

MINUTES
EMERALD FOREST UTILITY DISTRICT

December 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 December, 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
Vacant	Assistant Secretary

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

Also present at the meeting were DeWayne High, resident of the District; Angie Hartwell of Touchstone District Services; Greg Lentz of Masterson Advisors LLC; 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"); Grant Pearson of Jackson-Shaw Company; Tommy LeBlanc of Avison Young; and Katie Sherborne and Kathryn Easey 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 November 8, 2021, regular meeting. After discussion, Director Dillard moved to approve the minutes of the November 8, 2021, regular meeting, as revised. Director Kimball seconded the motion, which passed unanimously.

APPOINTMENT OF NEW DIRECTOR

APPOINT NEW DIRECTOR

Ms. Sherborne discussed the process of appointing a new director to the vacant position. After discussion, Director Dillard moved to appoint DeWayne

High to the Board. Director Schmidt seconded the motion, which passed unanimously.

SWORN STATEMENT, OFFICIAL BOND, AND OATH OF OFFICE OF NEW DIRECTOR

Ms. Sherborne reviewed the Sworn Statement, Official Bond, and Oath of Office for Director High. After discussion, Director Dillard moved that the Board approve the Sworn Statement, Official Bond, and Oath of Office for Director High and that the Oath of Office be filed with the Secretary of State. Director Schmidt seconded the motion, which passed unanimously.

REORGANIZATION OF THE BOARD AND EXECUTION OF THE DISTRICT REGISTRATION FORM

The Board considered reorganizing the Board as follows:

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

The Board then considered authorizing filing of an updated District Registration Form with the Texas Commission on Environmental Quality ("TCEQ"), reflecting the reorganization of the Board and term of office for Director High. After discussion, Director Dillard moved to reorganize the Board as discussed and to authorize filing of the updated District Registration Form with the TCEQ. Director Schmidt seconded the motion, which passed unanimously.

OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Ms. Sherborne explained that state law requires any elected or appointed director who has taken the oath of office to complete the Texas Open Meetings Act training within ninety days of taking the oath, and discussed a memorandum from ABHR explaining the Texas Open Meetings Act and Public Information Act. She stated that as an elected public official, Director High must complete the training and requested that he forward his certificate of completion to ABHR for filing in the District's permanent records.

CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE, INCLUDING REVIEW OF DISCLOSURE FORMS ADOPTED BY THE TEXAS ETHICS COMMISSION AND LIST OF LOCAL GOVERNMENT OFFICERS

Ms. Sherborne discussed a memorandum from ABHR regarding conflict of interest disclosure required under Chapter 176 of the Texas Local Government Code and disclosure forms adopted by the Texas Ethics Commission.

The Board reviewed a List of Local Government Officers that the District is required to maintain pursuant to Chapter 176 of the Texas Local Government Code. After review and discussion, Director Kimball moved to approve and authorize execution of the List of Local Government Officers. Director Dillard seconded the motion, which passed unanimously.

WEBSITE AND COMMUNICATION MATTERS

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

The Board discussed posting information on the District's website regarding the upcoming director election and surface water schedule.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Rodriguez presented the monthly tax report, a copy of which is attached. She stated that 6.437% of the District's 2021 taxes were collected as of the end of November. Ms. Rodriguez then reviewed the District's delinquent tax roll. After review of the tax bills and corresponding checks, Director Kimball moved to approve the tax report and payment of the tax bills. Director Schmidt 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.

Ms. Viator discussed the status of the PILOTS payments for 2022 and discussion ensued regarding the status of the certified values for the service addresses noted in the bookkeeper's report.

Ms. Viator updated the Board on the status of closing the BBVA/PNC bank accounts and transferring funds to the new Central Bank operating fund by the end of the year.

The Board discussed converting the AT&T phone service to wireless service.

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 RESOLUTION EXPRESSING INTENT TO REIMBURSE

Ms. Sherborne discussed the timing for adopting the resolution expressing intent to reimburse relative to issuing the next series of bonds and entering into a contract for the smart meter installation. The Board tabled this agenda item.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE

The Board generally discussed the Board's Travel Reimbursement Guidelines and Director expenses for the AWBD winter conference.

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 90.7%.

Mr. Lee reviewed a request from account no. 1-30-02695-09 requesting a payment plan for high water and sewer bills in October and December, 2021, due to high usage. He stated no leaks were detected and the customer is not disputing the bills.

