

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345

Minutes of Meeting of Board of Directors

June 19, 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 2400, Houston, Harris County, Texas, on June 19, 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 Dalton, thus constituting a quorum.

Also present were Robert Miller and Vanessa Chapa of Inframark, LLC ("Inframark"); Yaneth Castillo of Municipal Accounts & Consulting, L.P. ("MA&C"); Isabel Mata of Wheeler & Associates, Inc. ("Wheeler"); Jason Robinett and John Lacy 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").

In the absence of the President, the Vice 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, and requested that the Board consider potential options for improvement of the District's water quality in connection with same. Ms. Smith additionally addressed the Board concerning the District's records retention schedule for the notes taken during Board of Directors meetings.

APPROVAL OF MINUTES

As the next order of business, the Board reviewed the minutes of its meeting held on May 15, 2023. After discussion of the minutes presented, Director Vinzant moved that the minutes of the May 15, 2023, Board meeting be approved, as written. Director Wright seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Castillo presented to and reviewed with the Board a Bookkeeper's Report dated June 19, 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 May 2023, 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 April 30, 2023, a copy of which is attached to the Bookkeeper's Report. Ms. Henderson advised that the check approved by the Board at last month's meeting for the payment due to Harris County Municipal Utility District No. 216 ("No. 216") for calendar year 2022 was lost in the mail and would be cancelled by MA&C. She further advised that check no. 11466 is a reissuance of such cancelled check and recommended the Board approve same. Following discussion of the reports presented, Director Pichon moved that the Board (i) approve the Bookkeeper's Report and authorize payment of the disbursements listed therein, with the exception of check no. 11443, 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 Kingma seconded the motion, which unanimously carried.

QUALIFIED BROKERS RESOLUTION

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. In that regard, Ms. Henderson advised the Board that the District's Investment Officer is recommending three (3) additional financial institutions for inclusion on the list of qualified brokers previously adopted by the Board at its January 16, 2023 meeting. She then presented to and reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, together with an updated list of potential financial institutions, brokers and dealers with which the District may engage in investment transactions, including the aforementioned three (3) additional financial institutions. Ms. Henderson noted that, though the broker list presented is a list of potential institutions compiled with the input of the District's Investment Officer, it is ultimately the Board's decision as to where the District's funds are actually placed. Following discussion, Director Wright moved that: (i) the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, attached hereto as **Exhibit B**, be approved and adopted by the Board and the District, and (ii) the Vice President and Secretary be authorized to execute same on behalf of the Board and the District. Director Vinzant 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 May 31, 2023, including the checks presented for payment, a copy of

which is attached hereto as **Exhibit C**. During such review, Ms. Mata noted that the Harris Central Appraisal District has estimated the District's 2023 preliminary assessed taxable value to be \$702,288,724, an approximate ten percent (10%) increase from 2022. Following review and discussion of the report presented, it was moved by Director Pichon, seconded by Director Wright and unanimously carried, that the Tax Assessor-Collector's Report dated as of May 31, 2023, 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. Robinett presented to and reviewed with the Board an Engineering Report dated June 19, 2023, a copy of which is attached hereto as **Exhibit D**.

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. 1 in the amount of \$52,326.00, payable to CSE W-Industries, Inc. ("W-Industries"), and requested the Board's approval of same. Following discussion, Director Wright moved that Pay Application No. 1 in the amount of \$52,326.00 be approved for payment to W-Industries, as requested. Director Vinzant seconded the motion, which unanimously carried.

In connection with the purchase and installation of one (1) generator to serve the District's Joint Wastewater Treatment Plant ("Joint WWTP") located within Longhorn Town Utility District, Mr. Robinett presented to and reviewed with the Board Pay Application No. 1 in the amount of \$69,768.00, payable to W-Industries, and requested the Board's approval of same. He noted that the District's share of the cost of said pay application is in the amount of \$23,379.26. Following discussion, Director Wright moved that Pay Application No. 1 in the amount of \$69,768.00 be approved for payment to W-Industries, as requested. Director Vinzant seconded the motion, which unanimously carried.

