

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345

Minutes of Meeting of Board of Directors
December 19, 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 December 19, 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 Director Wright, thus constituting a quorum.

Also present were Allen Jenkins and Robert Miller of Inframark Water Infrastructure Operations ("Inframark"); Yaneth Castillo of Municipal Accounts & Consulting, L.P. ("MA&C"); Isabel Mata of Wheeler & Associates, Inc. ("Wheeler"); Sergio Gonzalez 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 November 21, 2022. After discussion of the minutes presented, Director Kingma moved that the minutes of the November 21, 2022, Board meeting be approved, as written. Director Dalton seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Castillo presented to and reviewed with the Board the Bookkeeper's Report dated December 19, 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 November 2022, and a Cash Flow Forecast. Ms. Castillo additionally presented to and reviewed with the Board a Quarterly Investment Inventory Report, which had been prepared by MA&C, for the reporting period ended October 31, 2022, a copy of which is attached to the Bookkeeper's Report. Following discussion, Director Kingma moved that the Board (i) approve the Bookkeeper's Report and authorize payment of the disbursements listed therein, with the exception of check no. 11324, which was voided, and (ii) approve the Quarterly Investment Inventory Report and authorize the District's Investment Officer to execute same on behalf of the Board and the District. Director Dalton seconded said motion, which unanimously carried.

Ms. Castillo next presented and discussed a preliminary draft of the operating budget for the District and preliminary drafts of the budgets for the Joint Sewage Treatment Plant and Joint Water Plant for the fiscal year ending January 31, 2024, copies of which are included in **Exhibit A**, and requested that the Directors and consultants provide any comments to such budgets prior to the Board's next meeting.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Mata presented to and reviewed with the Board the Tax Assessor-Collector's Report dated as of November 30, 2022, including the checks presented for payment, a copy of which is attached hereto as **Exhibit B**. Following review and discussion of the report submitted, it was duly moved by Director Vinzant, seconded by Director Kingma and unanimously carried, that the Tax Assessor-Collector Report dated as of November 30, 2022, be approved, and that the disbursements identified therein be authorized for payment from the District's Tax Account.

DELINQUENT TAX REPORT

Ms. Henderson reported that a Delinquent Tax Report was not received this month from the District's delinquent tax attorneys, Perdue, Brandon, Collins, Fielder & Mott, LLP.

ENGINEER'S REPORT

The Board next considered the Engineer's Report. In connection therewith, Mr. Gonzalez presented to and reviewed with the Board an Engineering Report dated December 19, 2022, a copy of which is attached hereto as **Exhibit C**.

Mr. Gonzalez reminded the Board of the City of Houston's requirement that the District convert from groundwater to surface water at some point in the future, and that it requested a presentation from Costello on converting the District's current infrastructure to accommodate surface water and any subsidence concerns occurring within the District. In connection therewith, Mr. Gonzalez provided the Board with a brief explanation regarding conversion by the District from groundwater to surface water, and advised that

Mr. Robinett, the District's representative from Costello, will give a presentation on the matter at a future Board.

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 (the "Property"), Ms. Henderson advised the Board that the engineer for Harris County Municipal Utility District No. 346 ("No. 346") has approved the second water well site and associated easements, and that the Board of Directors of No. 346 considered the second water well at its Board meeting held on December 19, 2022. She further advised that No. 346 has requested more time to consider the matter before making a decision, and noted that SPH will wait to send an offer letter to the Church for purchase of the Property until No. 346 reaches a decision.

OPERATIONS REPORT

Mr. Miller presented to and reviewed with the Board the Operations and Maintenance Report ("Operations Report") for the month of November 2022, a copy of which is attached hereto as **Exhibit D**. Following discussion, no action was required of the Board in connection with the Operations Report.

IMPLEMENTATION OF PUBLIC UTILITY COMMISSION OF TEXAS RULES RELATING TO SENATE BILL 3

Ms. Henderson presented to and reviewed with the Board a Memorandum prepared by SPH detailing publication by the Public Utility Commission of Texas (the "PUC") of 16 TAC, Sections 24.173 and 24.364 relating to the implementation of Senate Bill 3 ("S.B. 3"), a copy of which is attached hereto as **Exhibit E**. In connection therewith, Ms. Henderson informed the Board that a notice containing certain required information must be provided to each of the District's retail water or sewer customers prior to January 31, 2023. Following discussion, it was moved by Director Kingma, seconded by Director Dalton, and unanimously carried that the Board (i) approve the language proposed by SPH for the required notice, and (ii) authorize Inframark to include the approved notice as an insert in the District's next cycle of customer utility bills.

