

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345

Minutes of Meeting of Board of Directors April 18, 2022

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 18, 2022, 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 Kingma and Vinzant, thus constituting a quorum.

Also present were Allen Jenkins of Inframark Water Infrastructure Operations ("Inframark"); Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Isabel Mata of Wheeler & Associates, Inc. ("Wheeler"); Jason Robinett and Ralph Wissel of Costello Engineers, Inc. ("Costello"); 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 deferred consideration from the public, as no comments were offered.

APPROVAL OF MINUTES

As the next order of business, the Board reviewed the minutes of its meeting held on March 21, 2022. After discussion of the minutes presented, Director Dalton moved that the minutes of the March 21, 2022, Board meeting be approved, as written. Director Wright seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Crigger presented to and reviewed with the Board the Bookkeeper's Report dated April 18, 2022, 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 2022, and a Cash Flow Forecast. Following discussion, Director Dalton moved that the Board approve the Bookkeeper's Report and authorize payment of the disbursements listed therein, with the exception of check nos. 11130 and 11131, which were voided. Director Pichon seconded said motion, which unanimously carried.

AMENDMENT TO OPERATING BUDGET FOR FISCAL YEAR ENDING JANUARY 31, 2023

Ms. Crigger presented to and reviewed with the Board an amended operating budget for the District's fiscal year ending January 31, 2023, a copy of which is included with **Exhibit A**. In connection therewith, Ms. Crigger advised the Board that such amendment includes the District's fees for obtaining water through the District's emergency interconnect with Harris County Municipal Utility District No. 216 ("No. 216"), and changes with respect to capital improvement projects as recommended by Costello. Following discussion, the Board concurred to defer consideration of the amended operating budget until Costello confirms that said budget accounts for the costs associated with the purchase and installation of generators at two (2) District lift stations and the Joint Wastewater Treatment Plant.

AGREEMENT WITH CLASSIC MESSAGING REGARDING IMPLEMENTATION OF PROPOSED MASS COMMUNICATION MESSAGING SYSTEM

The Board considered approval of an agreement between the District and Classic Messaging LLC ("Classic Messaging") in connection with the implementation of a mass communication messaging system. In connection therewith, Ms. Henderson presented to and reviewed with the Board a proposed Messaging Services Agreement prepared by Classic Messaging, a copy of which is attached hereto as **Exhibit B**, and recommended approval of same subject to SPH review. Following discussion, Director Dalton moved to approve the Messaging Services Agreement between the District and Classic Messaging, subject to SPH's review of same, and receipt of Classic Messaging's Texas Ethics Commission Form 1295 in connection therewith, and authorize the Board to execute the Messaging Services Agreement on behalf of the Board and the District. Director Wright seconded the motion, which unanimously carried.

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, 2022, including the checks presented for payment, and a Delinquent Collections Listings dated as of March 31, 2022, copies of which are attached hereto as **Exhibit C**. Following review and discussion, Director Wright moved that the Tax Assessor-Collector's Report be approved and that the checks identified in the report be approved for payment. Director Dalton seconded said motion, which carried unanimously.

DELINQUENT TAX REPORT

Ms. Henderson presented to and reviewed with the Board a Delinquent Tax Report ("Report") dated April 18, 2022, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's delinquent tax collection attorney, a copy of which is attached hereto as **Exhibit D**. The Board noted that there were no action items associated with the 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, a copy of which is attached hereto as **Exhibit E**. Ms. Henderson advised 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. After discussion, it was moved by Director Dalton, seconded by Director Pichon and unanimously carried, that the attached Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes 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 date April 18, 2022, a copy of which is attached hereto as **Exhibit F**.

