

## **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345**

### **Minutes of Meeting of Board of Directors**

**April 17, 2023**

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 345 (the "District") met in regular session at the Board's designated meeting place at 1300 Post Oak Boulevard, Suite 2500, Houston, Harris County, Texas, on April 17, 2023, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted members of said Board of Directors, as follows:

Everett M. Dalton, President  
Keith Wright, Vice President  
David Kingma, Secretary  
Aaron Pichon, Assistant Secretary  
David Vinzant, Assistant Secretary

and all of said persons were present, with the exception of Directors Wright and Kingma, thus constituting a quorum.

Also present were Robert Miller and Allen Jenkins of Inframark, LLC ("Inframark"); Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Isabel Mata and Ashlie Whittemore of Wheeler & Associates, Inc. ("Wheeler"); Jason Robinett of Costello Engineers, Inc. ("Costello"); Angela Smith, resident of the District; and Kate Henderson and Peyton Ellis of Schwartz, Page and Harding, L.L.P. ("SPH").

The President called the meeting to order, and declared it open for such business as might regularly come before it.

### **PUBLIC COMMENTS**

The Board began by opening the meeting for public comments. The Board recognized Ms. Smith, who addressed the Board regarding the need for improved communications between the District and the District's residents.

### **APPROVAL OF MINUTES**

As the next order of business, the Board reviewed the minutes of its meeting held on March 20, 2023. After discussion of the minutes presented, Director Vinzant moved that the minutes of the March 20, 2023, Board meeting be approved, as written. Director Dalton seconded said motion, which unanimously carried.

### **BOOKKEEPER'S REPORT**

Ms. Crigger presented to and reviewed with the Board the Bookkeeper's Report dated April 17, 2023, a copy of which is attached hereto as **Exhibit A**, including the

disbursements presented for payment from the District's various accounts, a Fund Balance Report, Pledged Securities Report, Actual vs. Budget Comparisons for the District's various accounts for March 2023, and a Cash Flow Forecast. Following discussion, Director Pichon moved that the Board approve the Bookkeeper's Report and authorize payment of the disbursements listed therein, with the exception of check nos. 11403 and 11404, which were voided. Director Dalton seconded the motion, which unanimously carried.

#### **CLIENT SERVICES AGREEMENT WITH HR&P, INC. ("HR&P")**

Ms. Crigger reminded the Board that MA&C is now offering direct deposit service for director per diem and expense reimbursement payments through HR&P, Inc. ("HR&P"), a third party payroll provider, and provided the Board with a summary of the program and its costs and benefits. A copy of such summary is attached hereto as **Exhibit B**. She then presented to and reviewed with the Board a proposed Client Services Agreement between the District and HR&P relative to such services, a copy of which is attached hereto as **Exhibit C**. Ms. Crigger noted that participation in the HR&P program will result in neither a cost savings nor a cost increase to the District. Following discussion on the matter, the Board indicated that it is not interested in direct deposit of per diems and expense reimbursements at this time, and (i) declined to approve of a Client Services Agreement with HR&P, and (ii) adopt the Resolution Authorizing Electronic Transfer of Funds for Director Per Diems and Expense Reimbursements in connection therewith.

#### **ADOPTION OF RESOLUTION AUTHORIZING ELECTRONIC TRANSFER OF FUNDS FOR DIRECTOR PER DIEMS AND EXPENSE REIMBURSEMENTS**

No further action was required by the Board in connection with the Resolution Authorizing Electronic Transfer of Funds for Director Per Diems and Expense Reimbursements.

#### **TAX ASSESSOR-COLLECTOR'S REPORT**

Ms. Mata presented to and reviewed with the Board the Tax Assessor-Collector's Report dated as of March 31, 2023, including the checks presented for payment, a copy of which is attached hereto as **Exhibit D**. Following review and discussion of the report submitted, it was moved by Director Dalton, seconded by Director Pichon and unanimously carried, that the Tax Assessor-Collector Report dated as of March 31, 2023, be approved, and that the disbursements identified therein be authorized for payment from the District's Tax Account.

#### **DELINQUENT TAX REPORT**

Ms. Henderson presented to and reviewed with the Board a Delinquent Tax Report dated April 17, 2023, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon"), the District's delinquent tax collection attorney, a copy of

which is attached hereto as **Exhibit E**. Following discussion, the Board noted that there were no action items associated with the Delinquent Tax Report.

### **RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES**

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Ms. Henderson advised the Board that the District is authorized, pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on real property taxes that remain delinquent as of July 1 of the year in which they become delinquent. Following discussion, it was moved by Director Vinzant, seconded by Director Pichon and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, attached hereto as **Exhibit F**, be adopted by the Board, and that the President be authorized to execute and the Assistant Secretary to attest same on behalf of the Board and the District.

### **ENGINEER'S REPORT**

The Board next considered the Engineer's Report. In connection therewith, Mr. Robinett presented to and reviewed with the Board an Engineering Report dated April 17, 2023, a copy of which is attached hereto as **Exhibit G**.

