

MINUTES
EMERALD FOREST UTILITY DISTRICT

September 9, 2024

The Board of Directors (the "Board") of Emerald Forest Utility District (the "District") met in regular session, open to the public, on the 9th day of September, 2024, 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
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 either in person or on the telephone were Danny Way, Martha Moore, and Joe Vaquera, members of the public; Jack Baber of Lexington Associates; Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Greg Lentz of Masterson Advisors LLC; Michael Willett and Dee Russell of Touchstone District Services; Stephanie Viator of District Data Services, Inc.; Robel Giackero of Baxter & Woodman, Inc. ("B&W"); Lonnie Lee of Regional Water Corporation ("RWC"); Debbie Arellano of Bob Leared Interests; and Katie Sherborne and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Mr. Way addressed the Board regarding the instructions provided by B&W for connecting to the District's water and sanitary sewer system, noting that some of the requirements are difficult to comply with due to the age of the existing businesses and would incur significant expense by the property owners. He also stated that the plan review deposit of \$5,000.00 seemed high.

The Board stated that they cannot waive the plan review deposit, as it is in the District's Rate Order, but the Board directed B&W to work with the property owners on a reasonable workaround to some of the requirements for tying in that are difficult for the property owners to comply with.

Mr. Way also requested the Board considered reimbursing himself and Ms. Moore for their portions of the FM 1960 water and sewer project from surplus water and sewer revenue. The Board discussed the request and concurred to consider reimbursement from

surplus water and sewer revenue once progress has been made to connect the existing businesses to the District's system and plugging the existing water well.

APPROVE MINUTES

The Board considered approving the minutes of the August 12, 2024, regular meeting. After review and discussion, Director High moved to approve the minutes of the August 12, 2024, regular meeting, as submitted. Director Schmidt seconded the motion, which passed by a vote of 4-0 with Director Dillard absent from the meeting.

REORGANIZE THE BOARD AND ELECT OFFICERS

The Board tabled discussed on this agenda item.

AUTHORIZE FILING OF DISTRICT REGISTRATION FORM WITH TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ")

The Board tabled discussed on this agenda item.

WEBSITE AND COMMUNICATION MATTERS

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

GARBAGE COLLECTION AND RECYCLING MATTERS

The Board discussed garbage collection and recycling matters in the District.

APPROVE DEVELOPER REIMBURSEMENT REPORT AND AUTHORIZE DISBURSEMENT OF FUNDS

Mr. Jenkins reviewed a draft developer reimbursement report reflecting the amounts reimbursable by the District to Montco Lots, L.L.C. from surplus water and sewer revenue.

After review and discussion, Director High moved to (1) approve the developer reimbursement report; and (2) authorize the disbursement of funds. Director Schmidt seconded the motion, which passed by a vote of 4-0 with Director Dillard absent from the meeting.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR THE FISCAL YEAR END SEPTEMBER 30, 2024

The Board considered authorizing the District's auditor to prepare the District's audit report for the fiscal year ending September 30, 2024. The Board reviewed a letter from McCall, a copy of which is attached, stating the approximate cost for preparation of the

audit report is between \$15,000 and \$17,500, plus expenses. After discussion, Director High moved to authorize McCall to prepare the District's audit report for the fiscal year ending September 30, 2024. Director Schmidt seconded the motion, which passed by a vote of 4-0 with Director Dillard absent from the meeting.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Arellano presented the monthly tax report, a copy of which is attached. She stated that 98.7% of the District's 2023 taxes were collected as of August 31, 2024. Ms. Arellano 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 High 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 Schmidt seconded the motion, which passed by a vote of 4-0 with Director Dillard absent from the meeting.

After review and discussion, Director High moved to approve the tax report and payment of the tax bills. Director Schmidt seconded the motion, which passed by a vote of 4-0 with Director Dillard absent from the meeting.

