

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345

Minutes of Meeting of Board of Directors January 17, 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 January 17, 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 Wright and Kingma, thus constituting a quorum.

Also present were Allen Jenkins of Inframark Water Infrastructure Operations ("Inframark"); Yaneth Castillo of Municipal Accounts & Consulting, L.P. ("MA&C"); Isabel Mata of Wheeler & Associates, Inc. ("Wheeler"); Ralph Wissel of Costello Engineers, Inc. ("Costello"); Wendy Ramirez of BKD, LLP ("BKD"); and Kate Henderson and Peyton Ellis of Schwartz, Page and Harding, L.L.P. ("SPH").

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 15, 2021. After discussion of the minutes presented, Director Dalton moved that the minutes of the November 15, 2021, Board meeting be approved, as written. Director Pichon seconded said motion, which unanimously carried.

ENGAGEMENT OF AUDITOR FOR PREPARATION OF THE DISTRICT'S ANNUAL AUDIT FOR THE FISCAL YEAR ENDING JANUARY 31, 2022

The Board next considered the engagement of an auditing firm to conduct an audit of the District's records for the fiscal year ending January 31, 2022. Ms. Ramirez made a presentation to the Board on behalf of BKD to provide such auditing services, a copy of which is attached hereto as **Exhibit A**, and advised that BKD has estimated the fees for preparation of the District's 2022 audit to be \$16,500, plus expenses. She also advised that BKD has estimated that

the fees for the audit of the District's Joint Water Plant and Joint Sewage Treatment Plant accounts to be \$2,500 each, plus expenses. After discussion on the matter, Director Vinzant moved that BKD be engaged to conduct the District's audit report for the fiscal year ending January 31, 2022, including the Joint Water Plant and Joint Sewage Treatment Plant accounts, in accordance with the attached engagement letter, and that the President be authorized to execute BKD's engagement letter on behalf of the Board and the District. Director Pichon seconded said motion, which unanimously carried.

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 BKD be authorized to prepare and submit the information for the 2022 reporting period. After discussion on the matter, it was moved by Director Pichon, seconded by Director Dalton and unanimously carried, that BKD be authorized to prepare the required information for the 2022 reporting period and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database no later than April 1, 2022.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Mata presented to and reviewed with the Board the Tax Assessor-Collector's Reports dated as of November 30, 2021, and December 31, 2021, including the checks presented for payment, and a Delinquent Collections Listings dated as of December 31, 2021, copies of which are attached hereto as **Exhibit B**. Following discussion on the matter, Director Dalton moved that the Tax Assessor-Collector's Reports be approved and that the checks identified in the reports be approved for payment. Director Vinzant seconded said motion, which carried unanimously.

GRANTING OF TAX EXEMPTIONS FOR 2022

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 2022, 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 2022, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After further discussion of the matter, Director Dalton 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 2022, and that the Resolution attached hereto as **Exhibit C** relative to same be approved and adopted by the Board and District. Director Vinzant seconded said motion, which carried unanimously.

DELINQUENT TAX REPORT

Ms. Henderson presented to and reviewed with the Board a Delinquent Tax Report ("Report") dated January 10, 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 PERSONAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, a copy of which is attached hereto as **Exhibit E**. 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 Pichon, seconded by Director Vinzant and unanimously carried, that the attached Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be passed and approved by the Board, and that Perdue be authorized to proceed with the collection of the District's 2021 delinquent personal property accounts following proper notice as provided in said Resolution, including the filing of lawsuits, as necessary.

BOOKKEEPER'S REPORT

Ms. Castillo presented to and reviewed with the Board the Bookkeeper's Report dated January 17, 2022, a copy of which is attached hereto as **Exhibit F**, 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 2021, and a Cash Flow Forecast. After 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. 11067 and 11068, which were voided. Director Pichon seconded said motion, which unanimously carried.

Ms. Castillo next presented a proposed operating budget for the District, and proposed budgets for the Joint Sewage Treatment Plant and Joint Water Plant for the fiscal year ending January 31, 2023, copies of which are included in **Exhibit F**. Ms. Castillo reviewed the subject budgets in detail with the Board. After further discussion regarding the matter, upon motion made by Director Dalton, seconded by Director Pichon, and unanimously carried, the Board approved the proposed Operating, Joint Sewage Treatment Plant and Joint Water Plant budgets for the fiscal year ending January 31, 2023.

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 ("PFIA"), the Board is required to review such list at least annually. She presented to and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, which is attached hereto as **Exhibit G**, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, a copy of which is included in **Exhibit G**. 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 Dalton 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) that the President and Assistant Secretary be authorized to execute same. Director Vinzant seconded said motion, which unanimously carried.

ENGINEER'S REPORT

The Board next considered the Engineer's Report. In connection therewith, Mr. Wissel presented to and reviewed with the Board an Engineering Report date January 17, 2022, a copy of which is attached hereto as **Exhibit H**.

