

MINUTES
EMERALD FOREST UTILITY DISTRICT

March 11, 2024

The Board of Directors (the "Board") of Emerald Forest Utility District (the "District") met in regular session, open to the public, on the 11th day of March, 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 Henry Chapman of Kensinger Donnelly, LLC; Lon Weaver of LGE Design Build; Danae Dehoyos of Touchstone District Services ("Touchstone"); Stephanie Viator of District Data Services, Inc. ("DDS"); Sherry Grant 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

There were no comments from the public.

OPERATOR'S REPORT

Mr. Lee updated the Board on the status of construction of the water line adjustments for the Cypress Creek Distribution Center development. He stated that the total cost for the adjustments is \$50,975.00. Mr. Lee stated that he anticipates the work to be completed by the end of the week.

APPROVE LETTER AGREEMENT WITH PRIII/CRE DISTRIBUTION CENTER OWNER, LP

Ms. Sherborne reviewed the proposed Letter Agreement with PRIII/CRE Distribution Center, L.P. for the water line adjustments required to facilitate the construction of the private storm sewers for the Cypress Creek Distribution Center development. After review and discussion, Director High moved to approve the Letter Agreement with PRIII/CRE Distribution Center, L.P., subject to final review, and direct

that it be filed appropriately and retained in the District's official records. Director Kimball seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Chapman updated the Board on the status of the 1.345-acre Kensinger-Donnelly tract. He stated that the water lines have been connected to the water meters and the private water wells are being plugged the next day. Mr. Chapman stated that he is requesting the Board allow the installation of separate grease traps for each individual business as opposed to one large grease trap sized for all three existing buildings. He stated that Kensinger-Donnelly potentially plans to sell each building to individual owners in the future and having one joint grease trap would be problematic. Discussion ensued regarding access should the District allow individual grease traps. After review and discussion, Director Dillard moved to authorize the installation of individual grease traps for each individual business, as necessary, subject to execution of an access agreement and contingent upon each grease trap meeting current District rules and regulations as determined by the District's engineer and operator. Director High seconded the motion, which passed unanimously.

APPROVE MINUTES

The Board considered approving the minutes of the February 12, 2024, regular meeting and the February 27, 2024, special meeting. Ms. Ramirez noted that both sets of minutes were revised to include minor changes to the engineering sections, as requested by Ms. Grant. After review and discussion, Director Brooks moved to approve the minutes of the February 12, 2024, regular meeting and the February 27, 2024, special meeting, as revised. Director Schmidt seconded the motion, which passed unanimously.

WEBSITE AND COMMUNICATION MATTERS

Ms. Dehoyos reviewed the website and communication report, a copy of which is attached. She recommended the Board consider sending out a text alert about the District's text alert system utilizing an updated resident contact list from RWC and a text alert regarding signing up for EyeOnWater.

GARBAGE COLLECTION AND RECYCLING MATTERS

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

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Arellano presented the monthly tax report, a copy of which is attached. She stated that 95.9% of the District's 2023 taxes were collected as of February 29, 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 Brandon”), a copy of which is attached. Ms. Rodriguez stated that Perdue Brandon is recommending that 21 delinquent business personal property taxes be transferred to the District’s uncollectible roll, as listed on the delinquent tax report.

The Board discussed the 2023 delinquent tax accounts for real property and business personal property for Carbajal Empire LLC for the property located at 10814 Woodedge Drive. Ms. Viator noted that there is also an Out-of-District Service Agreement for that location and the annual payment in lieu of taxes has not been paid for 2023. After review and discussion, the Board concurred to authorize ABHR to send correspondence to Carbajal Empire LLC regarding the delinquent payments and stating that the District will consider terminating service to the tract at the next regular meeting if the payments are not made prior to such meeting.

After review and discussion, Director High moved to (1) approve the tax report and payment of the tax bills; and (2) authorize the tax assessor/collector to move the uncollectible delinquent business personal property accounts to the uncollectible roll, as recommended. Director Kimball 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.

The Board discussed the delinquent payment in lieu of taxes for the 9410 FM 1960 West property and the delinquent detention pond maintenance payments for Cabot Properties and Montco Lots, LLC. After discussion, the Board concurred to authorize ABHR to send correspondence to the appropriate entities regarding the delinquent payments and stating that the District will consider terminating service to the tracts at the next regular meeting if the payments are not made prior to such meeting.

