

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345

Minutes of Meeting of Board of Directors

July 17, 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 July 17, 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 Director Wright, thus constituting a quorum.

Also present were Robert Miller and Allen Jenkins of Inframark, LLC ("Inframark"); Yaneth Cooper of Municipal Accounts & Consulting, L.P. ("MA&C"); Isabel Mata of Wheeler & Associates, Inc. ("Wheeler"); Jason Robinett of Costello Engineers, Inc. ("Costello"); Angela Smith, resident of the District; 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. Ms. Smith addressed the Board concerning the levels of arsenic detected in the District's water supply, inquired as to the status of the repairs to the District's sidewalks following the desilting of the District's drainage channels by the Harris County Flood Control District, requested additional information concerning the District's participation in the City of Houston's (the "City") Groundwater Reduction Plan ("GRP"), and requested to receive a copy of the plat for the proposed second water well site. Following discussion, the Board concurred to include an item on next month's agenda for the discussion of matters relative to the District's participation in the City's GRP.

APPROVAL OF MINUTES

As the next order of business, the Board reviewed the minutes of its meeting held on June 19, 2023. Director Dalton suggested a typographical revision to such minutes.

Following discussion, it was moved by Director Kingma, seconded by Director Vinzant, and unanimously carried, that the minutes of the June 19, 2023, Board meeting be approved, as revised.

BOOKKEEPER'S REPORT

Ms. Cooper presented to and reviewed with the Board a Bookkeeper's Report dated July 17, 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 June 2023, 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 no. 11471, which was voided. Director Pichon seconded the motion, which unanimously carried.

ADOPTION OF RESOLUTION AUTHORIZING INCREASE IN FEES OF OFFICE

The Board considered adoption of a Resolution Authorizing an Increase in the Fees of Office. Ms. Henderson advised the Board that House Bill 2815, passed by the 88th Texas Legislature, amends Section 49.060 of the Texas Water Code to allow for an increase in director fees of office up to the amount of the per diem set by the Texas Ethics Commission for members of the legislature. Following discussion, Director Kingma moved that the Resolution Authorizing Increase in Fees of Office, attached hereto as **Exhibit B**, be approved, and that the President and Secretary be authorized to execute same on behalf of the Board and District. Director Vinzant seconded the motion, which unanimously carried.

ADOPTION OF ORDER ADOPTING A CODE OF ETHICS, FEES AND EXPENSE POLICY, POLICY RELATING TO CONSULTING SERVICES, UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS, POLICY RELATING TO ADOPTION OF ANNUAL OPERATING BUDGET, AND CREATING AN AUDIT COMMITTEE ("CODE OF ETHICS")

Ms. Henderson presented to and reviewed with the Board a proposed Code of Ethics, a copy of which is attached hereto as **Exhibit C**, and advised that the language relative to the Fees and Expense Policy has been updated to provide that, with Board approval, directors may claim fees of office for the virtual attendance or watching of recorded sessions of conferences, but limited in number to the actual number of days of the conference during which live presentations were made. Following discussion, Director Kingma moved that the Code of Ethics be approved, that the District's prior adopted code of ethics be revoked, and that the President and Secretary be authorized to execute the Code of Ethics on behalf of the Board and District. Director Pichon seconded the motion, which unanimously carried.

AMENDMENT TO THE DISTRICT'S AMENDED AND RESTATED DISTRICT INFORMATION FORM

Ms. Henderson presented to and reviewed with the Board an Amendment to the District's Amended and Restated District Information Form (the "Amendment"), and advised that such Amendment updates the form of Notice to Purchasers provided to purchasers of real property within the District in accordance with recent legislative amendments to Section 49.452, Texas Water Code. Following discussion, Director Dalton moved that the Amendment be approved and that all Board members in attendance at the meeting be authorized to execute same on behalf of the Board and District. Director Kingma seconded said 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 June 30, 2023, including the checks presented for payment, a copy of which is attached hereto as **Exhibit D**. Following review and discussion of the report presented, it was moved by Director Pichon, seconded by Director Vinzant and unanimously carried, that the Tax Assessor-Collector's Report dated as of June 30, 2023, be approved, and that the disbursements identified therein be authorized for payment from the District's Tax Account.

