

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345

Minutes of Meeting of Board of Directors

February 19, 2024

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 February 19, 2024, 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
Aaron Pichon, Secretary
David Vinzant, Assistant Secretary
Michael Fitzgerald, Assistant Secretary

and all of said persons were present, with the exception of Directors Dalton and 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"); Jason Robinett and Jeff Peña of Costello, LLC, now known as Pape-Dawson Consulting Engineers, LLC ("Pape-Dawson"); Angela Smith, resident of the District; and Kate Henderson, Linda Knox, and Alyssa Kanarr of Schwartz, Page and Harding, L.L.P. ("SPH"). Isabel Mata of Wheeler & Associates, Inc. ("Wheeler") entered the meeting after it was called to order, as noted herein.

In the absence of the President, the Secretary 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. Ms. Smith addressed the Board concerning the District's participation in the Harris County Public Health Water Testing Program, real-time streaming of the District's Board of Directors meeting as well as text message notification to residents regarding Board of Directors meetings, repairs to sidewalks located within the District due to EZ Fiber installation, the District's participation in class action settlements with 3M and Dupont, whether H&H and Lonestar are subcontractors to EZ Fiber, and the District's agreement with Harris County Municipal Utility District No. 216 for 30,000,000 gallons of water on an annual basis.

APPROVAL OF MINUTES

As the next order of business, the Board reviewed the minutes of its meetings held on December 11, 2023 and December 18, 2023. Ms. Henderson noted a revision to the Engineer's Report section of the December 18, 2023 meeting, as requested by Mr. Robinett. After discussion of the minutes presented, Director Vinzant moved that the minutes of the December 11, 2023, Board meeting be approved, as written, and the minutes of December 18, 2023 be approved, as revised. Director Fitzgerald seconded said motion, which unanimously carried. The Board deferred action until the next meeting regarding the approval of the minutes of its meeting held on January 29, 2024.

SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Ms. Henderson next informed the Board that, pursuant to provisions of Chapter 403, Texas Government Code, and Chapter 203, Texas Local Government Code, the District is required to annually submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database no later than April 1st of each year. Ms. Henderson recommended that the Board authorize FORVIS, LLP ("FORVIS") to prepare and submit the information for the 2024 reporting period. After discussion on the matter, it was moved by Director Fitzgerald, seconded by Director Vinzant and unanimously carried, that FORVIS be authorized to prepare the required information for the 2024 reporting period and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database no later than April 1, 2024.

BOOKKEEPER'S REPORT

Ms. Castillo presented to and reviewed with the Board the Bookkeeper's Report dated February 19, 2024, 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 December 2023, and a Cash Flow Forecast. Following discussion, Director Fitzgerald moved that the Board approve the Bookkeeper's Report and authorize payment of the disbursements listed therein with the addition of check nos. 11641, 3206, and 5207, each payable to Champion Energy, and with the exception of check nos. 11626 and 11625, which were voided. Director Vinzant seconded said motion, which unanimously carried.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Ms. Henderson advised that, pursuant to the Public Funds Investment Act, the Board is required to conduct a review such list at least annually. She then presented to and reviewed with the Board a proposed Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, with a list of financial institutions, brokers and dealers attached thereto, and a comparison of the list submitted and the list previously adopted by the Board,

copies of which is included in **Exhibit B**. Ms. Henderson further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Vinzant moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District; and (ii) the Secretary and Assistant Secretary be authorized to execute same. Director Fitzgerald seconded said motion, which unanimously carried.

BUSINESS LIST UPDATE FOR THE DISTRICT'S STRATEGIC PARTNERSHIP AGREEMENT WITH THE CITY OF HOUSTON

The Board considered the status of the Business List Update relative to the District's Strategic Partnership Agreement with the City of Houston. In connection therewith, Ms. Henderson presented to and reviewed with the Board, two (2) Business List Updates, as prepared and timely submitted to the City of Houston by Sales Revenue, Inc., as required, on behalf of the Board and the District. Copies of the Business List Updates are attached hereto as **Exhibit C**. Following review and discussion, Ms. Henderson confirmed that no further action was required by the Board in connection with this matter.

GRANTING OF TAX EXEMPTIONS FOR 2024

Ms. Henderson outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Texas Tax Code, as amended. She advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2024, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2024, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. Following discussion, Director Fitzgerald moved that the District (a) not grant the residential homestead exemption, and (b) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$10,000 from ad valorem taxes levied by the District during the calendar year 2024, and that the Resolution Concerning Exemptions from Taxation, which is attached hereto as **Exhibit D**, be approved and adopted by the Board and the District. Director Pichon seconded said motion, which carried unanimously.

Ms. Mata entered the meeting at this time.

