

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

December 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 December 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
Andres Aranzales	Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also in attendance were: Danielle Gonzalez of Odyssey Engineering Group, Inc. ("OEG"); Jorge Diaz of McLennan & Associates, L.P. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"), who joined the meeting via teleconference; Eric Badertscher of Off Cinco, LLC ("Off Cinco"); Glenn Woodson of Storm Maintenance & Monitoring, Inc. ("SM&M"); Josh Board, Chris Hoffman, and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Ed deZevallos, a landowner in the District who joined later in the meeting via teleconference as noted herein; 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 with the next items of business.

APPROVAL OF MINUTES

The Board considered approval of the minutes of the Board of Directors regular meetings held on October 9, 2024, and November 13, 2024, and the special meeting held on October 30, 2024. After discussion, the Board deferred consideration of the minutes of the regular Board of Directors meetings held on October 9, 2024, and November 13, 2024, and the special meeting held on October 30, 2024.

BOOKKEEPER'S REPORT

Mr. Diaz presented and reviewed with the Board the Bookkeeper's Report for the period November 14, 2024, through December 11, 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 presented and reviewed an Investment Report for the period November 1, 2024, through November 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. Rubinsky noted the three blank check nos. 2659, 2707, and 2745 to the North Harris County Regional Water Authority ("Authority"), and inquired why the District's fees to the Authority have not been paid. Mr. Board informed the Board that Inframark had not sent the October billing to get payment submitted to the Authority and, after discussion with Inframark, H2O was able to obtain the October billing information and submitted it to the Bookkeeper so payment can be submitted to the Authority. Mr. Rubinsky reminded Mr. Diaz that the Authority lowered, its groundwater pumpage fee from \$3.60 to \$2.60 per 1,000 gallons and requested that he correct the notes related to each of said checks to the Authority to reflect the correct pumpage fee.

Mr. Rubinsky next discussed with the Board the outstanding amounts owed by Starbucks in connection with the annexation of approximately 0.50 acres in late 2023 and noted that H2O will include such amount in the collecting a tap fee to be collected from Starbucks in connection with the tie-in of the store to the District's new water and sewer lines being constructed by Bull-G Construction along F.M. 2920. He emphasized that the outstanding balance needs to be collected prior to or in connection with the tap fee.

In connection with the Dhanani Private Equity Group ("DPEG") spreadsheet attached to the Bookkeeper's report. Mr. Rubinsky advised the Board that SPH has a call scheduled with representatives of DPEG later this week to discuss the status of the proposed annexation of its various parcels totaling approximately 27,7 acres, and will request it deposit an additional \$50,000 with the District to pay the current deficit in its annexation deposit account, plus the estimated remaining legal and engineering fees to be incurred by the District in order to complete annexation of such property until the District. Mr. Rubinsky recommended to the Board that OEG also request additional deposits of \$15,000 each from Alliance Residential Holding's, LLC and Stream Realty Partners in connection with the payment of the current deficits in their annexation deposit accounts and the remaining costs to be incurred by the District in connection with their respective annexations.

After discussion, Director Shelnutt moved that: (i) check no. 2659 to the Authority be completed in the amount of \$42,926.40 and be approved with the Bookkeeper's Report; (ii) check no. 2717 to Inframark be held until H2O receives of the District's outstanding records: and; (iii)

OEG be authorized to request additional funds related to the pending annexations as discussed above.

APPROVAL OF OPERATING BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2025

Mr. Diaz presented to and reviewed with the Board the proposed Operating Budget for the District's fiscal year ending December 31, 2025, a copy of which is attached to the Bookkeeper's Report. Mr. Board discussed the condition of various District facilities and necessary repair costs he believes should be included in the 2025 proposed operating budget with the Board. He noted that the effluent flow meters, at the wastewater treatment plant are failing, and provided an estimated repair cost of \$10,000. Mr. Board recommended replacing the automatic samples at the wastewater treatment plant at an estimated cost of \$13,500, replacing the potable water line at the Plant, at an estimated cost of \$10,000, and replacing the eye wash station. Mr. Board next discussed a leak in the chlorine supply feed line at Water Plant No. 1 and recommended installing a new tap at an estimated cost of \$5,000 and completing lead and copper water sampling at a cost of \$5,000.

