

MINUTES
EMERALD FOREST UTILITY DISTRICT

September 13, 2021

The Board of Directors (the "Board") of Emerald Forest Utility District (the "District") met in regular session, open to the public, on the 13th day of September, 2021, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Bobby G. Dillard	President
Robert M. Kimball	Vice President
William B. Schmidt	Secretary/Investment Officer
Donald F. Brooks	Asst. Vice President
Mark Smith	Assistant Secretary

and all of the above were present except for Directors Brooks and Smith, thus constituting a quorum.

Also present were Diana Miller of Schwartz, Page & Harding, LLP; Greg Lentz of Masterson Advisors LLC; Michael Willett of Touchstone District Services; Stephanie Viator of District Data Services, Inc.; Lonnie Lee of Regional Water Corporation ("RWC"); Patty Rodriguez of Bob Leared Interests ("BLI"); Sherry Grant of AEI Engineering, a Baxter & Woodman Company ("AEI"); and Katie Sherborne and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

There were no comments from the public.

APPROVE MINUTES

The Board considered approving the minutes of the August 9, 2021, regular meeting and the July 27 and August 24, 2021, special meetings. After discussion, Director Dillard moved to approve the minutes of the August 9, 2021, regular meeting and the July 27 and August 24, 2021, special meetings, as submitted. Director Schmidt seconded the motion, which passed unanimously.

OPERATIONS AND SERVICE REQUIREMENTS RELATING TO COVID-19
EPIDEMIC

There was no discussion on this agenda item.

WEBSITE AND COMMUNICATION MATTERS

Mr. Willett reviewed the website and communication report, a copy of which is attached.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR THE FISCAL YEAR END SEPTEMBER 30, 2021

The Board considered authorizing the District's auditor to prepare the District's audit report for the fiscal year ending September 30, 2021. The Board reviewed a letter from McCall Gibson Swedlund Barfoot PLLC ("McCall"), a copy of which is attached, stating the approximate cost for preparation of the audit report is between \$13,500 and \$14,500, plus expenses. After discussion, Director Kimball moved to authorize McCall to prepare the District's audit report for the fiscal year ending September 30, 2021. Director Schmidt seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Rodriguez presented the monthly tax report, a copy of which is attached. She stated that 98.8% of the District's 2020 taxes were collected as of the end of August. Ms. Rodriguez then reviewed the District's delinquent tax roll.

The Board reviewed the delinquent tax report provided by Perdue, Brandon, Fielder, Collins & Mott, LLP ("Perdue"), a copy of which is attached, and reviewed a list of delinquents accounts eligible for water termination letters. After discussion, Director Schmidt moved to authorize Perdue to send letters to the District's delinquent taxpayers providing notice that the Board will consider terminating service to the delinquent taxpayers with water and sewer accounts if their respective taxes are not paid by the next regular meeting. Director Dillard seconded the motion, which passed unanimously.

After review of the tax bills and corresponding checks, Director Dillard moved to approve the tax report and payment of the tax bills. Director Schmidt seconded the motion, which passed unanimously.

TRANSPARENCY REQUIREMENTS PURSUANT TO SECTION 2051.202, GOVERNMENT CODE, AND RELATED CONTRACT AMENDMENT

Ms. Sherborne discussed recent legislation enacting Section 2051.202, Texas Government Code, which requires certain special purpose districts to post or cause to be posted additional information on a website maintained by or accessible to the District. She said the new requirements apply to districts that levy a property tax, are required to prepare an annual audit, and have a population of 500 or more as of the beginning of the most recent fiscal year. Ms. Sherborne reviewed a summary of the new requirements, a copy of which is attached. The Board discussed the applicability of the new posting requirements to the District and the possibility of expanding the

website used by the District for compliance with previously-enacted transparency requirements.

Ms. Rodriguez then reviewed a Second Amendment to Agreement for Services of the Tax Assessor and Collector, which reflecting additional language regarding BLI's duties regarding the tax account and fees for Government Code Section 2051.202 compliance.

