

MINUTES
EMERALD FOREST UTILITY DISTRICT

September 12, 2022

The Board of Directors (the "Board") of Emerald Forest Utility District (the "District") met in regular session, open to the public, on the 12th day of September, 2022, 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
DeWayne High	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Greg Lentz and Jared Welsh of Masterson Advisors LLC ("Masterson"); Angie Hartwell of Touchstone District Services; Stephanie Viator of District Data Services, Inc.; Lonnie Lee of Regional Water Corporation ("RWC"); Patty Rodriguez of Bob Leared Interests; 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 was no discussion on this agenda item.

APPROVE MINUTES

The Board considered approving the minutes of the August 8, 2022, regular meeting and the August 23, 2022, special meeting. After discussion, Director High moved to approve the minutes of the August 8, 2022, regular meeting and the August 23, special meeting, as submitted. Director Kimball seconded the motion, which passed unanimously.

SERIES 2022 UNLIMITED TAX BOND MATTERS

REVIEW BIDS AND AWARD SALE OF DISTRICT'S \$4,830,000 UNLIMITED TAX BONDS, SERIES 2022 (THE "SERIES 2022 BONDS")

The Board considered review of the bids and award of the sale of the District's Series 2022 Bonds. Mr. Lentz reviewed a pricing book for the Series

2022 Bonds and bids summary, copies of which are attached, and read the bids that had been received:

- (1) The Baker Group ("TBG"), with a new effective interest rate of 3.733532%;
- (2) Piper Sandler & Co, with a net effective interest rate of 3.848729%;
- (3) SAMCO Capital Markets, with a net effective interest rate of 3.850403%;
- (4) Raymond James & Associates, Inc., with a net effective interest rate of 3.850865%;
- (5) Robert W. Baird & Co., Inc., with a net effective interest rate of 3.890515%;
- (6) BOK Financial Securities, Inc., with a net effective interest rate of 4.010742%; and
- (7) Hilltop Securities, with a net effective interest rate of 4.050270%.

The Board next considered award of the sale of the Series 2022 Bonds. Mr. Lentz stated that the low bid submitted by TBG, with a net effective interest rate of 3.733532%, had been reviewed and all numbers checked and confirmed. He recommended that the District accept the bid of TBG, as submitted. After review and discussion, Director Dillard moved to award the sale of the Series 2022 Bonds to TBG with a net effective interest rate of 3.733532%, as recommended. Director Kimball seconded the motion, which passed unanimously.

RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S SERIES 2022 BONDS

The Board considered adopting a Resolution Authorizing the Issuance of the District's Series 2022 Bonds ("Resolution"). Ms. Sherborne reviewed the proposed Resolution with the Board and explained that the document sets forth the terms and provisions of issuance and delivery of the Series 2022 Bonds, the payment of principal and interest over the life of the Series 2022 Bonds, and certain District covenants regarding the tax-exempt status of the Series 2022 Bonds. After review and discussion, Director Dillard moved to adopt the Resolution and direct that the Resolution be filed appropriately and retained in the District's official records. Director Kimball seconded the motion, which passed unanimously.

PAYING AGENT/REGISTRAR AGREEMENT

The Board next considered execution of the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A. Ms.

Sherborne stated that the Agreement sets forth the provisions by which the paying agent/registrars will handle registration, transfer, and payment of the District's Bonds. After review and discussion, Director Dillard moved to approve the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A. Director Kimball seconded the motion, which carried unanimously.

OFFICIAL STATEMENT

The Board next considered approving the Official Statement. Ms. Sherborne explained that the Preliminary Official Statement would be revised to reflect the terms of this sale, including the purchaser, interest rates and debt service requirements. After discussion, Director Dillard moved to approve the Official Statement. Director Kimball seconded the motion, which passed unanimously.

EXECUTION OF CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Ms. Sherborne reviewed with the Board a Certificate Regarding Provision of Financial Advice (the "Certificate") stating that the Board has relied on its financial advisor, Masterson, for financial advice concerning the issuance of the Series 2022 Bonds. After review and discussion, Director Dillard moved to authorize execution of the Certificate and direct that it be filed appropriately and retained in the District's official records. Director Kimball seconded the motion, which passed unanimously.

EXECUTION OF DOCUMENTS RELATED TO DISTRICT'S SERIES 2022 BONDS

Ms. Sherborne explained that there will be various documents related to delivery of the Series 2022 Bonds requiring execution by the directors prior to closing. She requested that the Board authorize the President or Vice President and Secretary or Assistant Secretary to execute documents necessary in connection with the transaction and authorize the District's attorney and financial advisor to take all necessary action to deliver the Series 2022 Bonds to the purchaser. After review and discussion, Director Dillard moved to authorize execution of documents related to the sale and delivery of the Series 2022 Bonds and authorize the District's attorney and financial advisor to take all necessary action to deliver the Series 2022 Bonds. Director Kimball seconded the motion, which passed unanimously.