In connection with the purchase and installation of two (2) generators to be located at the District's lift stations and the Joint Wastewater Treatment Plant ("Joint WWTP") located within Longhorn Town Utility District ("Longhorn"), Mr. Robinett advised that design of the project is approximately 70% complete. Following discussion, Director Dalton requested that Costello inform Longhorn and Baker Road Municipal Utility District ("Baker Road") (collectively, the MUDs") of the shared cost amounts owed to the District in connection with the purchase and installation of the generator to be located at the Joint WWTP. He additionally requested that Costello and SPH communicate with the appropriate consultants for the MUDs to provide advanced notice regarding when the MUDs can expect to receive an invoice from the District for the shared cost of the Joint WWTP generator.

Mr. Robinett advised the Board that Costello conducted an inspection of the sidewalks and trails located within the boundaries of the District (the "Sidewalks"). In connection therewith, Mr. Robinett advised that he met with David Loe, Harris County Precinct 4 Parks Director, to discuss the conditions of the Sidewalks and that Mr. Loe plans to discuss the repair and potential widening of the Sidewalks with Commissioner R. Jack Cagle. No action was required by the Board in connection with this matter.

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 advised the Board that SPH has communicated with Harris County Municipal Utility District No. 346 ("No. 346") regarding the terms of the offer to the Church, as required by the Third Amendment to Interim and Permanent Water Supply Contract between the District and No. 346. Ms. Henderson further advised that once No. 346 agrees to the terms and conditions of the District's offer regarding same, SPH will begin preparation of an offer letter to the Church for the purchase of the property for a second water well. No action was taken by the Board in connection with this matter.

OPERATIONS REPORT

Mr. Jenkins presented to and reviewed with the Board the Operations and Maintenance Reports ("Operations Report") for the month of March 2022, a copy of which is attached hereto as **Exhibit G**. In connection therewith, Mr. Jenkins presented to and reviewed with the Board a proposal from Accurate Meter & Backflow, LLC ("Accurate Meter") in the amount of \$6,950.00 for the replacement of the vault lid located at the District's emergency interconnect with Green Trails Municipal Utility District ("Green Trails"), and a proposal from Rage Industrial Solutions in the amount of \$10,850.00 to replace such vault lid, copies of which are included in **Exhibit G**. Following discussion of said proposals, Director Dalton moved to approve the proposal from Accurate Meter in the amount of \$6,950.00. Director Pichon seconded the motion, which unanimously carried.

Ms. Henderson then reported that Section 13.1396 of the Texas Water Code requires that a district must annually submit to each electric distribution utility and each retail electric utility provider, on forms reasonably required by each entity, its facilities which qualify for critical load status and requested that the Board authorize Inframark to make such annual filing on behalf of the District. After discussion, Director Pichon moved that Inframark be authorized to make the District's annual critical load status filing on behalf of the District. Director Wright seconded the motion, which carried unanimously.

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, 2022. After discussion on the matter, Director Pichon 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 Wright seconded said motion, which unanimously carried.

Mr. Jenkins 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. Jenkins 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 advised the Board that SPH received notification from the City of Houston (the "City") dated as of March 14, 2022, regarding the City's implementation of a new annual rate over a five-year period pursuant to Ordinance No. 2021-515, which will result in a \$0.11 increase in groundwater reduction plan ("GRP") fees for April 1, 2022. The Board noted that the City will substantially increase its GRP rates over the next five years. Ms. Henderson then advised the Board of correspondence from the City dated April 1, 2022, regarding the City's automatic annual adjustment to such GRP fees due to inflation and noted that a 5.6% increase will be effective April 1, 2022. Copies of such correspondence are attached hereto as **Exhibit H**. In connection therewith, Ms. Henderson advised the Board that the City is increasing its GRP rate from \$1.01 to \$1.18 effective April 1, 2022, which is a 17% increase. The Board then considered amending the District's Rate Order to incorporate the City's 5.6% increase in GRP fees by increasing the GRP fee billed to each District customer from \$1.10 to \$1.27 for each 1,000 gallons of water used. Following discussion, Director Wright moved that (i) the District's Rate Order be amended to increase the GRP fee billed to each District customer from \$1.10 to \$1.27 for each 1,000 gallons of water used, (ii) the amended Rate Order, a copy of which is attached hereto as **Exhibit I**, be dated effective as of April 1, 2022, 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 Pichon 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 2022, and a Harris County Constable Pct 5 Beat Activity Report for the month of March 2022, copies of which are attached hereto as **Exhibit J**.

