

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

September 11, 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 September 11, 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
Scott Shelnut	Vice President
W. Eugene Norris, Sr.	Secretary
Jerome A. Patridge	Assistant Secretary

and all of said persons attended the meeting, thus constituting a quorum.

Also in attendance were: Justin Ring of Odyssey Engineering Group, Inc. ("OEG"); Jorge Diaz of McLennan & Associates, L.P. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Bart Downum and Missy Steadman of Inframark, LLC ("Inframark"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); Loren Morales of Rathmann & Associates, L.P. ("Rathmann"); Glenn Woodson of Storm Maintenance & Monitoring, Inc. ("SM&M"); Karen Sears of Storm Water Solutions ("SWS"); Andres Aranzales, a member of the public; and Abraham Rubinsky, 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 regular and special meetings held on August 14, 2024, and August 29, 2024, respectively. After discussion, Director Shelnut moved that the minutes of the meetings held on August 14, 2024, and August 29, 2024, be approved as written. Director Patridge seconded said motion, which unanimously carried.

OFF CINCO MESSAGING SERVICES

Mr. Badertscher presented to and reviewed with the Board a messaging services proposal from Off Cinco, a copy of which is attached hereto as **EXHIBIT A**. Director Shelnutt inquired about the setup cost and the creation of a separate email list for residential versus commercial customers. After discussion, Mr. Badertscher advised he would provide a revised proposal and a cost summary of the services offered priced for 635 connections for the Board to review at its next regular meeting.

BOOKKEEPER'S REPORT

Mr. Diaz presented and reviewed with the Board the Bookkeeper's Report for the period August 15, 2024, through September 11, 2024, a copy of which is attached hereto as **EXHIBIT B**, 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 August 1, 2024, through August 31, 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, and agreed to further research the items he did not have answers for. After discussion, Director Shelnutt moved that (i) the Bookkeeper's Report and the disbursements presented for payment therein be approved, and (ii) the Investment Report for August 2024 be approved and the District's Investment Officer be authorized to execute same on behalf of the Board and 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 ending August 31, 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 September 5, 2024. After discussion, Director Norris 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 Patridge 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., the District's Delinquent Tax Collections Attorneys, after noting that the next quarterly report was not due until the Board's October meeting.

2024 TAX RATE RECOMMENDATION

The Board next recognized Mr. Morales, who introduced himself to the Board and reviewed his experience in the public finance industry before joining Rathmann earlier this year. Mr. Morales then presented the Board with the Tax Rate Recommendation prepared by Rathmann, a copy of which is attached hereto as **EXHIBIT D**, and reviewed his recommendation regarding the proposed 2024 debt service and maintenance tax rates. 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 (i) 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 discussion, Director Shelnuttt moved that (i) the Board indicate its intention to set a 2024 debt service tax rate of \$0.32 per \$100 of assessed valuation and a 2024 maintenance tax rate of \$0.35 per \$100 of assessed valuation, resulting in a combined 2024 tax rate of \$0.67 per \$100 of assessed valuation, and (ii) Leared be authorized to publish notice of the District's intent to adopt such 2024 tax rate at its meeting scheduled for October 9, 2024, in the form and at the time required by law. Director Norris seconded said motion, which unanimously carried. The Board concurred that Leared should publish the notice in *The Houston Chronicle's* Community paper distributed in the area of the District.

Mr. Morales exited the meeting at this time.

OPERATOR'S REPORT

Mr. Downum presented to and reviewed with the Board the Operator's Report dated September 11, 2024, a copy of which is attached hereto as **EXHIBIT E**, 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. Rubinsky requested that Inframark investigate the status of the Spring First Church Assembly out of District account to determine why the District has not received current water usage readings for the past six (6) months.

Mr. Downum next presented a proposal from NTS for the replacement of the breaker for Booster Pump No. 1 at Water Plant No. 1 in the amount of \$5,350 and recommended the Board approve such work at a total cost of \$6,200, which includes Inframark's 15% markup. After discussion, Director Shelnuttt moved that the Board accept NTS' proposal and authorize the replacement of the breaker for Booster Pump No.1 at Water Plant No. 1 in the amount of \$5,350, plus Inframark's markup pursuant to its current contract with the District, which he noted he believed should not exceed \$500. Director Norris seconded said motion, which unanimously

carried.

Mr. Rubinsky next reported that the District had received a request from the management company for the Hannover Springs HOA requesting the District power wash the fence around the lift station site in Hannover Springs. After discussion, the Board requested Inframark provide a proposal for performing such work for the Board's review at its meeting scheduled for October 9, 2024.

Ms. McLaughlin exited the meeting during this discussion.

AMENDMENT OF RATE ORDER FOR IRRIGATION CUSTOMERS

The Board next considered amending the District's Rate Order to implement a separate tiered rate structure for commercial irrigation customers. Mr. Rubinsky reviewed with the Board the Operator's Commercial Usage Report and outlined the proposed tiered rate schedule. He advised the Board that the District's Rate Order will need to be amended to add the new rate order category for commercial irrigation customers. After discussion, Director Patridge moved that (i) SPH be authorized to prepare the amended Rate Order to incorporate the tiered rate schedule for commercial irrigation customers discussed during the meeting, and (ii) the amended Rate Order be adopted and effective as of September 11, 2024. Director Shelnutt seconded said motion which unanimously carried.