After review and discussion, Director Schmidt moved to approve the Second Amendment to Agreement for Services of the Tax Assessor and Collector, subject to final review, and direct that the Amendment be filed appropriately and filed in the District's official records. Director Kimball seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Viator reviewed the bookkeeper's report, reviewed the District's investments, reviewed the budget comparison, and submitted the bills for payment. A copy of the bookkeeper's report is attached.

After review and discussion, Director Schmidt moved to approve the bookkeeper's report, the District's investments, and payment of the bills. Director Dillard seconded the motion, which passed unanimously.

ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2022

Ms. Viator reviewed an updated draft budget for the fiscal year ending September 30, 2022, a copy of which is attached to the bookkeeper's report. After review and discussion, Director Schmidt moved to adopt the budget for the fiscal year ending September 30, 2022, as presented. Director Dillard seconded the motion, which passed unanimously.

DISCUSS 2021 TAX RATE, ADOPT RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2021 TAX YEAR, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING

The Board discussed the District's development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developing District for the 2021 tax year.

After review and discussion, Director Dillard moved to adopt a Resolution Regarding Development Status for 2021 Tax Year establishing the District as a Developing District for the 2020 tax year, pursuant to Section 49.23603, Texas Water Code, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Kimball seconded the motion, which passed unanimously.

Mr. Lentz reviewed a tax rate analysis and debt profile, a copy of which is attached. He recommended that the Board levy a tax rate of \$0.395 per \$100 of assessed valuation to provide for the District's debt service requirements. The Board then discussed the District's operation and maintenance tax rate. Ms. Sherborne discussed the two-step process for setting the District's tax rate.

Following review and discussion, Director Kimball moved to (1) set the public hearing date for October 11, 2021 at 2:30 p.m.; and (2) authorize the tax assessor/collector to publish notice of the District's meeting on October 11, 2021 at 2:30 p.m., to set the proposed 2021 total tax rate of \$0.645 per \$100 of assessed valuation, with \$0.395 allocated for debt service and \$0.25 allocated for operations and maintenance. Director Schmidt seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

Mr. Lee presented the operations report from RWC, a copy of which is attached. He reported on routine maintenance and repair items in the District. He stated that water accountability for the prior billing cycle was 88.4%.

Mr. Lee reviewed a request from account no. 1-30-03175-00 requesting an adjustment to high water and sewer bills from July and August 2021 due to high usage. After review and discussion, Director Schmidt moved to deny the request for an adjustment, but authorize RWC to offer a six-month payment plan, plus the current month's bill as it becomes due. Director Kimball seconded the motion, which passed unanimously.

Mr. Lee stated that a District contractor is unable to access the District facilities located at three houses in connection with the Woodedge Village sanitary sewer rehabilitation project. Ms. Sherborne stated that obstructing access to District facilities is a violation of the District's Rate Order. After review and discussion, Director Dillard moved to authorize ABHR and RWC to provide notice to the property owners that the Board will consider termination of water and sewer service in accordance with the District's Rate Order if the District's contractor is not provided access to District facilities. Director Schmidt seconded the motion, which passed unanimously.

After review and discussion, Director Schmidt moved to approve the operator's report. Director Kimball seconded the motion, which passed unanimously.

HEARING REGARDING TERMINATION OF WATER AND SEWER SERVICE

The Board conducted a hearing on the termination of water and sewer service to delinquent accounts. Mr. Lee stated that the residents on the list were delinquent in payment of their water and sewer bills and had been given written notification prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bills and to show reason for nonpayment, all in

accordance with the District's Rate Order. After discussion, Director Schmidt moved that, because the customers on the list were neither present at the meeting nor had presented any written statement on the matter, water and sewer service for accounts totaling \$10 or more would be terminated the following week in accordance with the District's Rate Order, except (i) accounts in compliance with payment agreements, and (ii) commercial accounts, which are to be contacted first by RWC and then terminated the following Monday if payment has not been received. Director Kimball seconded the motion, which passed unanimously.

