

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

November 13, 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 November 13, 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 Shelnett	Vice President
W. Eugene Norris, Sr.	Secretary
Jerome A. Patridge	Assistant Secretary
Andres Aranzales	Assistant Secretary

and all of said persons were present except Director Norris, 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"); Missy Steadman of Inframark, LLC ("Inframark"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); Glenn Woodson of Storm Maintenance & Monitoring, Inc. ("SM&M"); Chris and Donnice Hoffman and Josh Board of H2O Consulting, Inc. ("H2O"); Pastor David and Pastor Robert Hogan of Spring First Church; 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. Pastors Hogan addressed the Board and inquired as to the possibility of obtaining water service from the District for fire protection purposes only for a new development within the Spring First Church property to which the District already provides out-of-district wastewater treatment services, or, in the alternative, annexation of its property into the District.

Mr. Rubinsky advised Pastors Hogan that the District's water system is designed for domestic potable water use and can certainly be used, when available, for firefighting purposes, but is not designed specifically for fire protection purposes. However, as has been discussed with the Church in the past, the bigger impediment to the District providing water service to the Spring

First Church property is the fact that it is located within the certificated service area of Undine's Certificate of Convenience and Necessity ("CCN"). The District is prohibited by law from providing water service to any property within the area of such CCN without Undine's prior written consent or the removal of the subject property from the certificated area. The Board noted that it would be willing to further evaluate the Church's request upon receipt of written confirmation from Undine that it would not object to the District providing water services to the Church's property. Director Aranzales next inquired whether the fire protection system would be new or if Spring First Church would utilize an existing system, and recommended that, if the District were to provide the water supply as requested, a certified operator/installer be required to inspect and approve the system. Director Shelnutt further requested confirmation that the fire protection system would be kept completely separate from any other water system. Mr. Board also recommended that in the event the District serves the property, the fire protection line be metered going forward to ensure the detection of any leaks.

Pastor Robert Hogan next discussed various communications with Inframark over discrepancies regarding billing and usage on the Church's October invoice. Ms. Steadman advised that Inframark has corrected the billing issue and credits will be reflected on the November statement.

APPROVAL OF MINUTES

The Board deferred consideration of the minutes of the regular Board of Directors meeting held on October 9, 2024, and the special meeting held on October 30, 2024.

Pastors Robert Hogan thanked the Board for its consideration and exited the meeting at this time.

BOOKKEEPER'S REPORT

Mr. Diaz presented and reviewed with the Board the Bookkeeper's Report for the period October 10, 2024, through November 13, 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 October 1, 2024, through October 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. Mr. Rubinsky updated Mr. Board on the Starbucks annexation deposit account and the outstanding amount to be collected prior to initiating services to the property. Mr. Rubinsky also reminded Mr. Diaz that North Harris County Regional Water Authority lowered its groundwater pumpage fee from \$3.60 per 1,000 gallons to \$2.60 per 1,000 gallons effective October 1, 2024, and requested the notes related to check nos. 2609 and 2707 on the Bookkeeper's Report be corrected to reflect same.

In connection with the spreadsheet attached to the Report regarding the Standby Generator

for Water Plant No. 1, Ms. Gonzalez advised Mr. Diaz that this project has been completed and that the subject spreadsheet can be removed.

In connection with DPEG Management, Mr. Rubinsky recommended the Board request an additional \$20,000 deposit to cover the District's costs associated with such annexation and another \$15,000 deposit each from Alliance Residential Holdings, LLC ("Alliance") and Stream Realty Partners ("Stream") in connection with the remaining costs associated with their respective annexations. After discussion, Director Shelnuttt moved that (i) the Bookkeeper's Report and the disbursements presented for payment therein be approved, (ii) the Investment Report for October 2024 be approved and the District's Investment Officer be authorized to execute same on behalf of the Board and the District, and (iii) OEG be authorized to request the additional deposits of \$20,000 from DPEG, \$15,000 from Alliance and \$15,000 Stream to pay the costs incurred by the District in connection with the annexations of property into the District. Director Aranzales seconded said motion, which unanimously carried.