After review and discussion, Director Schmidt moved to (1) approve the operator's report; and (2) authorize RWC to offer a three-month payment plan, plus the current month's bill as it becomes due, with the option of extending the payment plan to six months if requested by the customer. 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.

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 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.

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 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 did not have any Pay Estimates or Change Orders from D.L. Elliott Enterprises, Inc. for the Board's approval.

Ms. Grant requested guidance from the Board regarding a waterline loop requirement in order to flush a dead end waterline. Discussion ensued regarding pursuing an interconnect with Reid Road Municipal Utility District No. 1 at a commercial development on FM 1960 near Bobcat Road. Ms. Grant stated she will prepare a cost estimate for the Board's review at the next meeting.

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 reviewed and recommended approval of Change Order No. 3 to increase the contract in the amount of \$13,526.00, submitted by Aranda Industries LLC ("Aranda"). She stated that Change Order No. 3 is for concrete pavement removal and replacement to complete the water line installation, relocating the 12-inch wet connection outside the wastewater treatment plant, removal and replacement of nine square yards of sidewalk to facilitate the wet connection, raising an existing storm sewer manhole to grade on Turtle Lake Drive to comply with City of Houston standards, and removal and replacement of sidewalk ramps to install a tapping sleeve and valve at Early Mist Court and Perry Road and a six-inch plug at Early Mist Court and Turtle Lake Drive. The Board determined that Change Order No. 3 is beneficial to the District.

After review and discussion, Director Kimball moved to approve Change Order No. 3 to increase the contract in the amount of \$13,526.00, based on the engineer's recommendation and the Board's determination that the Change Order is beneficial to the District. Director Schmidt seconded the motion, which passed unanimously.

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. Ms. Grant did not have any Pay Estimates or Change Orders from Aranda for the Board's approval.

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. 7 in the amount of \$92,007.00, submitted by T. Gray Utility & Rehab Co., LLC. After review and discussion, Director Kimball moved to approve Pay Estimate No. 7 in the amount of \$92,007.00, as recommended. Director Schmidt seconded the motion, which passed unanimously.

FEASIBILITY STUDIES, PLAN REVIEWS, AND UTILITY AVAILABILITY REQUESTS

Ms. Grant updated the Board on the status of development of the 6.2-acre KK Global Enterprise tract. She stated that AEI provided the updated costs for a looped water line and estimated engineering fees for the public utility extensions to the owner on November 9, 2021. Ms. Grant reported that the District has not yet received the required deposit for the design of the public water and sanitary sewer extension.

Ms. Grant reported that District has not yet received the required deposit for preparation of a feasibility study for the proposed development of a warehouse industrial development on a 9.67-acre tract located on the west side of FM 1960 between Bobcat Road and Falcon Road.

Ms. Grant reported that the AEI has not yet received revised plans for the proposed trucking yard on a 4.93-acre tract located at 10660 Woodedge Drive.

Ms. Grant reported that the District has not yet received the required deposit for plan review for the service request at 10900 Cypress Creek Parkway, Suite A.

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.

UPDATE ON PREPARATION OF BOND APPLICATION

Ms. Grant updated the Board on the status of preparation of the bond application no. 10, as reflected in her report. She presented and reviewed with the Board a revised summary of costs, a copy of which is attached to the engineer's report. The Board discussed proceeding with the smart meter installation once bond application no. 10 has been submitted to the TCEQ.

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

Ms. Grant updated the Board on the status of the renewal application for the MSGP permit. She stated the final version of the Storm Water Pollution Prevention Plan is under review by RWC.

EMERGENCY RESPONSE PLAN

Ms. Sherborne reported on certain certification obligations that the District must meet under the America's Water Infrastructure Act of 2018 (the "Act"). She stated that, pursuant to the Act, the District must certify to the Environmental Protection Agency that its community water system has completed an Emergency Response Plan (the "Plan"). Following review and discussion, Director Kimball moved to approve the Emergency Response Plan, authorize the filing of the certification of the Plan with the Environmental Protection Agency, and direct (1) the Plan to be filed, confidentially, in the District's official records and (2) the confirmation of certification be filed in the District's official records. Director Schmidt seconded the motion, which passed unanimously.

OTHER ENGINEERING MATTERS

Ms. Grant updated the Board on the status of the general operating permits for water plant no. 2, water plant no. 3, and the wastewater treatment plant related to the storage of hazardous materials.