Mr. Board next addressed the \$250 monthly expense for the rental of the diesel storage tank and recommended canceling the rental agreement and instead purchasing a diesel storage tank for a flat cost of roughly \$3,000. Mr. Diaz reviewed the updated revisions to the proposed Operating Budget for the District's fiscal year ending December 31, 2025, which included the above-recommended estimated costs provided by H2O. After discussion, Director Shelnett moved that said Operating Budget for fiscal year ending December 31, 2025, be approved by the Board as revised at today's meeting. Director Norris seconded said motion, which unanimously carried.

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. Rubinsky presented a Cost and Usage Report for the District by Acclaim Energy for the period September 2023 through August 2024, a copy of which is attached hereto as **EXHIBIT B**. He advised that such Report satisfies the energy reporting requirements of the applicable law.

ENGAGEMENT OF AUDITOR

The Board next considered the engagement of Mark C. Eyring, CPA, PLLC ("Mr. Eyring") to prepare the District's audit for the fiscal year ending December 31, 2024. Mr. Rubinsky reminded the Board that Mr. Eyring' was engaged to prepare the District's annual audits for the fiscal years ending December 31, 2023 and December 31, 2024, last year. After discussion, Director Shelnett moved that the Board authorize Mr. Eyring to prepare the District's audit for the fiscal year ending December 31, 2024, subject to the fee remaining the same as the previous year. Director Norris seconded said motion, which unanimously carried.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. McLaughlin presented to and reviewed with the Board the Tax Assessor/Collector's Report for the month ending November 30, 2024, via teleconference, 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, which is included with the Tax Assessor/Collector's Report, dated December 4, 2024. After discussion, Director Shelnuttt moved that the Tax Assessor/Collector's Report and that the disbursements identified therein be approved for payment from the Tax Account. Director Aranzales seconded said motion, which unanimously carried.

Ms. Laughlin disconnected from the meeting at this time.

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 Collection Attorneys, after noting that the next quarterly report was not due until the Board's January meeting.

OPERATIONS REPORT

Mr. Board presented to and reviewed with the Board the Operations Report dated November 2024, a copy of which is attached hereto as **EXHIBIT D**, and discussed the transition of operations and billing and collections services from Inframark to H2O. Mr. Board discussed the format of H2O's Operations Report and noted that several fields that are currently blank in the Report will be populated in the months ahead as H2O gets fully immersed in the District's operations. Mr. Board next reviewed various repair and maintenance items that have been underdressed over the past month, and discussed several proposed repairs at the Wastewater Treatment Plant ("WWTP") and the Spring Plaza Storm Water Pump Station, and reviewed proposals received in connection with same, including a proposal from NTS Pumps, Motors, and Control ("NTS") in the amount of \$5,300 for the replacement of the broken gearbox for the sluice gate at The Spring Plaza Pump Station.

After discussion, Director Shelnuttt moved that: (i) the proposal from NTS in the amount of \$5,300 for the replacement of the broken gearbox for the sluice gate at The Spring Plaza Pump Station be approved; and (ii) the replacement of the pressure gauges on the non-potable water system at the WWTP be approved. Director Patridge seconded said motion, which unanimously carried.

Mr. Rubinsky addressed the Board regarding the proposed new Sludge Management Agreement ("Agreement") and informed the Board that it will be included on the agenda for the Board's next meeting with H2O and Magna Flow.

Ed deZevallos joined the meeting via teleconference at this time.

STORMWATER QUALITY INSPECTION REPORT

Mr. Rubinsky presented and reviewed with the Board the Storm Water Quality Inspection Reports ("Inspection Reports") prepared by Storm Water Solutions, for December 2024, copies of which are attached hereto as **EXHIBIT E**. In connection therewith, Mr. Rubinsky noted that the rock filter dam in front of the stormwater quality feature in the Spring Plaza Section 1 Dentation Pond was removed, but there is now a gap between the bottom of the screen and the outfall that may need to be eliminated. Mr. Woodson and Ms. Gonzalez advised they would investigate and determine whether any adjustments to the bar screen are in order.

