

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

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

February 20, 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 February 20, 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 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"); Jason Robinett 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 January 16, 2023. After discussion of the minutes presented, Director Dalton moved that the minutes of the January 16, 2023, Board meeting be approved, as written. Director Vinzant seconded said motion, which unanimously carried.

### **BOOKKEEPER'S REPORT**

Ms. Castillo presented to and reviewed with the Board the Bookkeeper's Report dated February 20, 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 January 2023, and a Cash Flow Forecast. Following discussion, Director Vinzant moved that the Board approve the Bookkeeper's Report and authorize payment of the disbursements listed therein, with the exception of check nos. 11366 and 11367, which were voided. Director Dalton seconded the motion, which unanimously carried.

Ms. Castillo directed the Board's attention to the District's Investment Detail, as reflected in the Bookkeeper's Report, and advised the Board that MAC is recommending the purchase of three or four new Certificates of Deposit ("CDs") for the District, as interest rates have improved due to the stabilizing conditions of the investment market. The Board queried Ms. Castillo regarding the District's ability to purchase CDs with terms of two to three (2-3) years in lieu of the normal term length of 12 months, to which Ms. Castillo responded that she would research the matter further and provide the Board with a response at its next meeting. Following discussion, the Board authorized MAC to proceed with purchasing one (1) CD with a term of 12 months, and concurred to reconsider the purchase of additional CDs at next month's meeting.

#### **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, 2023, 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 moved by Director Pichon, seconded by Director Dalton and unanimously carried, that the Tax Assessor-Collector Report dated as of January 31, 2023, be approved, and that the disbursements identified therein be authorized for payment from the District's Tax Account.

#### **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.

#### **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. Robinett presented to and reviewed with the Board an Engineering Report dated February 20, 2023, a copy of which is attached hereto as **Exhibit D**.

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, and that No. 346 and Pct. 4 have been in the process of entering into an Interlocal Agreement relative to same. He noted that he would follow up with Pct. 4 regarding its decision in response to the Board's request that all sections of the District's sidewalk/trails be repaired by utilizing an 8' wide asphalt trail instead of the 5' wide concrete sidewalk that was proposed by Pct. 4 for certain sections of said sidewalks/trails.

In connection with the purchase and installation of two (2) generators to be located at the District's Lift Station Nos. 1 and 2, and one (1) generator to serve the District's Joint Wastewater Treatment Plant located within Longhorn Town Utility District (the "Generator Project"), Mr. Robinett presented to and reviewed with the Board two (2) proposals prepared by Ninyo & Moore for the construction materials testing and observation services required in connection with the Generator Project, and requested the Board's approval of same. Copies of such proposals are included in the Engineer's Report. Following review and discussion of the proposals submitted, Director Vinzant moved that such proposals be approved and that SPH be authorized to accept the Texas Ethics Commission ("TEC") Form 1295 submitted by Ninyo & Moore in connection therewith. Director Pichon seconded the motion, which unanimously carried.

Ms. Henderson then presented to and reviewed with the Board correspondence received from Costello providing the District with notice that a new standard rate schedule will be in effect for Costello employees as of January 1, 2023. A copy of such correspondence is attached hereto as **Exhibit E**. In that regard, Ms. Henderson advised the Board that pursuant to the Agreement for Engineering Services between the District and Costello, Costello is required to provide the District with thirty days' notice in the event of a rate increase and that no further action would be needed with regard to such matter at this time.

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

The President noted that the Board would discuss the possible acquisition of property owned by Second Baptist Church for the drilling of a second water well in Closed Session.

## **RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2023 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 Costello to assist the Board in making this determination, along with a Resolution Concerning Developed District Status for the 2023 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 Pichon, seconded by Director Vinzant, and unanimously carried, the Resolution Concerning Developed District Status for 2023 Tax Year attached hereto as part of **Exhibit F** was adopted by the Board.

## **OPERATIONS REPORT**

Mr. Miller presented to and reviewed with the Board the Operations and Maintenance Report ("Operations Report") for the month of January 2023, a copy of which is attached hereto as **Exhibit G**. Mr. Miller then presented to and reviewed with the Board a Laboratory Analysis Report conducted on the District's water system, a copy of which is included in the Operations and Maintenance Report.

Mr. Miller reminded the Board that the well motor located at the District's Water Plant experienced a failure and was pulled from service for repair. In connection therewith, Mr. Miller presented to and reviewed with the Board a quote prepared by Alsay Incorporated ("Alsay") for repair of the well motor in the amount of \$31,697.40, and a quote prepared by Alsay for replacement of the well motor in the amount of \$77,569.80, copies of which are included in the Operations Report, and advised the Board that Inframark recommends repairing the well motor at this time. Mr. Miller further advised that Inframark additionally recommends replacing the District's current surge protector and installing a second surge protector in order to protect the District's well motor moving forward. He noted that such work is expected to cost approximately \$10,500.00. Following discussion, Director Vinzant moved to approve the proposal from Alsay for repair of the well motor in the amount of \$31,697.40, and authorize Inframark to proceed with the replacement of the District's current surge protector and the installation of a second surge protector at a cost of approximately \$10,500.00. Director Pichon seconded the motion, which unanimously carried.