APPROVE PAYMENT TO ATTORNEY GENERAL RELATING TO BOND
ISSUE TRANSCRIPT REVIEW

The Board considered approving payment to the Attorney General relating to bond issue transcript review. After discussion, Director Dillard moved to approve payment to the Attorney General relating to bond issue transcript review. Director Kimball seconded the motion, which passed unanimously.

UPDATE ON TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
("TCEQ") INSPECTION OF FACILITIES

Ms. Grant stated that the TCEQ pre-purchase inspection will be scheduled once the detention pond repairs are complete.

EXECUTION OF AMENDMENT TO INFORMATION FORM

The Board considered approving the Amendment to Information Form to reflect the total amount of bonds sold by the District. After discussion, Director Dillard moved that the Amendment to the District's Information Form be approved and filed with the TCEQ and with Harris County as required by law. Director Kimball seconded the motion, which passed unanimously.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR THE FISCAL YEAR END
SEPTEMBER 30, 2022

The Board considered authorizing the District's auditor to prepare the District's audit report for the fiscal year ending September 30, 2022. 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 \$14,000 and \$15,500, plus expenses. After discussion, Director Kimball moved to authorize McCall to prepare the District's audit report for the fiscal year ending September 30, 2022. Director High seconded the motion, which passed unanimously.

DISCUSS 2022 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE
OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

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 \$0.365 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 10, 2022 at 2:30 p.m.; and (2) authorize the tax assessor/collector to

publish notice of the District's meeting on October 10, 2022 at 2:30 p.m., to set the proposed 2022 total tax rate of \$0.615 per \$100 of assessed valuation, with \$0.365 allocated for debt service and \$0.25 allocated for operations and maintenance. Director Schmidt seconded the motion, which passed unanimously.

WEBSITE AND COMMUNICATION MATTERS

Ms. Hartwell reviewed the website and communication report, a copy of which is attached.

Ms. Hartwell reviewed a proposal for an emergency text alert system, a copy of which is attached, for a one-time set up fee in the amount of \$600 and a monthly maintenance fee of \$180 per month. The Board requested Touchstone provide a proposal for a postcard mailout promoting the emergency text alert system for the Board's review at the next regular meeting.

After review and discussion, Director Kimball moved to approve the proposal for the emergency text alert system. 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 98.9% of the District's 2021 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 delinquent accounts eligible for water termination letters. After discussion, Director Kimball 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 High seconded the motion, which passed unanimously.

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

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Viator reviewed the bookkeeper's report, including the District's investments and 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 Kimball seconded the motion, which passed unanimously.

ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2023

Ms. Viator reviewed an updated draft budget for the fiscal year ending September 30, 2023, a copy of which is attached to the bookkeeper's report. After review and discussion, the Board deferred approval of the draft budget, pending additional review by the Board and consultants.

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 91.4%.

Mr. Lee reviewed a request from account no. 1-30-01830-00 requesting a bill adjustment for high water and sewer bills in June and July, 2022 due to high usage.

Mr. Lee reviewed a request from account no. 1-30-04025-03 requesting an adjustment to a high water and sewer bill in July, 2022 due to high usage.

After review and discussion, Director Kimball moved to (1) approve the operator's report; (2) deny the request for a bill adjustment for account no. 1-30-01830-00; and (3) deny the request for a bill adjustment, but authorize a three-month payment plan for account no. 1-30-04025-03, plus the current month's bill as it becomes due. Director Schmidt 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 Kimball 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 Schmidt seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Ms. Grant reviewed 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 updated the Board on the status of the North Harris County Regional Water Authority's ("NHCRWA") construction at Water Plant No. 3, as reflected in her report. She stated that AEI provided a response to the NHCRWA regarding the plans for the new buildings on August 24, 2022.

Ms. Grant stated that AEI is working on a response to the NHCRWA regarding the request to overlap the District's existing 20-foot water line easement for the NHCRWA's proposed 16-inch surface water line along the District's western boundary and to route the surface water lines through the Water Plant No. 3 site.

FM 1960 LIFT STATION NO. 5

Ms. Grant updated the Board on the status of the FM 1960 lift station no. 5 project, as reflected in her report. She reviewed and recommended approval of Pay Estimate No. 7 in the amount of \$108,462.37, submitted by Persons Services Corporation ("Persons"). After review and discussion, Director Kimball moved to approve Pay Estimate No. 7 in the amount of \$108,462.37, submitted by Persons, as recommended. Director High seconded the motion, which passed unanimously.