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 December 10, 2024, a copy of which is attached hereto as **EXHIBIT F**. Mr. Woodson presented to and reviewed with the Board the D&D Report and responded to various questions from the Board. He discussed additional repairs required to the sinkholes within the Spring Pines Detention Pond recently completed by SM&M, which were performed. Mr. Woodson next discussed certain repairs needed to the east slope of the Spring Pines Detention Pond adjacent to Holzwarth Road. After discussion, Director Norris moved to authorize SM&M to repair the slope erosion on the east slope of Spring Pines Detention Pond at a cost not to exceed \$1,500. Director Aranzales seconded said motion, which unanimously carried.

TAX-EXEMPT MULTI-FAMILY DEVELOPMENTS; AMENDMENT OF RATE ORDER

The Board next considered the existing and potential tax-exempt multi-family developments within the District and the negative financial impact to the District and all of its other customers and taxpayers that occurs when such projects have not previously paid a Non-taxable Entity Tap Fee to the District and later became tax-exempt. Mr. Rubinsky presented and reviewed with the Board and the District's Consultants proposed revisions to the District's Rate Order, including the adoption of a special fee to be imposed, monthly on Non-taxable Apartment Customers, which have not previously paid a Non-Taxable Entity Tap Fee to the District, intended to recoup the annual ad valorem tax revenues anticipated to be collected by the District to pay its costs of providing water, sewer and drainage facilities and services to said customers. Mr. Rubinsky discussed the various options available to the District to determine the appropriate annual change, which would then be billed by the District's Operator in twelve (12) equal monthly installments on the customer's water and sewer bill and subject to payment under the same terms and conditions, as set forth in the Rate Order. After further discussion, upon motion by Director Shelnett, seconded by Director Aranzales, and unanimously carried, the Board voted to (i) adopt the amended Rate Order, attached hereto as Exhibit G, effective January 1, 2025, and to authorize SPH, BLI and H2O to calculate and begin invoicing the monthly fee to the subject customer class in January 2025, and (ii) revoke any and all Rate Orders previously adopted by the District, effective on January 1, 2025.

Mr. Diaz exited the meeting at this time.

**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

Ms. Gonzalez presented and reviewed in detail with the Board a written Engineer's Report dated December 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 repair of the main outfall pipe at the Hannover Village Regional Detention Pond (Meadowhill Regional Municipal Utility District), Ms. Gonzalez informed the Board that OEG has requested an updated cost estimate from Meadowhill's engineer.

In connection with the Water Plant No. 1 ("WP No. 1") Motor Control Center Update, Ms. Gonzalez advised the Board that OEG is incorporating comments received from H2O into the plans for submittal to the City of Houston for review and will hold off proceeding with the project until the completion of the Ground Storage Tank repairs and recoating at Water Plant No. 2 ("WP No. 2").

In connection with the development of the Geographical Information System for the District, Ms. Gonzalez reviewed an initial estimate of costs, including the annual maintenance fee with the Board, and advised the Board that OEG will provide a formal proposal for the Board's consideration and approval next month.

In connection with the coating repairs at the Wastewater Treatment Plant ("WWTP"), Ms. Gonzalez advised the Board that OEG received one bid from D&L Quality Painting in the amount of \$108,025, and recommended the Board award the contract for the coating repairs at the WWTP to such bidder.

In connection with the improvement of the pilot channel in Hannover Estates Detention Pond, Ms. Gonzalez informed the Board that OEG received a proposal from West Belt Surveying, Inc. in the amount of \$7,900, to perform a full topographic survey of the pond and the structures upstream and downstream that OEG will use to produce a more accurate cost estimate for the recommended improvements to such facility.

Ms. Gonzalez next discussed the need for a feasibility study for possible annexation to HEB requiring 10 connections. She advised that OEG will provide annexation requirements and is expecting a utility commitment request.

In connection with the televising of Well Nos. 1, 2, and 3, Director Shelnutt recommended that OEG review the previous Well Performance Test results and schedule a call with G-M Services to confirm if televising is needed.

After discussion on the various engineering and construction projects, Director Shelnutt moved that: (i) the bid received from D&L Quality Painting in the amount of \$108,025 for the coating repairs at the WWTP be approved, and (ii) West Belt Surveying, Inc. be authorized to perform a full topographic survey of Hannover Estates Detention Pond as previously recommended by Ms. Gonzalez. Director Patridge seconded said motion, which unanimously carried.