AUTHORIZE EXECUTION AND FILING OF DISTRICT REGISTRATION FORM

The Board considered authorizing the execution and filing of a District Registration Form, reflecting updated consultant information. After review and discussion, Director Kimball moved to authorize the execution and filing of the District Registration Form. Director Schmidt seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Ms. Grant presented the report regarding the status of engineering projects in the District, a copy of which is attached.

SURFACE WATER, CHLORAMINE CONVERSION, AND BLEACH DISINFECTION CONVERSION

Ms. Grant stated that AEI conducted a site visit to Water Plant No. 3 on September 7, 2021, and contractors for the North Harris County Regional Water Authority ("NHCRWA") have installed the surface water line within the District and placed concrete for the flow control and meter station.

Ms. Grant stated that AEI is reviewing the plans for the proposed easement overlap for the NHCRWA's proposed 16-inch surface water line and the District's existing 20-foot water line easement. She stated that AEI needs to resolve comments from the City of Houston related to the FM 1960 water and sanitary sewer extension project prior to further discussions with NHCRWA regarding the proposed easement overlap.

FM 1960 LIFT STATION NO. 5 AND FORCE MAIN EXTENSION

Ms. Grant updated the Board on the status of the FM 1960 lift station no. 5 project, as reflected in her report. She did not have any Pay Estimates or Change Orders from Persons Services Corporation for the Board's approval.

Ms. Grant updated the Board on the status of the force main extension project, as reflected in her report. She did not have any Pay Estimates or Change Orders from Scohil Construction Services, LLC for the Board's approval.

FM 1960 WATER AND SANITARY SEWER EXTENSION

Ms. Grant updated the Board on the status of the FM 1960 water and sanitary sewer extension project, as reflected in her report. She did not have any Pay Estimates or Change Orders from D.L. Elliott Enterprises, Inc. for the Board's approval.

Ms. Sherborne updated the Board on the status of the acquisition of remaining residential easements required in connection with FM 1960 water and sanitary sewer extension project. After discussion, Director Dillard moved to authorize Director Kimball to approve amount not to exceed \$5,000 per easement for acquisition of the remaining necessary water line easement and sanitary sewer easement. Director Schmidt seconded the motion, which passed unanimously.

Ms. Grant stated that AEI is preparing updated pro-rata shares for the project participants based on the actual construction contract amount plus contingency.

DEVELOPMENT OF JACKSON-SHAW TRACT

Ms. Grant stated that the developer's engineer provided a revised exhibit on September 3, 2021, depicting the required temporary reduced pressure zone backflow preventer. Ms. Sherborne updated the Board on the preparation of the letter agreement with Jackson-Shaw Company for the temporary water service.

WATER AND SANITARY SEWER EXTENSION TO SERVE REPUBLIC BUSINESS CENTER ("RBC") TRACT

Ms. Grant updated the Board on the status of the public water line upsizing project to serve the RBC tract, as reflected in her report. She stated that the contractor provided an updated project schedule, a copy of which is attached to the engineer's report. Ms. Grant did not have any Pay Estimates or Change Orders from Aranda Industries LLC ("Aranda") for the Board's approval.

Ms. Grant updated the Board on the status of the public sanitary sewer extension at the wastewater treatment plant site, as reflected in her report. She did not have any Pay Estimates or Change Orders from Aranda for the Board's approval. Ms. Grant stated that the contractor was notified of the District's rejection of the contractor's proposed corrective action and the District's requirement to replace the sanitary sewer line segment between manhole no. 1 and manhole no. 2 at the minimum required slope of 0.33% at no cost to the District.

DEVELOPMENT OF RBC TRACT

Ms. Grant updated the Board on the status of the proposed 8-foot concrete wall at the wastewater treatment plant site, as reflected in her report.

CYPRESS NORTH HOUSTON ROAD (LOUEDD ROAD) WIDENING

There was no discussion on this matter.

WOODEDGE VILLAGE SANITARY SEWER REHABILITATION

Ms. Grant updated the Board on the status of the Woodedge Village sanitary sewer and manhole rehabilitation project. She reviewed and recommended approval of Pay Estimate No. 4 in the amount of \$63,494.32, submitted by T. Gray Utility & Rehab Co., LLC. After review and discussion, Director Dillard moved to approve Pay Estimate No. 4 in the amount of \$63,494.32, as recommended. Director Schmidt seconded the motion, which passed unanimously.