DRAFT OPERATING BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2025

Mr. Diaz next presented to and reviewed with the Board a draft operating budget for the District's fiscal year ending December 31, 2025, a copy of which is attached to the Bookkeeper's Report, and requested the Directors and consultants provide their comments, if any, to the District's Bookkeeper prior to the Board of Directors meeting scheduled for December 11, 2024. In connection therewith, Mr. Rubinsky identified errors in the Monthly Average column and requested Mr. Diaz correct same.

COMPLIANCE WITH TEXAS GOVERNMENT CODE CHAPTER 2265 RELATIVE TO ENERGY REPORTING

The Board deferred consideration of the District's compliance with Texas Government Code, Chapter 2265, relative to energy reporting requirements after noting that the District's Bookkeeper will follow up with Acclaim Energy Advisors to request a report to present at the next regularly scheduled Board of Directors meeting.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. McLaughlin presented to and reviewed with the Board the Tax Assessor/Collector's Report for the month ending October 31, 2024, which is attached hereto as **EXHIBIT B**, including the disbursements presented therein for payment from the Tax Account. Ms. McLaughlin also presented to and reviewed with the Board a Single Line Delinquent Tax Report, included with the Tax Assessor/Collector's Report, dated November 6, 2024. After discussion, Director Shelnuttt 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 Aranzales seconded said motion, which unanimously carried. Ms. McLaughlin next inquired whether the Board would like an aerial photograph of the District taken as of January 1, 2025, at an estimated cost of \$1,000. After discussion, the Board requested that Leared obtain an aerial photograph of the District as of

January 1, 2025, at such estimated cost.

SECOND AMENDED AND RESTATED AGREEMENT FOR SERVICES OF TAX ASSESSOR AND COLLECTOR

The Board next considered approval of a Second Amended and Restated Agreement for Services of Tax Assessor and Collector (the "Agreement") between the District and BLICO, INC., dba Leared, a copy of which is attached hereto as **EXHIBIT C**. Ms. McLaughlin reviewed the Agreement with the Board and noted that charges to the District pursuant to same will increase by approximately \$108 per month. After discussion, Director Aranzales moved that the Board (i) approve the Agreement and authorize the President to execute said Agreement and Secretary attest same on behalf of the Board and the District, and (ii) the TEC Form 1295 from Leard be accepted. Director O'Neal 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 Collection Attorneys (Perdue Brandon") after noting that the next quarterly report was not due until the Board's December meeting. Mr. Rubinsky requested, however, that Ms. McLaughlin reach out to Perdue Brandon regarding the delinquent RG Squared Real Estate LLC account listed on Leared's Single Line Delinquent Tax Report.

TRANSITION OF OPERATIONS SERVICES

Mr. Rubinsky advised the Board the transition of operations services from Inframark to H2O was completed effective November 1, 2024, as requested and agreed to by both companies.

Mr. Board presented to and reviewed with the Board H2O's Management Summary Report, a copy of which is attached hereto as **EXHIBIT D**. Mr. Board reviewed the actions taken by H2O since taking over operations from Inframark on November 1, 2024, and reviewed various items in need of repairs at the District's facilities that were noted after touring each facility and thoroughly assessing the condition of equipment at each site. He noted that he also met with OEG to discuss the District's Capital Improvement Plan and will provide feedback on ongoing as well as proposed future projects. He then informed the Board that H2O is scheduled to read meters for the first time on November 26, 2024, and will send bills out in December. Mr. Board next presented a quote provided by NTS Pumps, Motors, and Control ("NTS") for the replacement of the auto-dialer at the Wastewater Treatment Plant ("WWTP") at a cost of \$8,675.00, a copy of which is included with the Management Summary Report. Director Shelnutt requested that H2O reach out to SLS for a quote for the replacement of the WWTP autodialer as well. Mr. Board next discussed the Electronic Lockbox Payment Service that H2O offers to the District's customers through Central Bank and the various payment options available thereunder, and numerous agreements and resolutions related there that were recently provided to SPH for review. He requested the Board approve the various resolutions and agreements and authorize the Board

President to execute same on behalf of the District subject to SPH's final review and approval of all of said documents. After discussion, Director Aranzales moved (i) the Electronic Lockbox Payment Agreement and the other related agreements, addendums, and resolutions be approved, subject to SPH's final review and approval, (ii) H2O be authorized to send text messages through Off Cinco to notify customers of the new District Operator, and (iii) the replacement of the WWTP autodialer by NTS at a cost not to exceed \$8,675.00 be approved. Director Shelnuttt seconded said motion, which unanimously carried.

