

SPRING WEST MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

October 9, 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 October 9, 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

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

Also in attendance were: Justin Ring and Danielle Gonzalez of Odyssey Engineering Group, Inc. ("OEG"); Jorge Diaz of McLennan & Associates, L.P. ("McLennan"); Brenda McLaughlin of Bob Leared Interests, Inc. ("Leared"); Bart Downum of Inframark, LLC ("Inframark"); Eric Badertscher of Off Cinco, LLC ("Off Cinco"); Glenn Woodson of Storm Maintenance & Monitoring, Inc. ("SM&M"); Andres Aranzales, a member of the public; Ahmed Amer of Dhanani Private Equity Group ("DPEG"), who joined the meeting via video conference 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 to the next item of business.

APPROVAL OF MINUTES

The Board considered approval of the minutes of the Board of Directors special meetings held on September 6, 2024, and September 20, 2024, and its regular meeting held September 11, 2024. After discussion, Director Shelnett moved that the minutes of the meetings held on September 6, 2024, September 11, 2024, and September 20, 2024, be approved as written. Director Norris seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Diaz presented and reviewed with the Board the Bookkeeper's Report for the period September 12, 2024, through October 9, 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 September 1, 2024, through September 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 addressed the outstanding amount owed by Starbucks in connection with the annexation of its property into the District (\$32,307.76) as noted in the Bookkeeper's Report, and requested that Inframark include the outstanding amount owed to the District when it invoices Starbucks for the tap fee for the subject property. Mr. After discussion, Director Shelnuttt moved that (i) the Bookkeeper's Report and the disbursements presented for payment therein be approved, and (ii) the Investment Report for September 2024 be approved and the District's Investment Officer be authorized to execute same on behalf of the Board and the District. Director Patridge seconded said motion, which unanimously carried.

Mr. Amer joined the meeting via video conference at this time.

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 noting that the District's Bookkeeper will obtain information from Acclaim Energy Advisors to present at the next regular scheduled Board of Directors meeting.

ANNUAL REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER

Mr. Rubinsky next advised the Board that the Public Funds Investment Act requires the District to review its Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Investment Policy") and the investment strategies included therein on an annual basis. In that regard, Mr. Rubinsky briefly reviewed the Investment Policy with the Board and advised the Board that SPH is not recommending that the District make any changes to the Investment Policy at this time. After discussion, Director Norris moved that: (i) the policies, procedures, provisions, and investment strategies set forth in the Investment Policy adopted October 11, 2023, be affirmed and that the Investment Policy remain in effect until amended by further Order of the District; and (ii) the Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, attached hereto as **EXHIBIT B**, be adopted by the Board. Director Patridge 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 September 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 October 2, 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 considered a Delinquent Tax Report dated October 9, 2024, from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), the District's Delinquent Tax Collections Attorneys, a copy of which is attached hereto as **EXHIBIT D**. Mr. Rubinsky reviewed the Report in detail with the Board. Following discussion, it was noted that no action was required by the Board at this time in connection with said matter.

2024 TAX RATE

The Board conducted a public hearing regarding the imposition of a proposed debt service tax rate and maintenance tax rate for 2024. Ms. Laughlin confirmed that the notice of the proposed tax rate had been published in an appropriate newspaper in accordance with all legal requirements as directed by the Board at the previous meeting. It was noted that no taxpayer in attendance offered any comments in connection with said matter. Upon motion made by Director Shelnutt, seconded by Director Patridge, and unanimously carried, the hearing was closed.

The Board then discussed the setting of the 2024 tax rate. After discussion on the matter, it was moved by Director Shelnutt, seconded by Director Patridge, and unanimously carried that: (i) the Board adopt the tax rate as proposed at the Board meeting held September 11, 2024, and as reflected in the notice, being a 2024 debt service tax rate of \$0.32 per \$100 of valuation and a 2024 maintenance tax rate of \$0.35 per \$100 of valuation, resulting in a total 2024 tax rate of \$0.67 per \$100 of valuation; and (ii) the Order Levying Taxes attached hereto as **EXHIBIT E** be adopted in connection therewith, and the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District.

AMENDMENT TO DISTRICT INFORMATION FORM

Mr. Rubinsky next presented and discussed with the Board an Amendment to the Sixth Amended and Restated District Information Form ("DIF") relative to the establishment of the District's 2024 tax rate. After discussion, it was moved by Director Shelnutt, seconded by Director Norris, and unanimously carried that the amended DIF be approved, the Board members present be authorized to execute the amended DIF on behalf of the Board and the District, and that SPH

be authorized and directed to record same in the Harris County Real Property Records.