AMENDMENT TO DISTRICT'S RATE ORDER

The Board next considered amending the District's Rate Order to address the previously discussed changes in the law resulting from the PUC's implementation of S.B. 3, and to accommodate the adjustment of rates applicable to the inspection of customer grease traps. In that regard, Ms. Henderson presented to and reviewed with the Board SPH's recommended changes to the District's Rate Order, including the increase in the fee for inspection of customer grease traps from \$30.00 per inspection to \$60.00 for inspection. Following discussion, Director Kingma moved that the Board (i) adopt the

amended Rate Order reflecting SPH's recommended changes, as discussed, including the fee increase for inspection of customer grease traps from \$30.00 per inspection to \$60.00 per inspection, and (ii) revoke any and all Rate Orders heretofore adopted by the Board. Director Dalton seconded the motion, which unanimously carried. A copy of the amended Rate Order is attached hereto as **Exhibit F**.

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 November 2022, and a Harris County Constable Pct 5 Beat Activity Report for the month of November 2022, copies of which are attached hereto as **Exhibit G**.

AMENDMENT TO THE EMERGENCY AND INTERIM WATER SUPPLY AGREEMENT WITH WEST PARK MUNICIPAL UTILITY DISTRICT ("WEST PARK")

The Board considered an amendment to the Emergency and Interim Water Supply Agreement between the District and West Park (the "Emergency Water Supply Agreement"). In connection therewith, Ms. Henderson reminded the Board that SPH has been in communications with West Park's attorney regarding an amendment to the Emergency Water Supply Agreement to provide for an increase in the cost paid by West Park to the District for usage of water, from \$0.75 per thousand gallons of water used to \$1.00 per thousand gallons of water used. In that regard, Ms. Henderson advised the Board that West Park is amenable to amending the Emergency Water Supply Agreement, and that SPH has reached out to No. 346 and Longhorn Town Utility District to confirm each is amenable to the recommended rate increase. No action was taken by the Board in connection with this matter.

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 discussed the status of the implementation of a mass communication messaging system through Classic Messaging and the Opt-In Campaign relative to same. In connection therewith, Director Pichon advised the Board that Classic Messaging has uploaded all of the necessary data for future District notifications. He further advised that he has attempted to contact Classic Messaging to inquire about the status of the launch of the Opt-In Campaign, but has not yet received a response. He noted that he would continue to follow up with Classic Messaging regarding this matter. Discussion next ensued regarding the Opt-In Campaign and the District's means of providing notice of same to the District's residents, and upon motion made by Director Kingma, seconded by Director Dalton, and unanimously carried, the Board (i) authorized Inframark to include the Opt-In Campaign information in each cycle of customer water bills moving forward, and (ii) authorized Director Pichon to relay to Classic Messaging, the Board's

desire for Classic Messaging to distribute a separate letter to the District's residents regarding the Opt-In Campaign. The Board concurred for Director Pichon to request that Dominic Cashiola of Classic Messaging attend the Board's next meeting to provide an update on the implementation of the mass communication messaging system.

ATTORNEY'S REPORT

The Board next considered the attorney's report. In connection therewith, Ms. Henderson stated that she had nothing further of a legal nature to discuss with the Board at this time.

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 12:48 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 12:54 p.m., with the Board, Ms. Ellis and Ms. Henderson in attendance.

Following discussion of matters relative to the pending litigation involving the District, no action was taken by the Board.


FUTURE AGENDA ITEMS

The Board did not request any items be placed on future agendas other than regular and on-going items.

ADJOURNMENT

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




Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Bookkeeper's Report
- Exhibit B – Tax Assessor/Collector Report
- Exhibit C – Engineering Report
- Exhibit D – Operations Report
- Exhibit E – Memorandum regarding the PUC's publication of 16 TAC, Sections 24.173 and 24.364 relating to the implementation of S.B. 3
- Exhibit F – Amended Rate Order
- Exhibit G – Green Trails Monthly Report dated as of November 2022 and Harris County Constable Pct. 5 Beat Activity Report