. Rubinsky then advised of a similar issue with the request of Halff Engineers for a Utility Commitment to serve the 16.2 acres to be annexed into the District on behalf of SRPF D/Holzwarth Industrial L.P. (Stream Realty Partners). Ms. Gonzalez advised that she would discuss the matter with Halff Engineers and request they also correct and resubmit their request.

Mr. Rubinsky exited the meeting at this time.

DEVELOPERS' REPORTS

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

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY")

The Board deferred consideration of matters related to the North Harris County Regional Water Authority ("NHCRWA").

ATTORNEY'S REPORT

Ms. Blasio presented to and discussed with the Board a Memorandum prepared by SPH, a copy of which is attached hereto as **EXHIBIT J**, regarding the use of social media by public officials. In connection therewith, Ms. Blasio advised the Board that directors should exercise caution when posting about District-related matters on their personal social media pages in light of recent U.S. Supreme Court cases, as further discussed in the Memorandum.

Ms. Blasio then discussed the frequency of the Board's regular meetings. After discussion, the Board concurred that the May 28, 2024 Board meeting be canceled and that the Board continue to determine on a month-by-month basis whether to hold a second meeting each month. The Board then confirmed that a special meeting would be scheduled later in May for the Board to discuss specific items.

ADOPTION OF ORDER ESTABLISHING MEETING PLACE IN THE DISTRICT

The Board next considered establishing a meeting place inside the District. In connection therewith, Ms. Blasio presented an Order Establishing Meeting Place Inside the District, designating an in-District meeting place at 21406 Hannover Estates Drive, Spring, Harris County, Texas 77388, attached hereto as **EXHIBIT K**. After discussion, it was moved by Director Shelnett, seconded by Director O'Neal, and unanimously carried that said Order be passed and adopted.

Mr. Rubinsky re-entered the meeting at this time.

RESIGNATION OF DIRECTOR KIM STEPHENS

Mr. Rubinsky next advised the Board that SPH has been advised of Director Stephen's intent to resign from the Board. In connection therewith, he presented to the Board a resignation letter from Kim Stephens as a Director of the District effective today, attached hereto as **EXHIBIT L**. Mr. Rubinsky thanked Director Stephens on behalf of the Board and all of the Districts consultants for her 26 years of dedicated service to the District. Thereafter, upon motion duly made by Director Shelnett, seconded by Director O'Neal and unanimously carried, Director Stephens' resignation was accepted.

DISTRICT REGISTRATION FORM

The Board considered approving an updated District Registration Form as required by the TCEQ. Mr. Rubinsky explained that, in accordance with §36.054(e) and §49.054(f) of the Texas Water Code, municipal utility districts are required to file names, mailing addresses, officers positions and terms of new directors with the TCEQ within thirty (30) days after an election or appointment. Mr. Rubinsky advised that, with the Board's approval, SPH will prepare an updated District Registration Form to include Directors Norris and O'Neal's new terms of office and file same with the TCEQ. After discussion, it was moved by Director Norris, seconded by Director

Shelnutt, and unanimously carried that the Board authorize SPH to complete the updated District Registration Form as discussed and to submit same to TCEQ.

APPOINTMENT OF NEW DIRECTOR

The Board deferred consideration of the appointment of a new Director to the Board.

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 Norris seconded said motion, which unanimously carried.

Secretary, Board of Directors

(SEAL)

List of Exhibits to
Spring West Municipal Utility District
Meeting on May 8, 2024

- Exhibit A Bookkeeper's Report; Cash Report Summary
- Exhibit B Draft Audit Report for Fiscal Year Ended December 31, 2023
- Exhibit C Tax Assessor/Collector's Report
- Exhibit D Operator's Report
- Exhibit E Harris County Constable Precinct 4 Office Monthly Activity Report
- Exhibit F Storm Water Solutions May 2024 Report
- Exhibit G Amended and Restated Master Service Agreement
- Exhibit H Detention and Drainage Facilities Maintenance Report
- Exhibit I Engineer's Report
- Exhibit J Use of Social Media Memorandum
- Exhibit K Order Establishing Meeting Place Inside the District
- Exhibit L Resignation Letter of Kim Stephens