DISCUSS 2024 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Mr. Lentz reviewed a tax rate analysis, 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. He also discussed a possible future cash redemption of a portion of the District's Series 2016 Unlimited Tax Refunding Bonds. 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 High moved to (1) set the public hearing date for October 14, 2024 at 2:30 p.m.; and (2) authorize the tax assessor/collector to publish notice of the District's meeting on October 14, 2024 at 2:30 p.m., to set the proposed 2024 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 Brooks seconded the motion, which passed by a vote of 4-0 with Director Dillard absent from the meeting.

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 High moved to approve the bookkeeper's report and payment of the bills. Director Schmidt seconded the motion, which passed by a vote of 4-0 with Director Dillard absent from the meeting.

ADOPT BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2025

Ms. Viator reviewed the draft budget for the fiscal year ending September 30, 2025, a copy of which is attached to the bookkeeper's report. She noted revisions to the operation and maintenance tax revenue, audit fee, and certain engineering line items.

After review and discussion, Director High moved to adopt the budget for the fiscal year ending September 30, 2025, revised as discussed. Director Schmidt seconded the motion, which passed by a vote of 4-0 with Director Dillard absent from the meeting.

Director Dillard entered the meeting.

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 91.6%.

Mr. Lee reviewed a request from account no. 1-30-50025-02 requesting a bill adjustment for high water and sewer bills from June and July, 2024, due to a leaking backflow preventer.

After review and discussion, Director Schmidt moved to (1) approve the operator's report; and (2) credit the excess sewer charge for account no. 1-30-50025-02. Director High 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 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 High seconded the motion, which passed unanimously.

UPDATE ON PREPARATION OF BOND APPLICATION

Mr. Giackero updated the Board on the preparation of the District's bond application, as reflected in his report.

ENGINEERING MATTERS

Mr. Giackero stated that he will be taking over as the District's engineer as the District's previous engineer is no longer with B&W. He then reviewed the engineer's report, a copy of which is attached.

CYPRESS NORTH HOUSTON ROAD (LOUEDD ROAD) WIDENING

There was no discussion on this agenda item.

FEASIBILITY STUDIES, PLAN REVIEWS, AND SERVICE REQUESTS

Mr. Giackero updated the Board on the status of the pending plan reviews and service requests, as reflected in his report.

Mr. Giackero stated that B&W sent plan review letters for the revised plans for the individual grease traps for the two individual buildings on the 1.345-acre Kensinger-Donnelly tract to the owner on August 27, 2024. He also reported that the third remaining building is being leased to a car rental company.

Mr. Giackero stated that B&W received revised plans for a fire sprinkler line for the 7 Day Tire & Wheel located at 12026 Jones Road on September 4, 2024, which B&W is reviewing.

CYPRESS GLEN SANITARY SEWER REPAIR PROJECT

Mr. Giackero updated the Board on the status of the sanitary sewer and manhole rehabilitation project for Cypress Glen, as reflected in his report. He did not have any Pay Estimates or Change Orders from Texas Pride Utilities, LLC for the Board's approval.

UPDATE REGARDING ENFORCEMENT ORDER FROM THE TCEQ

The Board discussed the TCEQ enforcement order and the requirements the District must complete. Ms. Sherborne stated that the sanitary control easements will be ready by the following week.

DEEDS, EASEMENTS, AND/OR CONSENTS TO ENCROACHMENT

There was no discussion on this agenda item.

OTHER ENGINEERING MATTERS

There was no discussion on this agenda item.

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

Ms. Ramirez stated that the proposed Third Addendum to Water Supply and Waste Disposal Contract with Cy-Fair Independent School District is still under review by B&W.

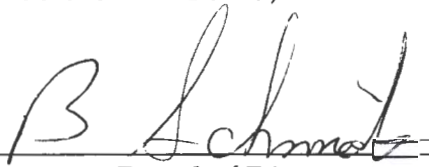
ATTORNEY'S REPORT

The Board discussed the change in the District's engineering representative from B&W.

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

(SEAL)




Secretary, Board of Directors

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