DELINQUENT TAX REPORT

Ms. Henderson presented to and reviewed with the Board a Delinquent Tax Report ("Report") dated January 15, 2024, 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**. The Board noted that there were no action items associated with the Report.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, which is attached hereto as **Exhibit F**. Ms. Henderson advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property taxes that remain delinquent as of said 60th day, as more fully described in said Resolution. After discussion, it was moved by Director Vinzant, seconded by Director Fitzgerald and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be passed and approved by the Board, and that Perdue Brandon be authorized to proceed with the collection of the District's 2023 delinquent personal property accounts following delivery of proper notice, as provided in said Resolution, including the filing of lawsuits, as necessary.

RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2024 TAX YEAR

Ms. Henderson reminded the Board of the procedures applicable to the adoption of the District's tax rate will depend, in part, upon whether the District is determined to be a "Developed District" under Texas Water Code Section 49.23602. Ms. Henderson then reviewed with the Board a worksheet completed by Pape-Dawson to assist the Board in making this determination, along with a Resolution Concerning Developed District Status for the 2024 Tax Year. She advised the Board that pursuant to said worksheet, the District is a "Developed District" under said law. Following discussion, upon motion made by Director Fitzgerald, seconded by Director Vinzant, and unanimously carried, the Resolution Concerning Developed District Status for 2024 Tax Year attached hereto as part of **Exhibit G** was adopted by the Board.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Mata presented to and reviewed with the Board the Tax Assessor-Collector's Report dated as of January 31, 2024, including the checks presented for payment, a copy of which is attached hereto as **Exhibit H**. Following review and discussion of the report submitted, it was moved by Director Vinzant, seconded by Director Fitzgerald and unanimously carried, that the Tax Assessor-Collector Report dated as of January 31, 2024, be approved, and that the disbursements identified therein be authorized for payment from the District's Tax Account.

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 January 15, 2024, a copy of which is attached hereto as **Exhibit I**.

Mr. Peña next presented to and reviewed with the Board the District's 10-year Capital Improvement Plan ("CIP"), a copy of which is included with the Engineer's Report. In connection therewith, Mr. Robinett requested the Board's authorization to begin design of the Second Water Well and Wastewater Treatment Plant Phase 1 Improvements Project and to design and advertise for bids for the proposed Water Plant Phase 1 Improvements Project, each as identified on the CIP. Upon inquiry from Director Fitzgerald, Mr. Robinett advised that he would bring proposals from Pape-Dawson setting forth the scope and estimated engineering fees associated with the three (3) projects for the Board's consideration at next month's meeting. The Board concurred not to take action regarding said projects until it receives the proposals from Pape-Dawson.

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

Ms. Henderson advised the Board that the possible acquisition of property owned by Second Baptist Church (the "Church") for the drilling of a Second Water Well will be discussed in Closed Session.

OPERATIONS REPORT

Mr. Miller presented to and reviewed with the Board the Operations and Maintenance Report ("Operations Report") for the month of January 2024, a copy of which is attached hereto as **Exhibit J**. In connection therewith, Mr. Miller requested the Board's authorization to install a three (3) pump controller at the onsite lift station at an estimated cost of \$4,950.

Mr. Miller informed the Board that the results from the latest water quality testing of the District's system for arsenic levels conducted by the Texas Commission on Environmental Quality (the "TCEQ") have been received, a copy of which is included in the Operations Report, and that the test results indicate that the arsenic levels are below the maximum allowed limit.

Ms. Henderson then discussed with the Board the requirements of Title 30, Section 288.30 of the Texas Administrative Code for retail public water suppliers, such as the District, to review and, if appropriate, revise their Drought Contingency Plan (the "DCP") not later than May 1, 2024, and every five years thereafter. Ms. Henderson requested that the Board consider authorizing Inframark and Pape-Dawson to review the District's DCP for any required updates.

Ms. Henderson advised the Board that the District previously adopted a Water Conservation Plan (the "WCP") in accordance with the terms of the District's City of

Houston Water Supply and Groundwater Reduction Plan Wholesale Agreement and that the District is not required to review and update its WCP pursuant to the requirements of Title 30, Section 288.30 of the Texas Administrative Code. She then queried whether the Board would be interested in authorizing Inframark and Pape-Dawson to review the District's WCP for any updates.

Mr. Miller then advised the Board that the District received a Notice of Violation for the Modified Comprehensive Compliance Investigation at the District's Wastewater Treatment Plant from the TCEQ, a copy of which is included with Exhibit J, due to unauthorized discharge of wastewater including floating solids, and advised the Board that Inframark has taken action to correct the unauthorized discharge and replied to the TCEQ on the District's behalf. Mr. Jenkins advised that Inframark, on the District's behalf, had previously submitted a noncompliance notification to the TCEQ in connection with the unauthorized discharge and that no further action is required by the Board in connection therewith.