Mr. Robinett then advised the Board that Costello researched alternative options for the timely procurement of generators to serve the District's facilities, as previously requested by the Board, and noted that Inframark does not recommend that the District purchase and refurbish used generators for the District's facilities. He further advised that he is working with Inframark to place the District on a list that secures rental portable generators for the District's facilities in the event of an emergency prior to the installation of generators by W-Industries. Following discussion, Director Wright moved to (i) authorize Costello and Inframark to proceed with placing the District on the aforementioned list for securing rental portable generators to serve the District in the

event of an emergency, and (ii) designate Directors Kingma and Pichon to take any action necessary, on behalf of the Board and the District, in connection with the procurement of same. Director Vinzant seconded the motion, which unanimously carried.

Mr. Robinett then provided the Board with an update regarding the repair and potential widening of the sidewalks and trails located within the boundaries of the District.

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, Ms. Henderson reminded the Board that SPH previously transmitted the District's offer to the Church for purchase of the second water well site, as authorized by the Board. She then advised the Board that Director Dalton communicated with a representative of the Church regarding the status of the Church's response to the District's offer and received confirmation that the District's offer is currently under consideration by the appropriate Church representatives.

OPERATIONS REPORT

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

Mr. Miller reminded the Board that the well motor located at the District's Water Plant previously experienced a failure and that Inframark engaged C&C Water Services, LLC ("C&C") to evaluate said well motor and provide a second opinion on issues previously diagnosed by Alsay Incorporated ("Alsay"). He further reminded the Board that Inframark placed the District on interconnect with West Park Municipal Utility District ("West Park") while C&C conducts its evaluation of said well motor, and noted that the District currently remains on interconnect with West Park. Mr. Miller advised the Board that C&C identified several issues with the District's well motor during its evaluation, and that, as previously authorized by the Board, Director Dalton authorized Inframark to: (i) proceed with procuring the necessary rental pump equipment from C&C to provide for the restoration of proper functionality at the District's Water Plant until the District is able to determine a more permanent solution for repair of said Water Plant, and (ii) proceed with closing the shared emergency interconnect between the District and West Park once the aforementioned rental pump equipment is placed into service and functioning properly at the District's Water Plant. Ms. Henderson reminded the Board that, pursuant to the terms of the Emergency Water Supply Contract between the District, West Park, No. 346, and Longhorn Town Utility District ("Longhorn"), the District is allowed to open the interconnect during an emergency for a thirty (30) day period. She then advised the Board that communications with West Park's legal counsel have indicated agreement for the District to use the interconnect through July 1st, and that

Inframark confirmed that such extension will accommodate the District until the rental pump equipment is received and placed into service at the District's Water Plant. Mr. Miller then presented to and reviewed with the Board a proposal prepared by C&C, a copy of which is included in the Operations Report, which outlines potential options for the permanent repair of the well motor. Following discussion, Director Vinzant moved to authorize Inframark to proceed with the purchase and installation of a new pump bowl to serve the District's Water Plant in the amount of \$33,832.00 and the repair of the District's existing spare pump in order for the District to continue to have a spare. Director Pichon seconded the motion, which unanimously carried. Mr. Miller noted that he expects the District will receive the new pump bowl from C&C within the next 8-10 weeks.

CRITICAL LOAD STATUS

Ms. Henderson next advised the Board that Section 13.1396 of the Texas Water Code, as amended, requires the Board to update its information identifying the location and description of facilities that have qualified for critical load status and its information regarding emergency contacts (a) annually to each electric utility that provides transmission and distribution service to the District and each retail electric provider that sells power to the District, and (b) immediately upon any change in the information to the above entities, as well as to the Office of Emergency Management of Harris County, the Public Utility Commission of Texas, and the Division of Emergency Management of the Office of the Governor. Following discussion, Director Vinzant moved to authorize Inframark to provide the appropriate entities with the annual update to the District's information, as required. Director Pichon seconded the motion, which unanimously carried.