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 unanimously.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME

The Board considered approving the Annual Report updating the District’s financial and operating data in accordance with the continuing disclosure agreements contained in the resolutions authorizing issuance of the District’s bonds and SEC Rule 15c2-12. After review and discussion, Director High moved to approve the Annual Report and to authorize filing with the information depositories in accordance with the District’s agreements in the resolutions authorizing issuance of the District’s bonds and

pursuant to SEC Rule 15c2-12. Director Schmidt seconded the motion, which passed unanimously.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Ms. Sherborne reviewed the District's procedures for continuing disclosure compliance. She stated that no changes are required at this time.

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 88.5%.

Mr. Lee reviewed a request from account no. 1-30-02280-03 requesting a payment plan for a high water and sewer bills from January and February, 2024, due to a leaking toilet.

Mr. Lee reviewed a request from account no. 1-30-03915-04 requesting a bill adjustment or a payment plan for a high water and sewer bills from January and February, 2024, due to a leaking toilet.

Mr. Lee reviewed a request from account no. 1-30-06065-04 requesting a payment plan for a high water and sewer bills from December, 2023, and January and February, 2024, due to an unknown leak.

After review and discussion, Director High moved to (1) approve the operator's report; (2) authorize RWC to offer a three-month payment plan for account no. 1-30-02280-03, plus the current month's bill as it becomes due; (3) deny the request for a bill adjustment for account no. 1-30-03915-04, but authorize RWC to offer a six-month payment plan, plus the current month's bill as it becomes due; and (4) authorize RWC to offer a six-month payment plan for account no. 1-30-06065-04, plus the current month's bill as it becomes due, contingent upon the leak being repaired within 10 days and evidence provided to the District's operator otherwise service is directed to be terminated pursuant to the District's Rate Order. 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 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 High 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.

UPDATE ON PREPARATION OF BOND APPLICATION

Ms. Grant updated the Board on the preparation of the District's bond application, as reflected in her report. She stated that B&W provided a list of missing items required for the bond application to the developer.

REVIEW DROUGHT CONTINGENCY PLAN AND ORDER ADOPTING AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Ms. Ramirez stated that the Texas Commission on Environmental Quality ("TCEQ") rules require that the District review and adopt an Amended and Restated Drought Contingency Plan prior to May 1, 2024. The Board reviewed an Amended and Restated Drought Contingency Plan. After review and discussion, Director Schmidt moved to adopt an Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject and direct that the Order be filed appropriately and retained in the District's official records. Director High seconded the motion, which passed unanimously.

REVIEW EMERGENCY PREPAREDNESS PLAN ("EPP") AND AUTHORIZE FILING OF UPDATES, IF NECESSARY

Ms. Ramirez discussed the District's EPP and requirements to file any updates with the TCEQ. She said the B&W is in the process of submitting the updated EPP with the TCEQ and other required entities and no further action is required.

REVIEW CRITICAL LOAD SPREADSHEET

The Board reviewed an updated Critical Load Spreadsheet and considered authorizing the annual filing with all appropriate entities. After discussion, Director High moved to authorize the annual filing of the updated Critical Load Spreadsheet. Director Schmidt seconded the motion, which passed unanimously.

ENGINEERING MATTERS (CONT'D)

Ms. Grant reviewed the engineer's report, a copy of which is attached.

SURFACE WATER, CHLORAMINE CONVERSION, AND BLEACH DISINFECTION CONVERSION

There was no update on this agenda item.

CYPRESS NORTH HOUSTON ROAD (LOUEDD ROAD) WIDENING

There was no discussion on this agenda item.

FEASIBILITY STUDIES, PLAN REVIEWS, AND UTILITY AVAILABILITY REQUESTS

Ms. Grant updated the Board on the status of the pending plan reviews, service requests, and feasibility studies, as reflected in her report.

Ms. Grant stated that B&W provided the final feasibility study for the 6.2-acre 7C Jones LLC tract to the owner on March 8, 2024. She stated that B&W is working on the annexation application.

Ms. Grant stated that B&W has not received any comments yet from Harris County Emergency Services District No. 13 on the draft feasibility study report for the proposed development on the approximately 10.7-acre tract located near the southeast corner of Barely Lane and Rowood Lane.

Ms. Grant stated that B&W received a request from Axis Builders to remove the existing backflow preventer for the domestic water service line Cypress Creek Fire Station No. 24. She stated that B&W informed Axis Builders that the backflow is a requirement of the District and cannot be removed.