Mr. Diaz exited the meeting at this time.

STORMWATER QUALITY INSPECTION REPORT

Ms. Sears presented and reviewed with the Board the Storm Water Quality Inspection Reports ("Inspection Reports") prepared by SWS for September 2024, copies of which are attached hereto as **EXHIBIT F**. Ms. Sears provided an update to the Board regarding the District's stormwater quality permits scheduled for renewal in November, and inquired as to the repair or replacement of the bar screen at the Hannover Village Regional Detention Pond. Ms. Sears also noted that the rock filter dam in front of the bar screen at the Spring Plaza Section Once Detention Pond is falling apart and inquired whether the Board desires for SWS to repair same. Mr. Ring informed the Board that the rock filter dam at said location is not mandatory and can be removed. Mr. Woodson then indicated that SM&M will prepare and submit a proposal to the Board for the removal of the rock filter dam at the Spring Plaza Section 1 Detention Pond for the Board's consideration at the next regular meeting. After discussion, it was noted that no action was required by the Board at this time.

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 September 9, 2024, a copy of which is attached hereto as **EXHIBIT G**. In that regard, Mr. Woodson presented to and reviewed with the Board the D&D

Report and responded to various questions from the Board. Mr. Woodson discussed the proposed schedule for repair of the erosion and sinkholes in the Spring Pines Detention Pond approved by the Board last month. Director Shelnuttt then requested that, in addition to the proposal for removal of the rock filter dam in front of the Spring Plaza Section One bar screen discussed above, SWS provide proposals and cost estimates for the Board's consideration at the October regular meeting for (i) cleaning out the spillway for the Louetta Woods Detention Pond, and (ii) cleaning and desilting of the pilot channels in all of the District's detention ponds. Mr. Woodson advised he would provide said proposals for the Board's consideration at the meeting scheduled for October 9, 2024. After discussion, it was noted that no action was required by the Board 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 acquisition of the Harlow Spring Cypress Apartments located at 2539 Spring Cypress Road by Lakeside Place PFC. Mr. Rubinsky advised that SPH is continuing to monitor a pending rate appeal at the Public Utility Commission and other litigation related to similar transactions that have occurred in other municipal utility districts over the past two years.

AMENDED AND RESTATED CONSTRUCTION AND MAINTENANCE AGREEMENT WITH HANNOVER FOREST HOMEOWNERS ASSOCIATION SECTION TWO

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 September 11, 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 proposed Water Plant No. 1 ("WP No. 1") Improvements, Mr. Ring advised the Board that plans have been approved by the Texas Commission on Environmental Quality and OEG will be ready to submit plans to the City of Houston once 100% plans are received from the electrical engineer. In connection therewith, Mr. Ring requested Board approval to begin soliciting bids for the WP No. 1 Improvements projects.

In connection with the proposed repair and recoating of the Ground Storage Tank at Water Plant No. 2 ("WP No. 2"), Mr. Ring advised the Board that OEG had prepared plans for review by Inframark and Director Shelnuttt, and is preparing construction plans and bid documents. In

connection therewith, Mr. Ring requested Board approval to begin advertising for bids for the repair and recoating of the Ground Storage Tank at WP No. 2.

In connection with the contract with CSE W-Industries, Inc. for the replacement and installation of the emergency generator at WP No. 1, Mr. Ring presented Pay Estimate No. 3 and Final in the amount of \$19,639.40 for the Board's approval.

In connection with the proposed future improvements at the District's Wastewater Treatment Plant ("WWTP"), Mr. Ring advised that OEG has received cost estimates and requested the Board's approval to formally solicit bids from three (3) contractors to perform work at the WWTP.

After discussion, Director Shelnutt moved to: (i) authorize OEG to solicit bids for the WP No. 1 Improvement project; (ii) advertise for bids for the repairs and recoating of the Ground Storage Tank at WP No. 2; (iii) approve Pay Estimate No. 3 and Final in the amount of \$19,639.40 from CSE W-Industries, Inc.; and (iv) authorize OEG to solicit three (3) bids for the proposed coating system project at the District WWTP. Director Patridge seconded said motion, which unanimously carried.

Mr. Rubinsky next updated the Board on the status of the Amended and Restated Agreement for Shared Detention Facilities with Meadowhill Regional Municipal Utility District. He reported that a draft of the Amended and Restated Agreement will be sent to Meadowhill's attorney for review and comment soon.

Ms. Sears exited the meeting at this time.