FEASIBILITY STUDIES, PLAN REVIEWS, AND UTILITY AVAILABILITY REQUESTS

Ms. Grant stated that AEI is reviewing the revised plans for the proposed multi-family development located at the northeast corner of Woodedge Drive and Jones Road. She stated that AEI is coordinating with the developer's engineer regarding the required sanitary sewer depth at the proposed tie-in location.

Ms. Grant stated that AEI received another request for water and sewer service for a proposed trucking yard on a 4.93-acre tract located at 10660 Woodedge Drive. She stated that she reminded the owner that the previous owner had an out-of-district service agreement with the District and a new out-of-district service agreement would be required with any new owners. Ms. Grant also stated that she reminded the owner of the District's plan review process, including the required deposit. She stated that, as requested by the owner, AEI provided plan sheets for public water and sanitary sewer lines in the vicinity of the tract on August 31, 2021.

Ms. Grant stated that AEI received a utility service request for a proposed Pasteleria Michelle Bakery and More at 9569 Cypress Creek Parkway. She noted that based on AEI's plan review, there appears to be no changes to the plumbing from the previous tenant and the plans were submitted to RWC for inspection on August 31, 2021.

CYPRESS GLEN SANITARY SEWER REPAIR RECOMMENDATIONS

Ms. Grant stated that the draft evaluation of the sanitary sewer lines and manholes to identify any potential repairs is still in internal review.

STORMWATER MULTI-SECTOR GENERAL PERMIT ("MSGP") RENEWAL

Ms. Grant updated the Board on the preparation of the renewal

application for the MSGP permit, which is due to the Texas Commission on Environmental Quality by November 12, 2021.

EMERGENCY RESPONSE PLAN

Ms. Grant updated the Board on the preparation of the Emergency Response Plan.

Ms. Grant stated that AEI has a site visit scheduled on September 14, 2021, regarding the preparation of a backup the source code for the District's process control system.

DEEDS, EASEMENTS, AND/OR CONSENTS TO ENCROACHMENT

There was no discussion on this agenda item.

AUTHORIZE PREPARATION OF BOND APPLICATION, INCLUDING REVIEW PRELIMINARY SUMMARY OF COSTS

Ms. Grant reviewed a draft summary of costs for bond application no. 10, a copy of which is attached to the engineer's report. Discussion ensued.

Ms. Grant stated that the District's operator completed the removal of the backflow preventer at the physical connection point to the City of Houston's ("City") water system. She stated that the District received a letter from the City regarding the disconnection of the physical water line, including the meter removal. Discussion ensued. After discussion, the Board concurred to authorize AHBR to send a letter to the NHCRWA regarding the disconnection and meter removal, as the NHCRWA is the holder of the agreement with the City related to the interconnect.

Ms. Grant stated that the Harris County Fire Marshal's office has a new requirement for a general operating permit related to the storage of hazardous materials. She stated that a permit is required for water plant no. 2, water plant no. 3, and the wastewater treatment plant. After review and discussion, Director Dillard moved to authorize AEI to proceed with obtaining the required permits. Director Schmidt seconded the motion, which passed unanimously.

UPDATE ON STATUS OF PENDING ANNEXATIONS

Ms. Grant and Ms. Sherborne updated the Board on the status of the pending annexations.

ACCEPT WAIVER OF SPECIAL APPRAISAL

There was no discussion on this matter.

APPROVE THIRD ADDENDUM TO WATER SUPPLY AND WASTE DISPOSAL CONTRACT WITH CY-FAIR ISD

The Board tabled this agenda item.

CONSIDER USE OF EMINENT DOMAIN AUTHORITY

The Board tabled discussion on this agenda item.

ATTORNEY'S REPORT

There was no discussion on this agenda item.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board did not convene in Executive Session.

(SEAL)




Secretary, Board of Directors

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