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. He advised the Board that SPH has a call scheduled with representatives of DPEG later this week regarding the status of the proposed annexation of various tracts acquired by affiliated entities of DPEG and that the annexation documents have been sent to DPEG for execution.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Rubinsky updated the Board on the status of various pending Utility Commitments. He next requested the Board again approve Utility Commitments to (i) DPEG Holzwarth, LP in connection with a multi-family development on 14.22 acres, and (ii) Panjwani Energy Properties, LLC in connection with a mixed-use commercial development on 5.523 acres in the process of being annexed into the District.

After discussion, Director Shelnutt moved that: (i) the Utility Commitments for the 14.22-acre DPEG Holzwarth, LP tract, and the 5.523-acre Panjwani Energy Properties, LLC tracts be approved; (ii) the President be authorized to execute same on behalf of the Board and District; and (iii) the TEC Form 1295 from DPEG Holzwarth, LP, and Panjwani Energy Properties, LLC be accepted. Director Aranzales seconded said motion, which unanimously carried.

Mr. deZevallos disconnected from the meeting at this time.

DEVELOPERS' REPORTS

The Board deferred further consideration of the Developer's Report, 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")

Mr. Rubinsky provided the Board with an update from the December Authority meeting. No action was required of the Board in connection with said matter.

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 November 2024, as well as correspondence from HCCO dated November 14, 2024, regarding the proposed Fiscal Year 2026 Rate Increase, copies of which are attached hereto as **EXHIBIT I**, and discussed the current status of criminal activities in the District and surrounding areas.

ATTORNEY'S REPORT

Mr. Dicke next reviewed with the Board a Memorandum prepared by SPH concerning the U.S. Environmental Protection Agency's final National Primary Drinking Water Regulation (NPDWR) for per and polyfluoroalkyl substances ("PFAS"), a copy of which is attached hereto as **EXHIBIT J**. Mr. Dicke advised that the NPDWR establishes maximum contaminant levels ("MCLs") for six categories of the twenty-nine PFAS chemicals that may be found in public water systems, as well as an initial testing schedule for those categories that must be followed by certain districts. Mr. Dicke further advised that the applicability of the NPDWR to the District will depend, in part, on a review of the sources and disinfection treatments for the District's water supply. For example, districts which receive treated water from another water system through an interconnect for distribution without further treatment, except any treatment necessary to maintain water quality within the receiving district's distribution system, are not required to monitor that water under the NPDWR. Mr. Dicke noted that, for applicable districts, initial water supply monitoring is required to be completed by April 26, 2027. He stated that, depending on initial monitoring results, further monitoring will be established and a solution must be implemented to reduce PFAS levels for these six categories below the MCLs by April 26, 2029.

Following discussion, Director Aranzales moved that H2O and OEG be authorized to (i) determine whether the District is subject to the testing requirements of the NPDWR and, if so, (ii) develop an initial monitoring schedule which complies with the deadlines set forth in the attached Memorandum. Director Patridge seconded the motion, which unanimously carried.

CLOSED SESSION

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

OTHER MATTERS/RESIGNATION OF DIRECTOR NORRIS

The Board considered items to be placed on future agendas. Director Norris advised the Board that he would be resigning and that today would be his last meeting. Mr. Rubinsky asked the Directors all thanked Director Norris for his many years of service to the District and its customers and taxpayers and for all his valuable contributions over the years.

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



A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be 'J. M. J.'.

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

- Exhibit A Bookkeeper's Report; Investment Report
- Exhibit B Acclaim Energy Historical Cost & Usage Report
- Exhibit C Tax Assessor/Collector's Report
- Exhibit D Operator's Report
- Exhibit E Storm Water Solutions LLC
- Exhibit F Detention and Drainage Facilities Maintenance Report
- Exhibit G Rate Order, effective January 1, 2025
- Exhibit H Engineer's Report
- Exhibit I Harris County Constable Precinct 4 Office Monthly Activity Report
- Exhibit J National Primary Drinking Water Regulation – PFAS Memorandum