FM 1960 WATER AND SANITARY SEWER EXTENSION AND LETTER AGREEMENT

Ms. Grant updated the Board on the status of the FM 1960 water and sanitary sewer extension project, as reflected in her report. She reviewed and recommended approval of Change Order No. 1 to increase the contract in the amount of \$108,084.41, submitted by D.L. Elliott Enterprises, Inc. ("D.L. Elliott"). Ms. Grant stated that Change Order No. 1 is for material cost increases. The Board determined that Change Order No. 1 is beneficial to the District.

After review and discussion, Director Kimball moved to approve Change Order No. 1 to increase the contract in the amount of \$108,084.41, submitted by D.L. Elliott, based on the engineer's recommendation and the Board's determination that the Change Order is beneficial to the District. Director High seconded the motion, which passed unanimously.

Ms. Grant stated that there was no update regarding the proposed second water interconnect with Reid Road Municipal Utility District No. 1.

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 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 AEI has requested a proposal from the survey subconsultant to survey the flow line at the tie-in location. She stated that AEI received a proposal from Aranda to excavate the tie-in location and restore the site in the amount of \$19,875.00, plus \$750.00 for each additional day to keep equipment onsite. Discussion ensued. The Board considered authorizing RWC to televise the deficient segment of sanitary sewer line and upstream from the line to the first private manhole to establish the condition of the line after approximately one year in service. Mr. Lee stated that such televising would cost an amount not to exceed \$5,000.00. After review and discussion, Director Kimball moved to authorize RWC to televise the deficient segment of sanitary sewer line and upstream from the line to the first private manhole in an amount not to exceed \$5,000.00. Director High seconded the motion, which passed unanimously.

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, as reflected in her report. She reviewed and recommended approval of Pay Estimate No. 11 in the amount of \$9,039.60, submitted by T. Gray Utility & Rehab Co., LLC ("T. Gray"). After review and discussion, Director Kimball moved to approve Pay Estimate No. 11 in the amount of \$9,039.60 to T. Gray, as recommended. Director High seconded the motion, which passed unanimously.

FEASIBILITY STUDIES, PLAN REVIEWS, AND UTILITY AVAILABILITY REQUESTS

Ms. Grant stated that AEI received revised plans for the Nexus Park, Building Nos. 1, 2, and 4 tenant improvements on August 29, 2022, which AEI is reviewing. She stated that AEI has scheduled a meeting with the developer on September 14, 2022, to discuss the remaining comments.

Ms. Grant stated that AEI is completing the review of the revised plans for the proposed warehouse industrial development on the 9.67-acre Creation Equity tract and anticipates providing comments or issuing a letter of no objection this week. She also stated that AEI is working on a cost estimate for the public water line offset necessary to meet the clearance requirements for the private storm sewer line.

Ms. Grant stated that AEI received the estimated utility capacity and is preparing the capacity availability letter for the Creation 1960 Industrial Park Section 1 plat.

Ms. Grant reported that AEI is working on preparation of the feasibility studies for the proposed 51.8-acre multi-family development located at the southwest corner of FM 1960 and Gilder Road.

Ms. Grant stated that, as requested by the owner of the Texas Quality Plumbing LLC located at 10814 Woodedge Drive, AEI is preparing a letter to the Harris-Galveston Subsidence District in support of the owner's water well permit renewal.

Ms. Grant stated that AEI is still working on the true-up of the balance of the deposit for the 4.93-acre site at 10660 Woodedge Drive for both the current owner, JAG Real Investments, LLC, and the prior owner, STVA Scaffold, Inc.

Ms. Grant reported that the District received an inquiry from Bob DeLeonardis with Kimley-Horn and Associates, Inc. regarding potential utility service for a proposed multi-family development on a 10.67-acre tract outside the boundaries of the District. She stated that AEI informed Mr. DeLeonardis of the District's feasibility study process, including the required deposit.

CYPRESS GLEN SANITARY SEWER REPAIR PROJECT

Ms. Grant updated the Board on the status of the design of the sanitary sewer and manhole rehabilitation project for Cypress Glen, as reflected in her report.

DEEDS, EASEMENTS, AND/OR CONSENTS TO ENCROACHMENT

There was no discussion on this agenda item.

OTHER ENGINEERING MATTERS

Ms. Grant updated the Board on the status of the preparation of the wastewater treatment plant permit renewal application.

PETITION FOR ADDITION OF CERTAIN LAND AND PETITION FOR CITY
CONSENT TO ANNEX LAND

There was no discussion on this agenda item.

ACCEPT WAIVER OF SPECIAL APPRAISAL

There was no discussion on this agenda item.

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

There was no discussion on this agenda item.

ATTORNEY'S REPORT

There was no discussion on this agenda item.

There being no further matters to come before the Board, the meeting was adjourned.

(SEAL)




Secretary, Board of Directors

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