OPERATOR'S REPORT

Ms. Steadman presented to and reviewed with the Board the Operator's Report dated November 13, 2024, a copy of which is attached hereto as **EXHIBIT E**, and discussed various completed and pending repairs noted therein. Ms. Steadman responded to various questions and comments from the Board, Mr. Board, and Mr. Rubinsky regarding items in the Operator's Report. She then advised the Board that customer billing for the most recent billing cycle closes today and that the District's billing records will all be turned over to H2O.

Mr. Rubinsky advised the Board that the new commercial irrigation-only tiered water rate structure has been incorporated into the Rate Order and is now in effect. Mr. Board advised that H2O will not terminate any services during the transition to allow customers time to pay. After discussion, Ms. Steadman noted that no action required Board approval 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 SWS for November 2024, copies of which are attached hereto as **EXHIBIT F**. After discussion, Mr. Rubinsky noted that no action was required of the Board in connection with said report 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 November 12, 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 status of repairs of the sinkholes that developed within the scope of the Spring Pines Detention Pond. Director Shelnuttt requested SM&M walk the slopes to make sure there were no more sinkholes.

After discussion, Mr. Woodson noted that no action was required of the Board at this time.

Mr. Diaz 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 acquisition of the Harlow Spring Cypress Apartments located at 2539 Spring Cypress Road by Lakeside Place PFC. Mr. Rubinsky updated the Board on the ongoing matters at the Public Utility Commission and in several State courts in connection with PFC related projects. He advised that he would be prepared to discuss a path forward relative to this matter at next month's meeting.

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 November 13, 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") Motor Control Center Update, Ms. Gonzalez advised the Board that plans are being reviewed by H2O and Director Shelnett should be ready to bid in December.

In connection with the proposed repair and recoating of the Ground Storage Tank at Water Plant No. 2 ("WP No. 2"), Ms. Gonzalez advised the Board that eleven bids were received on October 29, 2024, with the low bidder being NG Painting, LP with a bid amount of \$199,840, and that OEG recommends the award of a contract for such work to the low bidder. After discussion, Director Aranzales moved that the contract be awarded to NG Painting, LP in the amount of \$199,840, and that NG Painting, LP be authorized to proceed with the repair and recoating of the Ground Storage Tank at WP No. 2, subject to SPH's review and approval of the payment and performance bonds and certificate of insurance provided by NG Painting, LP in connection with said contract. Director Shelnett seconded said motion, which unanimously carried.

In connection with the proposed regrading and improvements of the pilot channel in the Hannover Estates Detention Pond, Ms. Gonzalez informed the Board that OEG has reached out to a surveyor to report a proposal to perform a topographical survey of the area to finalize the scope of work. She advised that OEG will have a proposal to present at the December Board meeting.

Ms. Gonzalez next updated the Board on the status of communications with the Texas Department of Transportation ("TxDOT"), Wright Solutions, and certain landowners regarding the need to replace the drainage outfall pipes tied into the Drainage Channel located between F.M. 2920 and Spring Cypress Road. She advised that TxDOT notified OEG that it completed the work on the channel, but that OEG determined that the work was performed on the east side of the channel (adjacent to the HEB property), which is not the side of the channel that TXDOT holds title to and the District has requested its assistance with. Ms. Gonzalez responded to TXDOT by email and forwarded photos depicting the problems with the deficient outfall structures negatively updating the west side of the subject channel and requested an update as to when TXDOT expects to address the situation.

In connection with the application for the renewal of the waste discharge permit for the WWTP submitted to the Texas Commission of Environmental Quality ("TCEQ"), Ms. Gonzalez informed the Board that OEG has received an update from TCEQ advising of a backlog in processing the District's application. She advised that OEG expects to receive a response in December and that the District is to continue to operate under the existing permit until the new permit is issued.