Discussion ensued regarding the installation of generators at the District's two (2) lift stations and the Joint Wastewater Treatment Plant located within Longhorn Town Utility District ("Longhorn"). In connection therewith, Mr. Wissel advised the Board of two third-party companies that specialize in providing and maintaining generators that the Board could consider contracting with in lieu of the District purchasing and maintaining its own generators. Following discussion, the Board concurred for Costello to obtain additional information regarding these generator programs for discussion at the Board's next meeting.

In connection with the rehabilitation of the District's lift stations, Mr. Wissel presented to and reviewed with the Board Pay Estimate No. 6 in the amount of \$244,259.10, received from Lindsey Construction ("Lindsey"), and recommended payment of same by the Board. Mr. Wissel noted that the District's share of the cost of Pay Estimate No. 6 is in the amount of \$93,323.40. He additionally presented to and reviewed with the Board Change Order No. 2 in the amount of \$29,673.71 received from Lindsey, and recommended payment of same by the Board. He advised that a portion of the cost of Change Order No. 2 is related to foreseen circumstances that should have been in Costello's plans and specs and offered for Costello to split the cost in the Change Order No. 2 related to relocation of the variable frequency drive panels. Following a lengthy discussion, Director Dalton moved to approve payment of (i) Pay Estimate No. 6 in the amount of \$244,259.10 to Lindsey, and (ii) Change Order No. 2 in the amount of \$29,673.71 to Lindsey, subject to Costello paying \$6,904.91 for its share of Change Order No. 2 relating to the variable frequency drive panels relocation. Director Pichon seconded the motion, which unanimously carried.

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

In connection with the drilling of a second District water well, Mr. Wissel reminded the Board that Second Baptist Church has indicated that it is willing to make the requested site available for the District to drill the water well. Mr. Wissel then presented to and reviewed with the Board an updated exhibit depicting the location of the site for the water well and access road to same, a copy of which is included in the Engineering Report. He advised that Costello will provide SPH with the metes and bounds description for the second water well site and access road so that SPH can proceed with requesting an appraisal of the property and preparation of the conveyance documents. Mr. Wissel additionally presented to and reviewed with the Board an updated cost estimate for the construction of the second water well, a copy of which is included in the Engineering Report, and noted that the cost for construction of the well has increased. Following discussion, no action was taken by the Board.

OPERATIONS REPORT

Mr. Jenkins presented to and reviewed with the Board the Operations and Maintenance Reports ("Operations Report") for the month of December 2021, a copy of which is attached hereto as **Exhibit I**. In connection therewith, Mr. Jenkins advised the Board that the repair of the motor located at the District's water well has been completed. He further advised that Inframark has sent a claim to HARCO Insurance Group ("HARCO"), the District's insurance provider, to cover the cost of the repair of the motor and that he will provide the invoice for the repair to HARCO once said invoice is received from Alsay Incorporated.

CONSUMER CONFIDENCE REPORTS

The Board next considered authorizing Inframark to provide required information relative to the annual Consumer Confidence Reports to any district receiving water from the District through an emergency interconnect during 2021. After discussion on the matter, Director Pichon moved that the Board authorize Inframark to provide the required information to any such districts. Director Dalton seconded said motion, which unanimously carried.

RATIFICATION OF FILING CERTIFICATION TO ENVIRONMENTAL PROTECTION AGENCY REGARDING THE DISTRICT'S EMERGENCY RESPONSE PLAN

Mr. Jenkins advised the Board that Inframark completed filing of the certification of the District's Emergency Response Plan to the Environmental Protection Agency on behalf of the Board and the District, and requested ratification of approval of same. He noted that the certification was filed on December 21, 2021, prior to the December 31, 2021, filing deadline. Following discussion, Director Vinzant moved to ratify approval of the filing of the certification of the District's Emergency Response Plan to the Environmental Protection Agency by Inframark on behalf of the Board and the District. Director Pichon seconded the motion, which unanimously carried.

MASS COMMUNICATION MESSAGING SYSTEM PROPOSALS

Mr. Jenkins presented to and reviewed with the Board proposals received from Classic Messaging, Touchstone District Services, and OffCinco for the implementation of a mass communication messaging system in the District, copies of which are attached hereto as **Exhibit J**. Following review and discussion of the proposals, the Board requested that SPH coordinate a presentation from Classic Messaging and OffCinco at next month's Board meeting in connection with their proposals.

ISSUANCE OF UTILITY COMMITMENTS

Ms. Henderson advised that there were no utility commitment requests for the Board's consideration at this time. The Board concurred to have this item removed from the agenda going forward.

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 2021, a Harris County Constable Pct 5 Beat Activity Report for the month of December 2021, and a handout detailing the year-end activity totals for 2021, copies of which are attached hereto as **Exhibit K**.