DELINQUENT TAX REPORT

Ms. Henderson presented to and reviewed with the Board a Delinquent Tax Report dated July 17, 2023, 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 E**. Following discussion, the Board noted that there were no action items associated with the Delinquent Tax Report.

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 July 17, 2023, 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 Station Nos. 1 and 2 (the "Lift Stations"), Mr. Robinett presented to and reviewed with the Board Pay Application No. 2 in the amount of \$27,000.00, payable to CSE W-Industries, Inc. ("W-Industries"), and requested the Board's approval of same. Following discussion, Director Pichon moved that Pay Application No. 2 in the amount of \$27,000.00 be approved for payment to W-Industries, as requested. Director Vinzant seconded the motion, which unanimously carried.

A discussion next ensued regarding the status of the procurement of portable generators to serve the Lift Stations and the District's Joint Wastewater Treatment Plant

("Joint WWTP") (collectively, the "Facilities") until the permanent generators are installed. In connection therewith, Mr. Robinett presented a proposal for the rental generators at a monthly cost of \$5,382.00, as prepared and submitted by Worldwide Power Products, LLC ("Worldwide"), a copy of which is included in the Engineering Report. He advised that the proposal did not include the cost for the cabling required to run the portable generators, which Worldwide advises would cost an additional \$5,300.00 per month. Director Dalton requested that Costello work with Inframark to determine the costs associated with purchasing the required cables for the portable generators, as opposed to renting such cables from Worldwide. Following discussion, it was moved by Director Pichon, seconded by Director Vinzant, and unanimously carried, that the Board (i) approve the proposal from Worldwide for the portable generators, and (ii) authorize Director Dalton to approve a proposal for the purchase or rental of the required cables in connection therewith and communicate with Longhorn Town Utility District and Baker Road Municipal Utility District regarding the shared costs associated with the rental of the portable generator to serve the Joint WWTP.

In response to Ms. Smith's comment from earlier in the meeting, Mr. Robinett advised that Harris County Municipal Utility District No. 346 ("No. 346") and Harris County Precinct 4 ("Pct. 4") have agreed to fund the repair of the sidewalks located within the District following the desilting of the District's drainage channels by the Harris County Flood Control District. He noted that No. 346 and Pct. 4 are in the process of entering into an Interlocal Agreement relative to such repairs. Ms. Henderson advised that Pct. 4 is responsible for maintaining such sidewalks.

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.

With regards to Ms. Smith's earlier comment regarding the second water well site, Ms. Henderson advised Ms. Smith that SPH will provide her with a depiction of the location for the proposed well site.

OPERATIONS REPORT

Mr. Miller presented to and reviewed with the Board the Operations and Maintenance Report ("Operations Report") for the month of June 2023, a copy of which is attached hereto as **Exhibit G**.

In connection with the repair of the well motor located at the District's Water Plant, Mr. Miller advised the Board that the District's spare pump, together with the rental well motor and associated equipment from C&C Water Services, LLC ("C&C"), have been placed into service at the District's Water Plant, as previously authorized by the Board, and that the District is no longer on interconnect with West Park Municipal Utility

District. He further advised that the District's spare pump will be taken out of service and replaced with the District's new pump once the new pump is received from C&C.

Ms. Smith addressed Mr. Miller regarding a resident's concern that an individual claiming to work for Inframark requested to take a water sample and queried Inframark's procedure for obtaining water samples from District residents' homes. Mr. Miller advised that Inframark employees should always be wearing an Inframark labeled shirt and if residents are concerned, they should call the customer service line to confirm such individual is an employee of Inframark.