STATUS OF PROPOSED ANNEXATIONS

The Board next considered the status of the proposed annexation of various tracts of land into the boundaries of the District. Mr. Rubinsky summarized the status of each of the pending annexations for the Board and advised that the annexation petitions and supporting documents have been prepared for execution by the appropriate representatives of Prose Foster Venture, LP and SRPF D/Holzwarth Industrial, L.P. in connection with the proposed annexation of 2.0 and 16.2 acres, respectively. In connection with said proposed annexations, Mr. Rubinsky advised that OEG needs to prepare the required Water District Consent Application Forms for filing with the City of Houston, and will need to obtain letters from the North Harris County Regional Water Authority in connection with each of said annexations.

Mr. Rubinsky next updated the Board on the status of the proposed annexation of various tracts acquired by affiliated entities of Dhanani Private Equity Group ("DPEG") and reported on a recent call with DPEG's legal counsel regarding same. Mr. Rubinsky advised that SPH will begin preparing the annexation petitions and supporting documents for the various DPEG tracts and recommended that OEG prepare the required Water District Consent Application Form for filing with the City of Houston.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Rubinsky updated the Board on the status of various pending Utility Commitments. Mr. Ring then presented correspondence from Kimley Horn and Associates, Inc. dated September 4, 2024, a copy of which is attached hereto as **EXHIBIT I**, requesting utility capacity on behalf of AIKG, LLC for a proposed indoor amusement and recreation facility to be constructed on an 8.279-acre tract located northwest of Highway I-45 & Spring Cypress Road, and recommended the Board approve same. After discussion, Director O'Neal moved that SPH be authorized to prepare a utility commitment to AIKG, LLC to serve the proposed development described above. Director Shelnett seconded said motion, which unanimously carried.

Mr. Woodson exited the meeting at this time.

DEVELOPERS' REPORTS

Mr. Rubinsky updated the Board on the status of the Utility Development Agreements for the DPEG development entities, and for SRPF D/Holzwarth Industrial, L.P.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY")

Ms. Steadman provided the Board with a brief update on the activities of the Authority.

HARRIS COUNTY CONSTABLE PRECINCT 4 OFFICE ("HCCO") MONTHLY ACTIVITY REPORT

Mr. Rubinsky presented to and reviewed with the Board the Monthly Activity Report provided by the HCCO for August 2024, a copy of which is attached hereto as **EXHIBIT J**, and discussed the current status of criminal activities in the District and surrounding areas. Mr. Rubinsky advised the Board that SPH is waiting on the fully executed Interlocal Agreement for Law Enforcement Services with Harris County for the term commencing October 2024.

ATTORNEY'S REPORT

The Board considered the attorney's report. Mr. Rubinsky advised the Board that he had nothing further to discuss with the Board of a legal nature that was not covered under specific agenda items.

APPOINTMENT OF NEW DIRECTOR

The Board next recognized Mr. Aranzales who introduced himself to the Board and expressed his interest in serving on the Board of Directors.

PROPOSALS FOR OPERATIONS SERVICES

Ms. Steadman addressed the Board regarding the proposal for operations services previously provided by Inframark's and presented updated proposed labor rates.

Mr. Rubinsky next discussed with the Board the Operations Services proposal spreadsheet that OEG circulated and the requirements for Closed Session pursuant to the Open Meetings Act, Section 551.071, Texas Government Code for consultation with the District's attorney regarding matters protected by attorney-client privilege.

CLOSED SESSION

The Board President next announced that the Board would enter into Closed Session at 11:18 a.m. pursuant to Texas Government Code Section 551.071, for consultation with the District's attorney regarding matters protected by attorney-client privilege. Ms. Steadman and Messer's Ring, Downum, and Aranzales exited the meeting at this time.

RECONVENE IN REGULAR SESSION

The Board reconvened in Regular Session at 11:47 a.m. After discussion, Director Patridge moved that: (i) the Board scheduled a special meeting to be held on September 27, 2024, at 21406 Hannover Estates Drive, Spring, Harris County, Texas, within the District, at 10:00 a.m.; and (ii) OEG and SPH work together to update the Operations Services Proposals spreadsheet to include Inframark's most recent invoices and a comparison of its most recent invoice under its existing versus proposed rates. The Board requested that the updated spreadsheet be provided to the Board for review prior to the special meeting. Director O'Neal seconded said motion, which unanimously carried.

OTHER MATTERS

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

ADJOURNMENT

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

Secretary, Board of Directors

Walter E. ...



List of Exhibits to
Spring West Municipal Utility District
Minutes of Meeting held September 11, 2024

- Exhibit A Off Cinco Messaging Service Proposal
- Exhibit B Bookkeeper's Report; Investment Report
- Exhibit C Tax Assessor/Collector's Report
- Exhibit D Financial Advisor's 2024 Tax Rate Recommendation
- Exhibit E Operator's Report
- Exhibit F Storm Water Solutions LLC
- Exhibit G Detention and Drainage Facilities Maintenance Report
- Exhibit H Engineer's Report
- Exhibit I Correspondence from Kimley Horn and Associates on behalf of AIKG, LLC dated September 4, 2024
- Exhibit J Harris County Constable Precinct 4 Office Monthly Activity Report