OPERATOR'S REPORT

Mr. Downum presented to and reviewed with the Board the Operator's Report dated October 9, 2024, a copy of which is attached hereto as **EXHIBIT F**, and discussed various substantial system repairs and maintenance items 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 discussed with the Board the 2,288,000 gallons of water used for commercial irrigation purposes by account number 68765, reflected in the Commercial Consumption Report included in the Operator's Report, and advised that it was due to a three-month leak, and that a payment plan had been issued to the customer in connection with the high bill associated with same.

Mr. Rubinsky then discussed the commercial consumption report highlighting the July, August, and September 2024 usage on the fire line for account number 90785. Mr. Downum advised that he is working with the customer to identify and resolve the issue. Mr. Downum next reported that Inframark received a cost estimate of \$17,000 to repair the sluice gate at the Spring Plaza Stormwater Pump Station from NTS, but that he would like to request that J.C. Reno at Wright Solutions remove the box and evaluate the situation at a cost of approximately \$1,500. After discussion, the Board concurred with Mr. Downum's recommendation and authorized J.C. Reno at Wright Solutions to evaluate the situation to determine how to best proceed with repairs to the sluice gate.

OFF CINCO MESSAGING SERVICES

Mr. Badertscher presented to and reviewed with the Board an updated messaging services proposal from Off Cinco in the form of an exhibit to an Amendment to Service Agreement between the District and Off Cinco, a copy of which is attached hereto as **EXHIBIT G**. Mr. Rubinsky discussed with the Board the Amendment to Service Agreement, a copy of which is included with Exhibit G. After discussion, the Board concurred to defer consideration of the Amendment to Service Agreement for messaging services until next month's meeting.

Ms. Laughlin exited the meeting 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 October 2024, copies of which are attached hereto as **EXHIBIT H**. Mr. Rubinsky advised that all of the District's storm water quality features are in good shape and all of its Storm Water Quality Permits are current. After discussion, Mr.

Rubinsky noted that no action required Board approval 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 October 8, 2024, a copy of which is attached hereto as **EXHIBIT I**. 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 updated the Board on the status of cleaning, mowing and repair activities for all detention ponds and channels located within the District. Director Shelnuttt inquired about SM&M's plans for cleaning up the landscaping along Holzwarth Road. In response, Mr. Woodson recommended the Board consider adding ryegrass in late October or early November to help improve the appearance of the area along Holzwarth Road.

Mr. Woodson next requested the Board's authorization to proceed with the Fall overseeding and fertilization of detention ponds within the District in accordance with the District's contract with SM&M and advised the Board that cleaning and desilting of pilot channels would be completed simultaneously with the overseeding and fertilization.

Mr. Rubinsky next discussed with Mr. Woodson the removal of the rock filter dam in front of the Spring Plaza Section 1 bar screen, the cleaning of the spillway for the Louetta Woods Detention Pond, and the proposal for cleaning and de-silting of the pilot channels in all of the District's detention ponds. Mr. Woodson advised that SM&M will coordinate with OEG regarding the time of removal of the rock filter dam in front of the storm water quality feature in the Spring Plaza Section 1 Detention Pond. After further discussion on the matter, Director Shelnuttt moved that SM&M be authorized to proceed with the Fall overseeding and fertilization of the detention ponds and drainage facilities within the District. Director Norris seconded said motion, which unanimously carried.

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.

**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 October 9, 2024, a copy of which is attached hereto as **EXHIBIT J**, 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 Hannover Village Regional Detention Pond, Mr. Ring advised the Board that Meadowhill Regional Municipal Utility District's engineer has advised OEG that the plans have been completed. Mr. Rubinsky inquired about the cost sharing of repairs and whether the storm water inlets to the pond should be covered by the corresponding owner. Director Shelnutt recommended inspecting the outfall pipes before the District agrees to share in the cost of repairs.

In connection with the proposed Water Plant No. 1 ("WP No. 1") Motor Control Center Update, Mr. Ring advised the Board that the bid schedule has been adjusted for this project. OEG has delayed the bidding schedule so that repairs are not in progress at the same time at both WP No. 1 and Water Plant No. 2 ("WP No. 2").

In connection with the proposed repair and recoating of the Ground Storage Tank at WP No. 2, Mr. Ring advised the Board that OEG is currently advertising for bids and expects completion of this project by February 2025.