CONSIDER AN AMENDMENT TO THE EMERGENCY AND INTERIM WATER SUPPLY AGREEMENTS BETWEEN THE DISTRICT (I) GREEN TRAILS, AND (II) WEST PARK MUNICIPAL UTILITY DISTRICT ("WEST PARK")

The Board considered an amendment to the Emergency and Interim Water Supply Agreements between the District and Green Trails, Westpark, and any other entities with an

existing emergency water supply contract with the District. In connection therewith, Ms. Henderson advised that she had nothing new to report to the Board regarding this matter.

INTERLOCAL AGREEMENT BETWEEN THE DISTRICT AND WILLOW FORK DRAINAGE DISTRICT ("WILLOW FORK") IN CONNECTION WITH THE INSTALLATION OF A HIKE AND BIKE UNDERPASS ON FRY ROAD

In connection with the installation of a hike and bike underpass to be located on Fry Road (the "Project"), Ms. Henderson reminded the Board that SPH has provided Willow Fork with comments to the draft Interlocal Agreement prepared by Willow Fork, and that Willow Fork is in the process of looking for additional contributors to participate in the Project.

STATUS OF HARRIS COUNTY FLOOD CONTROL DISTRICT'S ("HCFCD") BARKER RESERVOIR SEDIMENT REMOVAL PROJECT

The Board concurred that it did not need to discuss the HCFCD Barker Reservoir Sediment Removal Project at this time.

STATUS OF AUDIT DUE JUNE 15, 2022

Ms. Henderson advised the Board that BKD, LLC, the District's auditor, is in the process of preparing the District's audit and will be in attendance at next month's Board meeting to present same to the Board.

ATTORNEY'S REPORT

The Board next considered the attorney's report. In connection therewith, Ms. Henderson provided the Board with written materials from a Powerpoint presentation prepared by Acclaim Energy Advisors ("Acclaim") regarding the Acclaim Reliability Advantage Program ("Program"), as well as a proposed form of letter agreement relative to same. Ms. Henderson explained that Acclaim is seeking participation from a number of municipal utility districts with which they have an existing relationship in the Program at a cost of \$2,500 per district to interface with the Public Utility Commission to advocate on behalf of municipal utility districts relative to new rules and regulations proposed for adoption in connection with implementation of Senate Bill 3 from the 2021 Legislative Session, including encouraging the development of microgrids. To that end, Ms. Henderson advised that Acclaim is seeking to attend the Board's next meeting to discuss the Program in greater detail. Following discussion on the matter, the Board determined it was not interested in participating in the Program.

CLOSED SESSION

The Board determined it was not necessary to enter into Closed Session.

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 Dalton, seconded by Director Wright and unanimously carried, the meeting was adjourned.




Secretary

LIST OF ATTACHMENTS TO MINUTES

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| Exhibit A - | Bookkeeper's Report |
| Exhibit B - | Messaging Services Agreement between the District and Classic Messaging LLC |
| Exhibit C - | Tax Assessor/Collector Report |
| Exhibit D - | Delinquent Tax Collections Report |
| Exhibit E - | Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes |
| Exhibit F - | Engineering Report |
| Exhibit G - | Operations Report |
| Exhibit H - | City of Houston Correspondence regarding Increase in GRP Fees |
| Exhibit I - | Rate Order effective April 1, 2022 |
| Exhibit J - | Green Trails Monthly Report dated as of March 2022 and Harris County Constable Pct 5 Beat Activity Report |