Ms. Grant stated that B&W provided information to ABHR on March 8, 2024, regarding the property changes that need to be incorporated into the Third Addendum to Water Supply and Waste Disposal Contract with Cy-Fair ISD. The Board noted that Cy-Fair ISD is currently being charged at single-family residential rates and discussed changing Cy-Fair ISD to nontaxable user fee rates as part of the amendment. The Board requested that B&W prepare a cost analysis of Cy-Fair ISD's water usage at the current single-family residential rates versus the current nontaxable user fee rates. The Board also requested that RWC prepare an analysis of the expenses associated with the maintenance and operation of the lift station that serves the Cy-Fair ISD tracts.

CYPRESS GLEN SANITARY SEWER REPAIR PROJECT

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

UPDATES TO EMERGENCY PREPAREDNESS PLAN ("EPP") AND EMERGENCY RESPONSE PLAN ("ERP")

Ms. Grant stated that B&W is still finalizing the ERP and EPP for filing with the appropriate entities.

SERVICE LINE INVENTORY FOR LEAD AND COPPER RULE COMPLIANCE

Ms. Grant updated the Board on the preparation of the service line inventory for the Lead and Copper Rule compliance program which is being prepared by RWC.

UPDATE REGARDING REQUEST FOR EXCEPTION FROM TCEQ

Ms. Grant stated that B&W submitted the exception request for the missing documentation for water well no. 2 to the TCEQ on March 1, 2024, a copy of which is attached to the engineer's report.

DEEDS, EASEMENTS, AND/OR CONSENTS TO ENCROACHMENT

There was no discussion on this agenda item.

OTHER ENGINEERING MATTERS

Ms. Grant stated that B&W submitted the general operating permit renewal applications related to the storage of hazardous materials for water plant no. 2, water plant no. 3, and the wastewater treatment plant to Harris County on March 6, 2024. She stated that the District is now required to have general operating permits for lift stations that utilize diesel generators if the generators exceed a certain size limit. Ms. Grant requested the Board authorize B&W to prepare general operating permit applications related to the storage of hazardous materials for any lift stations that qualify. After review and discussion, Director Schmidt moved to authorize B&W to prepare general operating permit applications related to the storage of hazardous materials for the District's lift stations, as necessary. Director Dillard seconded the motion, which passed unanimously.

Ms. Grant stated B&W and ABHR held a meeting with the new Environmental Protection Agency representative assigned to the Jones Road Superfund site, Lauren Guidry-Leach, on March 5, 2024. She stated that Ms. Guidry-Leach stated that anything related to amending previous ordinances related to providing service to the areas within the Jones Road ground water plume boundary would need to be done by Harris County.

APPROVE DEVELOPMENT FINANCING AGREEMENT

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

Ms. Sherborne stated that the operator for Reid Road Municipal Utility District No. 1 ("Reid Road"), Municipal Operating & Consulting, Inc. ("MOC") notified ABHR that while MOC was investigating unusually low water accountability, MOC located the water interconnect between Reid Road and the District and discovered it was open. She stated that Reid Road believes its low water accountability was due to water being lost through the interconnect and sent an invoice to the District for two months' worth of lost water, a copy of which is attached. Ms. Sherborne stated that ABHR requested additional information from MOC regarding the invoice, which has not yet been provided. The Board requested that ABHR request maintenance records for the interconnect from MOC and request MOC conduct a site visit with RWC to ensure the interconnect and all associated equipment, including the meter, are functioning properly.

Ms. Sherborne stated that Reid Road has also requested the Board consider amending the Emergency Water Supply Agreement with Reid Road to adjust the cost of water supplied to either District via the interconnect. After discussion, the Board concurred to defer consideration of the amendment until the March special meeting, pending additional review by the Board.

2024 DIRECTORS ELECTION

Ms. Sherborne discussed procedures related to the 2024 Directors Election. She reviewed a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors executed by the Board Secretary stating that the District received two candidate applications for the two director positions for the May 4, 2024, Directors Election. Following review and discussion, Director Dillard moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors. Director Kimball seconded the motion, which passed unanimously.

Ms. Sherborne presented an Order Cancelling Election and Declaring Unopposed Candidates Elected to Office stating that the May 4, 2024, Directors Election is cancelled and that the unopposed candidates, Bob Dillard and Robert Kimball, are declared elected to office to serve from the May 4, 2024, Directors Election until the May 6, 2028, Directors Election. Following review and discussion, Director Dillard moved to adopt

the Order Cancelling Election and Declaring Unopposed Candidates Elected to Office. Director Kimball seconded the motion, which passed unanimously.

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

(SEAL)




Secretary, Board of Directors

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