In connection with the contract between Starbucks Coffee Company and Bull-G Construction, LLC for the water and sewer line extensions to serve the Starbucks at 1731 Spring Cypress Road, Mr. Ring advised the Board the OEG has issued the Notice to Proceed ("NTP"). Mr. Rubinsky discussed the status of review of subject contract and offered insight into SPH's contract review process. He then requested OEG send the contract to SPH for review.

In connection with the proposed contract with Faith Utilities, LLC for the relocation and extension of the water line along Holzwarth Road, Mr. Ring advised the Board the OEG met with representatives of New Life Christian Reform Church to address their concerns and will now proceed with issuing the NTP.

In connection with the Letter of No Objection ("LONO") provided by OEG in connection with its review of the plans for development of DPEG's annexation tracts, Mr. Amer inquired

whether the LONO is conditioned on annexation. Mr. Ring explained that the LONO is not contingent on annexation, but that utility connections are contingent on the District's receipt of signed annexation documents. Mr. Rubinsky recommended that DPEG not proceed with the development until all annexation petitions and related documents have been executed by the respective landowners and their lienholders, and have been returned to the District. In response to Mr. Rubinsky's recommendation, Mr. Amer requested to schedule a call at a later time to discuss the status of the annexation of the DPEG acres. After discussion, Mr. Ring noted that no action was required by the Board at this time.

STATUS OF PROPOSED ANNEXATIONS

The Board next considered the status of the proposed annexations 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, in connection with the proposed 2.0-acre tract and that SPH is awaiting the Certificate of Company Resolution from said entity. He next informed the Board that SPH has received and is currently reviewing the Water District Consent Application forms for the annexation of the SRPF D/Holzwarth Industrial, L.P. 16.2 acres and DPEG Panjwani, LLC 27.727 acres. Mr. Rubinsky further notified the Board that OEG is working to obtain letters from the North Harris County Regional Water Authority confirming it has no objection to the District proceeding with each of said annexations.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Rubinsky updated the Board on the status of various pending Utility Commitments, noting that no new requests had been received.

Mr. Amer exited the video conference of 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")

Mr. Rubinsky reported to the Board that, at its meeting held September 16, 2024, the Board of Authority voted to reduce the Authority's surface water rate from \$4.05 to \$3.05 per 1,000 gallons and its groundwater pumpage fee from \$3.60 to \$2.60 per 1,000 gallons effective October 1, 2024. A copy of the Authority's Press Release related to said rate reductions is included with the Operator's report.

AMENDMENT OF RATE ORDER

The Board next considered amending the District's Rate Order in connection with the Authority's decrease in its surface water rate and pumpage fee. Mr. Rubinsky advised that the District's Rate Order will need to be amended in order to pass through the Authority's reduction to the District's customers if the Board so desires. After discussion, Director Shelnuttt moved that the District's Rate Order be amended to (i) decrease the well pumpage fee to \$2.90 for each 1,000 gallons of water to pay the groundwater pumpage fee assessed by the Authority, and (ii) that said amended Rate Order, attached hereto as EXHIBIT K, be effective as of November 1, 2024, and any and all rate orders heretofore adopted by the Board be revoked as of that date. Director Norris 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 September 2024, a copy of which is attached hereto as **EXHIBIT L**, and discussed the current status of criminal activities in the District and surrounding areas.

ATTORNEY'S REPORT

The Board next 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.

STATUS OF OPERATIONS SERVICES

The Board next discussed the status of Operations Services for the District and the proposed termination of Inframark as the District's Operator. Director O'Neal proposed the transfer to a new operator be effective 30 to 60 days from now, to coincide with the billing cycle. Mr. Rubinsky recommended at least 60 days to allow adequate time for a smooth transition. After discussion, Director O'Neal moved that (i) Inframark be terminated as the District's Operator effective December 1, 2024; and (ii) SPH be authorized to prepare and send a notice of termination to Inframark in accordance with the terms of its Professional Services Agreement with the District. Director Norris seconded said motion, which carried with three votes in favor and Director Shelnuttt voting opposed.

The Board next considered the engagement of H2O Consulting., Inc. ("H2O") to serve as the District's new Operator. After discussion, Director O'Neal moved that: (i) H2O's proposal for operations services be accepted and SPH prepare a Professional Services Agreement for approval at the November regular meeting. Director Patridge seconded said motion, which carried by a vote of three (3) in favor, none opposed, and with Director Shelnuttt abstaining.

Mr. Ring and Mr. Downum exited the meeting at this time.