MATTERS RELATED TO CONSUMER CONFIDENCE REPORT

Discussion ensued regarding matters associated with Consumer Confidence Reports. In connection therewith, Ms. Henderson advised the Board that SPH received email communications from residents of the District, Martha and Jim Clark and Parker Clark, addressing the Board with their concerns about District's water quality and the level of arsenic detected in the District's water supply. Copies of such email correspondence are attached hereto as **Exhibit H**. The Board then considered and discussed the potential options previously identified by Costello at its June meeting for lowering the level of arsenic detected in the District's water supply. Mr. Robinett noted that he would expect the implementation of a pressure filter to cost the District over \$1,000,000. The Board then recalled the District's historic water quality test results and reaffirmed that the District has remained in compliance with the maximum contaminant levels set by the Federal government through the Environmental Protection Agency, and the State of Texas through the Texas Commission on Environmental Quality (the "TCEQ"), since 2002. Following a lengthy discussion, the Board concurred to defer taking any action with respect to the potential options for lowering the level of arsenic detected in the District's water supply at this time, and, upon motion made by Director Kingma, seconded by Director Pichon, and unanimously carried, the Board authorized Inframark to proceed with the collection of independent samples from the District's water system, in correlation with the TCEQ's quarterly water quality testing schedule, and provide such samples to two (2) labs independent of the TCEQ's regularly utilized labs, on a going-forward basis.

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

STATUS OF IMPLEMENTATION OF MASS COMMUNICATION MESSAGING SYSTEM BY CLASSIC MESSAGING LLC ("CLASSIC MESSAGING") AND OPT-IN CAMPAIGN RELATIVE TO SAME

In connection with the implementation of a mass communication messaging system (the "Messaging System") through Classic Messaging and the Opt-In Campaign relative to same, Ms. Henderson advised the Board that Dominic Cashiola of Classic Messaging was unable to attend today's meeting to discuss the District's Messaging System, but provided an Opt-In Response Report and a Member Database Report for the Board's review, copies of which are attached hereto as **Exhibit J**. Following review and discussion of the Reports presented, Director Pichon advised that he would attempt to contact Mr. Cashiola to schedule an in-person meeting for discussion of the District's Messaging System in advance of next month's Board meeting, and requested Mr. Miller's assistance with same.

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.

ATTORNEY'S REPORT

The Board next considered the attorney's report. In connection therewith, Ms. Henderson presented to and reviewed with the Board SPH's Legislative Summary of the 88th Regular Session of the Texas Legislature, a copy of which is attached hereto as **Exhibit K**.

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 1:22 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 1:56 p.m., with the Board, Ms. Smith, Ms. Ellis and Ms. Henderson in attendance.

Following discussion of the possible acquisition of property owned by Second Baptist Church for the drilling of a second water well, it was moved by Director Pichon, seconded by Director Dalton, and unanimously carried, that SPH be authorized to obtain an updated appraisal of the property proposed for the second water well site from Deal Sikes.


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




Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A –** Bookkeeper's Report
- Exhibit B –** Resolution Authorizing an Increase in the Fees of Office
- Exhibit C –** Code of Ethics, Fees and Expense Policy, Policy Relating to Consulting Services, Uniform Financial Accounting and Reporting Standards, Policy Relating to Adoption of Annual Operating Budget, and Creating an Audit Committee
- Exhibit D –** Tax Assessor/Collector Report
- Exhibit E –** Delinquent Tax Collections Report
- Exhibit F –** Engineering Report
- Exhibit G –** Operations and Maintenance Report
- Exhibit H –** Resident Email Correspondences
- Exhibit I –** Green Trails Monthly Report dated as of June 2023 and Harris County Constable Pct. 5 Beat Activity Report
- Exhibit J –** Classic Messaging Opt-In Response Report and Member Database Report
- Exhibit K –** Legislative Summary of the 88th Regular Session of the Texas Legislature