Mr. Miller then presented to and reviewed with the Board a proposal prepared by Image360 Katy for the design and fabrication of six (6) "Boil Water Notice" signs in the amount of \$927.92, a copy of which is included in the Operations Report. Following discussion, Director Vinzant moved to approve the proposal from Image 360 Katy for the design and fabrication of six (6) "Boil Water Notice" signs in the amount of \$927.92. Director Pichon seconded the motion, which unanimously carried.

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

The Board deferred consideration of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects until next month's meeting.

**EMERGENCY WATER SUPPLY CONTRACT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 216 ("NO. 216")**

A discussion then ensued regarding No. 216's recent well failure. In connection therewith, Ms. Henderson reminded the Board that the District has not received water from No. 216 since August 2022, despite requests for water, and that the Emergency Water Supply Contract between the District, No. 346, and No. 216, as amended, requires the District to take or pay for 30,000,000 gallons of water per year. Ms. Henderson then advised the Board that pursuant to the terms of such Emergency Water Supply Contract, in the event the District fails to receive 30,000,000 gallons of water (through no fault of No. 216), the District is required to pay for 30,000,000 gallons of water as though it had been received. Ms. Henderson then advised the Board that the District had not yet received an invoice from No. 216 for the 2022 calendar year. Following discussion of the matter, the Board requested that Ms. Castillo contact No. 216's bookkeeper to inquire as to the status of receipt by the District of the annual water supply invoice.

**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 January 2023, and a Harris County Constable Pct 5 Beat Activity Report for the month of January 2023, copies of which are attached hereto as **Exhibit H**.

**AMENDMENT TO THE EMERGENCY AND INTERIM WATER SUPPLY AGREEMENT BETWEEN THE DISTRICT, WEST PARK MUNICIPAL UTILITY DISTRICT ("WEST PARK"), LONGHORN TOWN UTILITY DISTRICT ("LONGHORN") AND NO. 346**

The Board considered an amendment to the Emergency and Interim Water Supply Agreement between the District, West Park, Longhorn, and No. 346 (the "Emergency Water Supply Agreement"). In connection therewith, Ms. Henderson advised the Board that SPH received confirmation from West Park, Longhorn and No. 346 that each is amenable to amending the Emergency Water Supply Agreement to provide for an increase in the cost for usage of water from \$0.75 per thousand gallons of water used to \$1.00 per thousand gallons of water used. She then presented a proposed First Amendment to Water Supply Contract between the District, West Park, Longhorn and No. 346 (the "First Amendment"), a copy of which is attached hereto as **Exhibit I**, and discussed same in detail with the Board. Following review and discussion, Director

Pichon moved to approve the First Amendment, subject to final review and approval by SPH and the respective legal counsels for the participating Districts, and authorize the President to execute such First Amendment on behalf of the Board and the District. Director Vinzant seconded the motion, which unanimously carried.

#### **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. Following discussion, Mr. Miller advised that he would follow up with Classic Messaging regarding the number of District residents who have opted-in to the program so far.

#### **RENEWAL OF DISTRICT INSURANCE POLICIES**

As the next order of business, the Board considered renewal of the District's insurance coverages. In connection therewith, Ms. Henderson advised the Board that the District's current insurance coverage through HARCO Insurance Company ("HARCO"), as agent for the Texas Municipal League ("TML") Intergovernmental Risk Pool, will expire on March 31, 2023. She further advised the Board that HARCO was recently acquired by Brown & Brown Lone Star Insurance Services, Inc. ("Brown & Brown"), and that Brown & Brown, as agent for the TML Intergovernmental Risk Pool, has provided an insurance renewal proposal for the Board's consideration, a copy of which is attached hereto as **Exhibit J**. Following review and discussion of the proposal presented, Director Vinzant moved to approve the insurance renewal proposal provided by Brown & Brown, subject to the following conditions: such proposal must be provided to Director Wright for his review and approval by the end of this week, and (i) in the event that Director Wright responds by the end of this week that he is not amenable to approving such proposal, SPH is authorized to solicit competitive quotes for consideration at the next Board meeting, and (ii) in the event that Director Wright is unable to review the renewal proposal by the end of this week, the Board's approval as of today's meeting date of the renewal insurance proposal from Brown & Brown will stand. Director Pichon seconded the motion, which unanimously carried.

#### **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**

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

### **CLOSED SESSION**

The President announced at 1:10 p.m. that the Board would convene in Closed Session pursuant to Texas Government Code, Sections 551.071 and 551.072. 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 1:17 p.m., with the Board, Ms. Ellis and Ms. Henderson in attendance.

Following discussion of matters relative to the pending litigation involving the District and the possible acquisition of property owned by Second Baptist Church for the drilling of a second water well, no action was taken by the Board.

### **FUTURE AGENDA ITEMS**

The Board considered items for placement on future agendas. Ms. Castillo requested an item be included on the agenda for the March Board meeting to discuss direct deposit for Director per diem and reimbursable expenses. The Board concurred to include such item on next month's agenda.

### **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.



Asst. Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A –	Bookkeeper's Report
Exhibit B –	Tax Assessor/Collector Report
Exhibit C –	Business List Update
Exhibit D –	Engineering Report
Exhibit E –	Rate Schedule of Costello, Inc., effective January 1, 2023
Exhibit F –	Resolution Concerning Developed District Status for the 2023 Tax Year
Exhibit G –	Operations Report
Exhibit H –	Green Trails Monthly Report dated as of January 2023 and Harris County Constable Pct. 5 Beat Activity Report
Exhibit I –	First Amendment to Water Supply Contract
Exhibit J –	Renewal Insurance Proposal