MATTERS RELATED TO CONSUMER CONFIDENCE REPORT

Ms. Chapa provided a detailed explanation of the Federal and Texas Commission on Environmental Quality ("TCEQ") regulatory requirements in connection with Consumer Confidence Reports ("CCRs") and the District's standards for compliance with same. She advised the Board that the TCEQ conducts the water quality tests provided in the CCR. With regards to Ms. Smith's comment from earlier in the meeting, Ms. Henderson advised the Board that the Environmental Protection Agency ("EPA") sets the standard for arsenic in drinking water, upon which Ms. Chapa reported that the District has been in compliance with the maximum contaminant levels allowed under EPA regulations since at least 2002. Ms. Chapa further reported that, due to the test results from the recent water sample indicating an elevated level of arsenic in the District's water supply, the TCEQ is now sampling the District's water supply for arsenic levels on a quarterly basis, and that the test results from the subsequent three (3) samples taken indicated levels of arsenic within the maximum contaminant level. She advised that the District's next quarterly sample is expected to occur in July 2023. The Board then asked various questions regarding the District's water quality and the TCEQ's process for monitoring same, to which Ms. Chapa responded.

Mr. Lacy and Mr. Robinett then addressed the Board regarding potential options for the removal of arsenic in the District's water supply, including the implementation of a pressure filter at the District's facilities. Mr. Lacy advised that the introduction of an enhanced coagulation treatment in the District's water system is not a practical option given the size of the District's facility. Discussion then ensued regarding blending of District's water with other water resources, including water from the potential second water well. The Board requested that Inframark determine the levels of arsenic detected in samples taken by the TCEQ within the last couple of years in connection with the opening of the District's interconnects with other municipal utility districts.

Following a lengthy discussion, Director Kingma moved to authorize Inframark to conduct an independent sample of the District's water system for arsenic levels in July 2023, coinciding with the TCEQ's schedule for the District's upcoming quarterly water quality testing, and provide the District's water sample to two (2) labs independent of the TCEQ's regularly utilized labs. Director Pichon 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 May 2023, and a Harris County Constable Pct 5 Beat Activity Report for the month of May 2023, copies of which are attached hereto as **Exhibit F**.

Ms. Chapa exited the meeting at this time.

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 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 mass communication messaging system, but confirmed that he will be in attendance at the Board's July 17, 2023, meeting. The Board confirmed that the letter notifying the District's residents of the communication messaging system has been sent.

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

In connection with the status of the installation by Willow Fork of a hike and bike underpass to be located on Fry Road (the "Underpass Project"), Ms. Henderson advised the Board that Willow Fork is submitting an application to Harris County for funding and that the Interlocal Agreement between the District and Willow Fork is now final.

AUTHORIZE COMPLETION, EXECUTION AND FILING OF VOTING SYSTEM ANNUAL FILING FORM

Ms. Henderson requested that the Board authorize SPH to complete a Voting System Annual Filing Form ("Voting Form") on behalf of the District. She advised that, pursuant to Section 123.061 of the Texas Election Code, each political subdivision in the State of Texas is required to complete and file said Voting Form with the Secretary of State's Office annually. After discussion on the Voting Form, Director Wright moved that SPH be authorized to complete the Voting Form and file same with the Secretary of State's Office, as required by law. Director Pichon seconded said motion, which unanimously carried.

RECORDS DESTRUCTION REQUEST

The Board considered a request from the District's Records Management Officer to destroy SPH's handwritten notes of Board meetings from February 21, 2022, to February 20, 2023, which is attached hereto as **Exhibit G**. Ms. Henderson reminded the Board that the notes taken during Board meetings are used to prepare the official minutes of such meetings and that the District permanently retains the official minutes of Board meetings, as set forth in the District's Records Retention Schedule for General Records. She further advised that the written notes of Board meetings are only required to be retained for ninety (90) days after approval of the official minutes for said meetings by the Board. Upon discussion of the request, Director Pichon moved that the destruction of SPH's handwritten notes of the aforementioned Board meetings be authorized, as requested in accordance with the provisions of the District's Records Management Program. Director Vinzant 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

Ms. Henderson noted that she had nothing new to report to the Board in connection with the District's involvement in pending litigation.

CLOSED SESSION

The Board determined that 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 Wright, seconded by Director Pichon and unanimously carried, the meeting was adjourned.



A handwritten signature in blue ink, appearing to read "D. Kipe", written over a horizontal line.

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 –** Tax Assessor/Collector Report
- Exhibit D –** Engineering Report
- Exhibit E –** Operations and Maintenance Report
- Exhibit F –** Green Trails Monthly Report dated as of May 2023 and Harris County Constable Pct. 5 Beat Activity Report
- Exhibit G –** Records Destruction Request