Mr. Robinett provided the Board with an update regarding the repair and potential widening of the sidewalks and trails located within the boundaries of the District (the "Sidewalk Repair Project"). In connection therewith, Mr. Robinett reminded the Board that Harris County Municipal Utility District No. 346 ("No. 346") and Harris County Precinct 4 ("Pct. 4") have agreed to fund the Sidewalk Repair Project at a cost to be shared between No. 346 and Pct. 4. In that regard, Mr. Robinett advised the Board that he was informed by David Loe, Parks Director for Pct. 4, that No. 346 and Pct. 4 are still in the process of entering into an Interlocal Agreement relative to the Sidewalk Repair Project. In connection with the District's request that all sections of the District's sidewalk/trails to be repaired by utilizing an 8' wide asphalt trail instead of the 5' wide concrete sidewalk that was proposed by Pct. 4, Mr. Robinett advised that Mr. Loe will attempt to widen the sidewalks during construction.

### **ACQUISITION OF PROPERTY OWNED BY SECOND BAPTIST CHURCH FOR A SECOND WATER WELL**

In connection with the possible acquisition of property owned by Second Baptist Church (the "Church") for the drilling of a second water well, Ms. Henderson reminded the Board that SPH has transmitted the District's offer to the Church for purchase of the second water well site (the "Site"), as previously authorized by the Board, and advised that she has not yet received a response from the Church. Ms. Henderson suggested that the Board could consider authorizing SPH to begin the process of preparing and

obtaining from the applicable District residents the Sanitary Control Easements required in connection with the second water well. Following discussion, it was moved by Director Vinzant, seconded by Director Dalton and unanimously carried, that: (i) SPH be authorized to begin preparation of the Sanitary Control Easements required in connection with the second water well, and (ii) Directors Dalton and Pichon be authorized to communicate with the applicable District residents to obtain such Sanitary Control Easements. The Board requested that Costello research alternative options for the site of the second water well for future consideration by the Board in the event the Church does not provide a timely response to the District's offer.

## **OPERATIONS REPORT**

Mr. Miller presented to and reviewed with the Board the Operations and Maintenance Report ("Operations Report") for the month of March 2023, a copy of which is attached hereto as **Exhibit H**. In connection therewith, Mr. Miller advised the Board that Inframark has provided a Water Quality Noncompliance Notification to the TCEQ in connection with the District's Wastewater Treatment Plant, a copy of which is included in the Operations Report. Mr. Miller and Mr. Jenkins then addressed the Board's questions regarding the noncompliance.

Mr. Miller then advised the Board that the District's Water Plant took a direct lightening strike during a storm that occurred on April 6, 2023, and that the well motor and associated wiring were burned up as a result of same, causing the Water Plant to go down. He further advised that Inframark has placed the District on interconnect with West Park Municipal Utility District ("West Park") while the District's water plant undergoes repair. Ms. Henderson reminded Mr. Miller that pursuant to the Emergency Water Supply Contract between the District and West Park, the District is entitled to thirty (30) days of emergency water supply from West Park without prior approval, and that the District is required to request consent from West Park should the District need to extend the thirty (30) day water supply period. She requested that Inframark notify SPH if Inframark anticipates the District will need to receive emergency water supply past the allotted thirty-day period.

In connection with the implementation of a mass communication messaging system through Classic Messaging and the Opt-In Campaign relative to same, Mr. Miller presented to and reviewed with the Board informational handouts regarding the distribution of mass notifications by Classic Messaging to the District's residents, copies of which are attached hereto as **Exhibit I**. He then gave a presentation on Inframark's website and the District's webpage through Inframark's website. Mr. Miller confirmed for the Board that the District's webpage includes a link to Classic Messaging's landing page for the District's Opt-In Campaign, and noted that Dominic Cashiola of Classic Messaging will be in attendance at the Board's next meeting to further discuss the District's mass communication messaging system. Upon review of the District's webpage, the Board provided Mr. Miller with its comments and requested the incorporation of same by Inframark. Ms. Smith then addressed the Board regarding the need for additional communication to the District's residents. Following discussion, the

Board concurred to discuss the matter further at its next meeting and requested that an item be placed on next month's agenda for same.

The Board next considered authorizing Inframark to prepare the District's Consumer Confidence Report ("CCR") in the format promulgated by the Texas Commission on Environmental Quality ("TCEQ"). In connection therewith, Ms. Henderson advised the Board that, pursuant to CCR requirements promulgated by the United States Environmental Protection Agency and the TCEQ, the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2023. After discussion on the matter, Director Dalton moved that Inframark be authorized to prepare said CCR for the Board's review and SPH be authorized to review same for compliance with the TCEQ regulatory requirements. Director Vinzant seconded said motion, which unanimously carried.