After discussion, Director Vinzant moved that (i) Inframark be authorized to install a three (3) pump controller at the onsite lift station, (ii) Inframark and Pape-Dawson be authorized to proceed with the review and preparation of an updated DCP and an updated WCP, as necessary, and (iii) Inframark be authorized to perform the sanitary sewer televising program in accordance with the District's CIP. Director Pichon seconded the motion, which carried unanimously.

CONSUMER CONFIDENCE REPORTS

The Board next considered authorizing Inframark to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. Ms. Henderson advised the Board that, pursuant to reporting requirements promulgated by the United States Environmental Protection Agency, the District is required to provide a report containing various information regarding the District's water supply to any other water supplier which has received water from the District through an interconnect by April 1, 2024. Following discussion, Director Pichon moved that the Board authorize Inframark to provide the required information, as discussed. Director Fitzgerald 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 December 2023, a Harris County Constable Pct 5 Beat Activity Report for the month of December 2023, and a Yearly Totals Report, copies of which are attached hereto as **Exhibit K**.

ANNUAL REVIEW OF SURVEY OF WAGE RATE SCALES AND ADOPTION OF RESOLUTION ADOPTING PREVAILING WAGE RATE SCALE FOR CONSTRUCTION PROJECTS

The Board next considered the review of an annual survey of prevailing wage rate scales for construction projects and the adoption of a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects (the "Wage Rate Resolution") in connection therewith. In that regard, Ms. Henderson reported that SPH is recommending that the District continue to adopt the wage rate scales as determined by the United States Department of Labor ("DOL") for Harris County (the "County"). After discussion on the matter, Director Vinzant moved that the DOL wage rate scales for the County be adopted as the District's prevailing wage rate scales for construction projects, and that the Wage Rate Resolution, attached hereto as **Exhibit L**, be adopted by the Board. Director Fitzgerald seconded said motion, which unanimously carried.

RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board considered the review of proposals for renewal of the District's insurance coverages for the term expiring March 31, 2024. In that regard, Ms. Henderson reviewed with the Board a proposal received from the District's current insurance broker, Brown & Brown Lone Star Insurance Services, Inc. ("Brown & Brown"), a copy of which is attached hereto as **Exhibit M**. After discussion on the matter, Director Pichon moved that the proposal be accepted by the Board and that the Secretary be authorized to execute such proposal on behalf of the Board and the District. Director Fitzgerald seconded said motion, which unanimously carried.

MASS COMMUNICATION MESSAGING MATTERS SYSTEM; STATUS OF CREATION OF A DISTRICT WEBSITE

Ms. Henderson next advised the Board that from Classic Messaging, Inc. ("Classic") is in the process of creating the District's website, and that the website will be presented to the Board for its approval prior to going live. She advised that SPH has received a request from Classic and that SPH is compiling documentation required to be on the website at Classic's request.

STATUS OF HIKE AND BIKE UNDERPASS ON FRY ROAD BY WILLOW FORK DRAINAGE DISTRICT ("WILLOW FORK")

Ms. Henderson advised that she had nothing new to report to the Board at this time in connection with the status of the installation by Willow Fork of a hike and bike underpass to be located on Fry Road.

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

The Board considered an amendment to the Emergency and Interim Water Supply Agreement between the District and Green Trails (the "Emergency Water Supply Agreement"). In connection therewith, Ms. Henderson advised that Director Dalton requested this item be included on the agenda pursuant to a discussion he had with Green Trails' Board President. The Board concurred to defer the discussion until the next Board meeting.

ATTORNEY'S REPORT

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

STATUS OF POTENTIAL LITIGATION INVOLVING THE DISTRICT

Ms. Henderson noted that the Board would discuss the District's involvement in litigation in Closed Session.

CLOSED SESSION

The Secretary announced at 1:27 p.m. that the Board would convene in Closed Session pursuant to Texas Government Code, Section 551.071 and Section 551.072. All of those in attendance, with the exception of the Board, Ms. Knox, Ms. Kanarr and Ms. Henderson, exited the meeting at this time.

RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 1:42p.m., with the Board, Ms. Knox, Ms. Kanarr and Ms. Henderson in attendance. No action was taken by the Board in connection with items discussed in Closed Session.

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 Vinzant, seconded by Director Fitzgerald and unanimously carried, the meeting was adjourned.




Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A –	Bookkeeper's Report
Exhibit B –	Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
Exhibit C –	Updated Business List
Exhibit D –	Resolution Concerning Exemptions from Taxation
Exhibit E –	Delinquent Tax Report
Exhibit F –	Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
Exhibit G –	Resolution Concerning Developed District Status
Exhibit H –	Tax Assessor/Collector Report
Exhibit I –	Engineering Report including Capital Improvement Plan
Exhibit J –	Operations Report
Exhibit K –	Green Trails Monthly Report dated as of December 2023, Harris County Constable Pct. 5 Beat Activity Report, and Yearly Totals Report
Exhibit L –	Resolution Adopting Wage Rate Scales
Exhibit M –	Adopted Brown & Brown Insurance Renewal Proposal