UPDATE ON STATUS OF PENDING ANNEXATIONS

Ms. Sherborne reported there was no update on this agenda item.

DEVELOPMENT OF THE JACKSON-SHAW TRACT, INCLUDING CONSENT TO ASSIGNMENT OF AGREEMENTS

Ms. Sherborne reviewed a Consent to Assignment and Assumption of Shared Facilities Cost-Sharing Agreement between DRI/JS Nexus Park, LLC and CIVF VI DEV—TX2M01-M04, LLC, a Consent to Assignment and Assumption of Letter Agreement for Temporary Water Facilities and Sanitary Sewer Service between DRI/JS Nexus Park, LLC and CIVF VI DEV—TX2M01-M04, LLC, and Consent to Encroachment between the District and DRI/JS Nexus Park, LLC (collectively, the "Consents").

The Board considered accepting conveyance of a Drainage, Detention and Access Easement for all of Restricted Reserve "A" of Industrial at FM 1960 Sec 1, and a Storm Sewer Easement (the "Easements") from DRI/JS Nexus Park, LLC.

After review and discussion, Director Kimball moved to (1) approve the Consents, subject to final review and approval by the Board President and ABHR, and direct that the Consents be filed appropriately and retained in the District's official records; and (2) accept conveyance of the Easements, subject to final review and approval by the Board President and ABHR, and direct that the Easements be filed appropriately and retained in the District's official records. Director Schmidt seconded the motion, which passed unanimously.

Mr. Pearson reported on a fire at a commercial warehouse allegedly caused by a loss of water pressure from the temporary water line serving the warehouse. He stated the loss of water pressure triggered the fire suppression system to turn on the fire pump to create more pressure in the fire suppression system, and when the pump ran out of water it caught on fire. He stated the estimated cost to repair or replace the damaged property is \$20,000. Mr. Lee stated the water was shut off because of a report of flooding at an adjacent property due to a water line failure not caused by the District. The Board took no action on this matter.

ACCEPT WAIVER OF SPECIAL APPRAISAL

The Board considered accepting a Waiver of Special Appraisal for the Benefit of the District ("Waiver") provided by DRI/JS Nexus Park, LLC. After discussion,

Director Kimball moved to accept the Waiver and direct that the Waiver be filed appropriately and retained in the District's official records. Director Schmidt seconded the motion, which passed unanimously.

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

The Board tabled discussion on this agenda item.

CONSIDER USE OF EMINENT DOMAIN AUTHORITY

The Board tabled discussion on this agenda item.

ATTORNEY'S REPORT

The Board reviewed correspondence from Greens Bayou Coalition, a copy of which is attached, requesting the District's financial support. After review and discussion, the Board took no action.

Ms. Sherborne reported ABHR has filed the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas.

Ms. Sherborne discussed *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1*, a pending case regarding the use of governmental immunity as a defense against condemnation.

Ms. Sherborne reviewed correspondence from the NHCRWA dated November 17, 2021, regarding distribution system preparation to receive surface water, a copy of which is attached. The Board concurred to post a customer notification on the District's website regarding the surface water staging and the change from free chlorine to monochloramine disinfectant with the integration of surface water scheduled to begin in May, 2022.

CONVENE IN EXECUTIVE SESSION PURSUANT TO (i) SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY, AND/OR (ii) SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

The Board convened in Executive Session at 4:09 p.m. pursuant to Section 551.072 of the Texas Government Code to deliberate the purchase, exchange, lease, or value of real property. Ms. Sherborne, Ms. Easey, and Mr. LeBlanc also were present.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING (i) THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL

PROPERTY, AND/OR (ii) PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

The Board reconvened in Open Session at 4:21 p.m. After discussion, Director Schmidt moved to authorize Avison Young to continue negotiating the sale of the approximately 2.4-acre surplus park tract, as discussed, and approve the Commercial Contract for Unimproved Property, subject to ABHR final review. Director Kimball seconded the motion, which passed unanimously.

DISCUSSION REGARDING RESULTS OF 2021 BOND AND MAINTENANCE TAX ELECTION

The Board deferred discussion regarding the results of the 2021 bond and maintenance tax election. The Board requested Michael Willett's attendance at the next meeting to provide Touchstone's recap of the election campaign and results. The Board requested election cost estimates from the District's consultants for election planning purposes.




Secretary, Board of Directors

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