Mr. Miller next presented Inframark's annual report regarding the District's Identity Theft Prevention Program (the "Program") and advised the Board regarding the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts maintained by the District and the District's business arrangements with other entities, a copy of which is attached to the Operations Report. Mr. Miller recommended that no changes be made to the District's Program. After discussion on the matter, the Board concurred that no changes were necessary to the Program at this time.

#### **AMENDMENT TO DISTRICT RATE ORDER**

There was next a discussion regarding an amendment to the District's Rate Order. In connection therewith, Ms. Henderson reminded the Board that the City of Houston (the "City") previously implemented a new annual rate over a five-year period pursuant to Ordinance No. 2021-515, resulting in a \$1.14 increase in groundwater reduction plan ("GRP") fees for April 1, 2023. Ms. Henderson then advised the Board of notice provided by the City regarding its automatic annual adjustment to such GRP fees due to inflation, and noted that a 9.2% increase will be effective April 1, 2023. The Board then considered amending the District's Rate Order to incorporate the City's increase in GRP fees by increasing the GRP fee billed to each District customer from \$1.27 to \$2.53 for each 1,000 gallons of water used. Following discussion, Director Pichon moved that (i) the District's Rate Order be amended to increase the GRP fee billed to each District customer from \$1.27 to \$2.53 for each 1,000 gallons of water used, (ii) the amended Rate Order, a copy of which is attached hereto as **Exhibit J**, be dated effective as of April 1, 2023, and any and all rate orders heretofore adopted by the Board be revoked as of such date, and (iii) the District's operator be authorized to include a statement in customer water bills to notify the District's customers of the GRP fee increase. Director Dalton seconded the motion, which unanimously carried.

## **SECURITY MATTERS**

Discussion ensued regarding security matters throughout the District. In connection therewith, Ms. Henderson presented to and reviewed with the Board a Green Trails Monthly Report dated as of March 2023, and a Harris County Constable Pct 5 Beat Activity Report for the month of March 2023, copies of which are attached hereto as **Exhibit K**.

## **STATUS OF IMPLEMENTATION OF MASS COMMUNICATION MESSAGING SYSTEM BY CLASSIC MESSAGING LLC ("CLASSIC MESSAGING") AND DISCUSSION REGARDING OPT-IN CAMPAIGN RELATIVE TO SAME**

The Board noted that it had nothing further to discuss with regards to the District's mass communication messaging system by Classic Messaging that had not already been covered under the Operations Report.

## **STATUS OF AUDIT (DUE JUNE 15, 2023)**

Ms. Henderson reminded the Board that it previously engaged FORVIS, LLP ("FORVIS") to conduct an audit of the District's financial statements and prepare the District's audit for the fiscal year ended January 31, 2023. In that regard, Ms. Henderson advised the Board that FORVIS is in the process of preparing a draft of the District's audit report and is expected to present same for review and approval by the Board at its next meeting.

## **ATTORNEY'S REPORT**

The Board next considered the attorney's report. In connection therewith, Ms. Henderson advised the Board that Harris County Municipal Utility District No. 216 has provided its annual invoice for water supplied to the District during the 2023 calendar year. She further advised that the District's consultants are in the process of reviewing said annual invoice and will work with No. 216 to finalize same.

## **STATUS OF POTENTIAL LITIGATION INVOLVING THE DISTRICT**

The President noted that the Board would discuss the District's involvement in litigation in Closed Session.

## **CLOSED SESSION**

The President announced at 1:02 p.m. that the Board would convene in Closed Session pursuant to Texas Government Code, Section 551.071. All of those in attendance, with the exception of the Board, Ms. Ellis and Ms. Henderson, exited the meeting at this time.



### **RECONVENE IN OPEN SESSION**

The Board reconvened in Open Session at 1:14 p.m., with the Board, Ms. Ellis and Ms. Henderson in attendance.

Following discussion of matters relative to the pending litigation involving the District, it was moved by Director Pichon, seconded by Director Vinzant, and unanimously carried that Director Dalton be authorized to take any action necessary, on behalf of the Board and the District, with respect to the pending litigation involving the District.

### **FUTURE AGENDA ITEMS**

The Board considered items for placement on future agendas. No items were requested to be added to future agendas other than those items hereinabove discussed.

### **ADJOURNMENT**

There being no further business to come before the Board, upon motion made by Director Pichon, seconded by Director Vinzant and unanimously carried, the meeting was adjourned.



Secretary

## **LIST OF ATTACHMENTS TO MINUTES**

- Exhibit A –** Bookkeeper's Report
- Exhibit B –** HR&P Inc. Summary of Program and Costs
- Exhibit C –** Client Services Agreement with HR&P, Inc.
- Exhibit D –** Tax Assessor/Collector Report
- Exhibit E –** Delinquent Tax Report
- Exhibit F –** Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
- Exhibit G –** Engineering Report
- Exhibit H –** Operations Report
- Exhibit I –** Classic Messaging Informational Handouts
- Exhibit J –** Amended Rate Order
- Exhibit K –** Green Trails Monthly Report dated as of March 2023 and Harris County Constable Pct. 5 Beat Activity Report