**APPOINTMENT OF NEW DIRECTOR TO FILL VACANCY ON BOARD;
ACCEPTANCE OF QUALIFICATION STATEMENTS BOND, OATH OF OFFICE,
AFFIDAVIT OF CURRENT DIRECTOR, ELECTION NOT TO DISCLOSE CERTAIN
INFORMATION OF DIRECTOR**

The Board next recognized Mr. Aranzales, who expressed a desire to be appointed to the vacant position on the Board. After discussion, the Board considered the acceptance of Bond, Qualification Statement of Elected Officer, Oath of Office, Affidavit of Current Director, and Election Not to Disclose Certain Information of Director for Andres Aranzales. Mr. Aranzales presented his Bond, Qualification Statement of Elected Officer, Oath of Office, Affidavit of Current Directors, and Election Not to Disclose Certain Information. After discussion, it was moved by Director O'Neal, seconded by Director Shelnutt and unanimously carried that the Board (i) approve said Bond, accept said Qualification Statement of Elected Officer, Oath of Office, Affidavit of Current, and Election Not to Disclose Certain Information, and (ii) declare Andres Aranzales to be a duly appointed and qualified Director of the District, to serve until the term ending May 5, 2026.

REORGANIZATION OF THE BOARD OF DIRECTORS AND ELECTION OF OFFICERS

The Board considered the reorganization of the Board of Directors and the election of a Board Assistant Secretary. Mr. Rubinsky next called for nominations for the Assistant Secretary position. Director Aranzales was nominated for that office and there being no further nominations for the position of Assistant Secretary, the nominations were closed. Mr. Rubinsky called for a vote, and upon motion made by Director Norris, seconded by Director Shelnutt, and unanimously carried, Director Aranzales was appointed Assistant Secretary of the Board and the District. The Board concurred that all remaining Directors remain in their current officer positions.

DISTRICT REGISTRATION FORM

The Board considered approving a District Registration Form required by the Texas Commission on Environmental Quality (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, officer positions and terms of new directors with the TCEQ within thirty days (30) after an election or appointment. He advised that with the Board's approval, SPH will prepare an updated District Registration Form to include Director Aranzales' new terms of office and file same with the TCEQ. After further discussion of the matter, Director Norris moved that the Board authorize SPH to complete the updated District Registration Form as discussed and file same with the TCEQ. Director Shelnutt seconded said motion, which unanimously carried.

LIST OF LOCAL GOVERNMENT OFFICERS

Mr. Rubinsky 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 on the matter, Director Norris moved that the District update the District's list of Local Government Officers as required by law. Director Shelnutt seconded said motion, which unanimously carried.

OPEN GOVERNMENT TRAINING REQUIREMENTS

Mr. Rubinsky next discussed with Director Aranzales the training requirements for public officials. Mr. Rubinsky advised that public officials, including directors of a municipal utility district, must complete separate training courses regarding the Texas Open Meetings Act ("OMA") and the Texas Public Information Act ("PIA"), within ninety (90) days of assuming the responsibilities of their office. Mr. Rubinsky presented and reviewed with Director Aranzales a Memorandum prepared by SPH which summarizes the training requirements. Mr. Rubinsky advised that the deadline for public officials to complete their training is the 90th day after they either take their Oath of Office or otherwise assume their responsibilities as a public official.

DISCUSSION OF CONFLICTS DISCLOSURE REPORTING REQUIREMENTS

Mr. Rubinsky next presented and discussed with Director Aranzales a Memorandum and Questionnaire regarding conflicts of interest reporting requirements. Director Aranzales completed the conflicts disclosure questionnaire and provided same to SPH for the District's files.

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



Secretary, Board of Directors

A handwritten signature in cursive script, appearing to read "Walter E. Ruiz", written over a horizontal line.

List of Exhibits to
Spring West Municipal Utility District
Minutes of Meeting held October 9, 2024

- Exhibit A Bookkeeper's Report; Investment Report
- Exhibit B Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer
- Exhibit C Tax Assessor/Collector's Report
- Exhibit D Delinquent Tax Report
- Exhibit E Order Levying Taxes
- Exhibit F Operator's Report
- Exhibit G Off Cinco Messaging Service Proposal
- Exhibit H Storm Water Solutions LLC
- Exhibit I Detention and Drainage Facilities Maintenance Report
- Exhibit J Engineer's Report
- Exhibit K Rate Order effective November 1, 2024
- Exhibit L Harris County Constable Precinct 4 Office Monthly Activity Report