Director Shelnut next requested copies of the most current televising and testing reports of Water Well Nos. 1, 2, and 3 for review. He also requested an updated proposal regarding the development of a GIS System for the District to review before the next regularly scheduled Board meeting.

Mr. Woodson exited the meeting during this discussion.

STATUS OF PROPOSED ANNEXATIONS

Mr. Rubinsky briefly discussed with the Board the status of various proposed annexations of property into the District. In connection with the proposed annexation into the District of 27.727 acres owned by DPEG-affiliated entities. Mr. Rubinsky discussed with the Board the City and Board Petitions (the "Petitions") for the addition of 5.523 acres of land owned by Panjwani Energy Properties, LLC, 16.254 acres of land owned by DPEG Holzwarth, LP, and 5.95 acres of land owned by DPEG Panjwani, LLC (the "DPEG Properties"). After discussion, Director Aranzales moved to accept and approve the Petitions for annexation of the DPEG Properties, subject to SPH's receipt and final approval of all properly executed Petitions and related annexation documents from the DPEG-entities, and that the President be authorized to execute and the Assistant Secretary be authorized to attest same. Director Patridge seconded said motion, which unanimously carried.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Rubinsky presented to and reviewed with the Board the Utility Commitments for the 5.523 acres of land owned by Panjwani Energy Properties, LLC, and the 16.254 acres of land owned by DPEG Holzwarth, LP. After discussion, Director Aranzales moved that the subject utility commitments to Panjwani Energy Properties, LLC and DPEG Holzwarth, LP be approved, subject to said entities' execution and return of same in the form presented and receipt of a properly completed TEC Form 1295 from each entity, and that the President be authorized to execute same. Director Patridge seconded said motion, which unanimously carried.

Mr. Ring exited the meeting at this time.

DEVELOPERS' REPORTS

Mr. Rubinsky next presented and reviewed with the Board the Utility Development Agreement ("UDA") by and between the District and DPEG Panjwani, LLC which will as the development entity of all the DPEG-related entities. After discussion, Director Aranzales moved that the UDA be approved, subject to DPEG Panjwani, LLC's execution, and that the President be authorized to execute same. Director Patridge seconded said motion, which unanimously carried.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("AUTHORITY")

Mr. Rubinsky provided the Board with background on conflict with the Authority. No action was required of the Board in connection with same.

RATIFY AMENDMENT OF RATE ORDER

The Board next considered ratifying its prior approval of an amended Rate Order in connection with the Authority's decrease in its pumpage fees effective October 1, 2024. Mr. Rubinsky reminded the Board that the Rate Order was amended in order to pass through the reduction in the Authority's groundwater pumpage fee to the District's customers. After discussion, Director Shelnett moved that the Board's prior approval of an amended Rate Order be ratified in all respects. Director Aranzales seconded said motion, which unanimously carried.

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 October 2024, a copy of which is attached hereto as **EXHIBIT I**, and discussed the current status of criminal activities in the District and surrounding areas. The Board concurred that no action was required in connection with such matter at this time.

EMINENT DOMAIN REPORT

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

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky updated the Board on the status of the proposed Amended and Restated Agreement for shared Detention Facilities with Meadowhill Regional Municipal Utility District.

The Board deferred consideration of the EPA's final National Primary Drinking Water Regulation for PFAS until its next meeting.

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 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 Shelnutt moved that the meeting be adjourned. Director Aranzales seconded said motion, which unanimously carried.



(SEAL)

Secretary, Board of Directors

A handwritten signature in blue ink, appearing to be 'J. Mr.', is written over a horizontal line.

List of Exhibits to
Spring West Municipal Utility District
Minutes of Meeting held November 13, 2024

- Exhibit A Bookkeeper's Report; Investment Report
- Exhibit B Tax Assessor/Collector's Report
- Exhibit C Second Amended and Restated Agreement for Services of Tax Assessor and Collector
- Exhibit D H2O Consulting Management Summary
- Exhibit E Operator's Report
- Exhibit F Storm Water Solutions LLC Report
- Exhibit G SM&M Detention and Drainage Facilities Maintenance Report
- Exhibit H Engineer's Report
- Exhibit I Harris County Constable Precinct 4 Office Monthly Activity Report