STATUS OF GREEN TRAILS MUNICIPAL UTILITY DISTRICT ("GREEN TRAILS") REQUEST TO PURCHASE WATER FROM THE DISTRICT

Discussion ensued regarding the status of Green Trail's request to purchase water from the District while Green Trails recoats its ground storage tank. In connection therewith, Ms. Henderson advised the Board that SPH provided correspondence detailing the Board's position on the matter to the attorney for Green Trails on November 18, 2021, and has not received a response. Following discussion, no action was taken by the Board in connection with such matter.

CONSIDER AN AMENDMENT TO THE EMERGENCY AND INTERIM WATER SUPPLY AGREEMENTS BETWEEN THE DISTRICT (I) GREEN TRAILS, (II) WEST PARK MUNICIPAL UTILITY DISTRICT ("WEST PARK") AND (III) ANY OTHER ENTITIES WITH AN EXISTING EMERGENCY WATER SUPPLY CONTRACT WITH THE DISTRICT

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 it previously committed to contributing \$50,000 toward the Project. She then advised 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.

MATTERS RELATED TO MAY 7, 2022 DIRECTORS ELECTION

Ms. Henderson reported on issues related to the District's Directors Election (the "Election") to be held on May 7, 2022. In connection therewith, Ms. Henderson presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit L**, regarding (i) participation in the joint election with Harris County (the "County"), (ii) publication of notice regarding accessible voting systems, and (iii) posting of Notice Regarding Candidate Filing Period. Ms. Henderson advised that the County will administer the Election if the District participates in the County's joint election. She further noted that if the District elects not to contract with the County and to hold an independent Election, Section 49.111, Texas Water Code, provides an exemption from the requirement to provide certain electronic voting systems at the Election if the District's previous directors election was canceled as uncontested or if fewer than 250 voters voted in the District's previous directors election. Ms. Henderson noted that the District is exempt from said requirement because the District's previous directors election was canceled. Following discussion, it was moved by Director Pichon, seconded by Director Dalton and unanimously carried, that SPH be authorized to (i) notify the County of the District's intent to participate in the joint Election, (ii) provide notice of the District's intent not to provide electronic voting systems for said Election by publication in a newspaper of general circulation in an area that includes the District, in case the District subsequently elects to hold an independent Election, and (iii) post the required Notice Regarding Candidate Filing Period.

RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board next discussed the renewal of the District's insurance coverages and authorizing the solicitation of proposals for same. Ms. Henderson stated that the District's current insurance coverage through HARCO Insurance Group ("HARCO") will expire on March 31, 2022. After discussion concerning the various options available to the District, the Board authorized SPH to solicit HARCO for a renewal proposal for the District's insurance coverages and various directors and consultants bonds for the term ending March 31, 2023. The Board concurred that such proposal will be reviewed and discussed at the next Board meeting.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Ms. Henderson advised the Board that the District received an Annual Disclosure report provided by Masterson Advisors LLC

("Masterson") relative to MSRB Rule G-10. Following review and discussion, the Board concurred to acknowledge receipt of the Annual Disclosure report.

SUPPLEMENTAL AGENDA

The Board considered the calling of a Directors Election in accordance with the requirements of the Texas Water Code. There was presented the Order Calling Directors Election (the "Order"), attached hereto as **Exhibit M**, calling such election to be held on May 7, 2022. It was noted that the terms of office of Directors Dalton and Vinzant expire in May of this year. In reviewing the Order with the Board, Ms. Henderson advised that the Order provides for the conduct of the Directors Election by Harris County, Texas (the "County"), jointly with elections of other political subdivision, using County election officials, voting equipment, and polling locations at a shared expense. Although the County will conduct the Directors Election, she advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Peyton Ellis as such agent (the "Election Agent"). Ms. Henderson further advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code. Ms. Henderson advised the Board that notice of the Directors Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each County election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. Following discussion of the options, the Board concurred that notice of the Directors Election be given by posting same at a public place in each County election precinct that overlaps the District. After discussion on the matter, Director Vinzant moved that said Order be passed and adopted, that the President and Assistant Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Dalton seconded said motion, which unanimously carried. Ms. Henderson advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 22, 2022, the Board may thereafter cancel the Directors Election in accordance with the Texas Election Code.

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 Pichon and unanimously carried, the meeting was adjourned.





Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A -	Audit Engagement Letter
Exhibit B -	Tax Assessor/Collector Report
Exhibit C -	Resolution Concerning Exemptions from Taxation
Exhibit D -	Delinquent Tax Collections Report
Exhibit E -	Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
Exhibit F -	Bookkeeper's Report and Annual Budgets for Fiscal Year Ending January 31, 2023
Exhibit G -	Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
Exhibit H -	Engineering Report
Exhibit I -	Operations Report
Exhibit J -	Mass Communication Messaging System Proposals
Exhibit K -	Green Trails Monthly Report dated as of December 2021, Harris County Constable Pct 5 Beat Activity Report and Year-End Activity Totals Handout
Exhibit L -	Memorandum regarding Directors Election to be called for May 7, 2022
Exhibit M -	Order Calling Directors Election