

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345

Minutes of Meeting of Board of Directors June 20, 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 June 20, 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 Director Dalton, 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"); Karen Sears of Storm Water Solutions, L.L.C. ("SWS"); Melissa Vasquez of FORVIS, LLP ("FORVIS"); and Eric Lai and Peyton Ellis of Schwartz, Page and Harding, L.L.P. ("SPH").

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. 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 April 18, 2022. After discussion of the minutes presented, Director Vinzant moved that the minutes of the April 18, 2022, Board meeting be approved, as written. Director Wright seconded said motion, which unanimously carried.

QUALIFICATION STATEMENTS, OFFICIAL BONDS, OATHS OF OFFICE, AFFIDAVITS OF CURRENT DIRECTOR

The Board considered the acceptance of the Qualification Statement of Elected Officer, Bond, Oath of Office and Affidavit of Current Director for Director Vinzant. After discussion on the matter, it was moved by Director Wright, seconded by Director Kingma and unanimously

carried that the Board approve said Bond, accept said Statement, Oath, and Affidavit and declare David Vinzant to be a duly elected and qualified Director of the District.

ELECTIONS NOT TO DISCLOSE CERTAIN INFORMATION

Mr. Lai next presented to the Board an Election Not to Disclose Certain Information for the newly elected directors and the sitting directors. He stated that, pursuant to Section 552.024 of the Texas Government Code, as amended, the directors may elect to withhold public access to information in the custody of the District. Upon review, Director Wright moved that the Election Not to Disclose Forms be accepted as executed by all Directors. Director Kingma seconded said motion, which unanimously carried.

ELECTION OF OFFICERS

The next item to be considered was the reorganization of the Board and the election of officers. Following discussion, the Board concurred that no action was needed and that all officers retain their current positions.

DISTRICT REGISTRATION FORM

The Board next considered approving a District Registration Form required by the Texas Commission on Environmental Quality ("TCEQ"). Mr. Lai explained that, in accordance with the Texas Water Code, municipal utility districts are required to file names, mailing addresses, officer positions and terms of new directors with the TCEQ within thirty (30) days after an election or appointment. He advised that, with the Board's approval, SPH will complete an updated District Registration Form to include the new term of office for Director Vinzant, and will file the form with the TCEQ. After further discussion of the matter, Director Pichon moved that the Board authorize SPH to complete the District Registration Form as discussed and file same with the TCEQ. Director Wright seconded said motion, which unanimously carried.

LOCAL GOVERNMENT OFFICERS LIST IN CONNECTION WITH CONFLICT OF INTEREST DISCLOSURE REQUIREMENTS

The Board next considered authorizing the preparation and maintenance of a local government officers list in connection with conflict of interest disclosure requirements of the District. Director Pichon moved that said officers list be prepared. Director Wright seconded said motion and it unanimously carried.

REVIEW AND RATIFICATION OF APPROVAL OF AUDIT REPORT

The Board considered the review and ratification of approval of the District's audit report for the fiscal year ended January 31, 2022. In connection therewith, Ms. Vasquez advised the Board that BKD, LLP, the District's auditor, has undergone a name change and is now referred to as FORVIS. She then presented the Board with the audit report prepared by FORVIS, a copy of which is attached hereto as **Exhibit A**, and reviewed said audit in detail with the Board. Ms. Vasquez noted that, in order to file the audit report with the appropriate governmental entities by the appropriate filing deadline, the audit report was circulated to the Board members and the

District's consultants in advance of today's Board meeting for review and comment. Ms. Vasquez advised the Board that all comments were incorporated in the final audit report, that such report was filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality (the "TCEQ") and the Texas Comptroller of Public Accounts, by the appropriate deadline, and requested that the Board ratify FORVIS' handling of same. Following discussion, it was moved by Director Vinzant, seconded by Director Kingma and unanimously carried, that the following actions taken for and on behalf of the District in connection with the District's audit report be ratified, confirmed and approved in all respects: (i) the audit report for the fiscal year ended January 31, 2022, be approved, (ii) the Secretary be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, and (iii) such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality and the Texas Comptroller of Public Accounts.

In connection with the District's audit, Ms. Vasquez next presented to and reviewed with the Board a Management Letter prepared by FORVIS, concerning the Board's internal controls over financial reporting (the "Management Letter") and the response on behalf of the Board and the District (the "Management Response"), which is included in the Management Letter, a copy of which is attached hereto as **Exhibit B**. After discussion, it was moved by Director Vinzant, seconded by Director Kingma and unanimously carried, that the Management Response be approved, as presented, and that same be included in the final Management Letter. Ms. Vasquez additionally presented for the Board's review correspondence from FORVIS, a copy of which is attached hereto as **Exhibit C**, summarizing various information that FORVIS is required to communicate to the Board as part of its audit of the District's financial statements.

BOOKKEEPER'S REPORT

Ms. Castillo presented to and reviewed with the Board the Bookkeeper's Report dated June 20, 2022, a copy of which is attached hereto as **Exhibit D**, 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 2022, 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, 2022, a copy of which is attached to the Bookkeeper's Report. Following discussion, Director Wright moved that the Board (i) approve the Bookkeeper's Report and authorize payment of the disbursements listed therein, with the exception of check no. 11183, 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 said motion, which unanimously carried.

AMENDMENT TO OPERATING BUDGET FOR FISCAL YEAR ENDING JANUARY 31, 2023

Ms. Castillo presented to and reviewed with the Board amended Operating, Joint Sewage Treatment Plant and Joint Water Plant budgets for the fiscal year ending January 31, 2023, copies of which are attached hereto as **Exhibit E**. In connection therewith, Ms. Castillo reminded the Board that the proposed amended budgets include the District's fees for obtaining

water through the District's emergency interconnect with Harris County Municipal Utility District No. 216 ("No. 216"), and changes with respect to capital improvement projects as recommended by Costello. Ms. Castillo advised that Costello confirmed that such budgets account for the costs associated with the purchase and installation of generators at two (2) District lift stations and the Joint Wastewater Treatment Plant, as previously requested by the Board. Following discussion, upon motion made by Director Vinzant, seconded by Director Wright, and unanimously carried, the Board approved the amended Operating, Joint Sewage Treatment Plant and Joint Water Plant budgets for the fiscal year ending January 31, 2023.

UNCLAIMED PROPERTY REPORT AS OF MARCH 1, 2022

The Board considered approval of an Unclaimed Property Report as of March 1, 2022, prepared by MA&C and the filing of same with the State Comptroller prior to July 1, 2022. A copy of said Report is attached hereto as **Exhibit F**. In connection therewith, Ms. Castillo stated that the District has \$585.37 in unclaimed funds to escheat to the State Comptroller. Following discussion, Director Kingma moved that MA&C be authorized to file said Report with the State Comptroller prior to July 1, 2022. Director Vinzant seconded said motion, which unanimously carried.

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

Mr. Lai requested that the Board authorize SPH to complete a Voting System Annual Filing Form ("Voting Form") for the District. He 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 Vinzant 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 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 Reports dated as of April 30, 2022, and May 31, 2022, including the checks presented for payment, and a Delinquent Collections Listings dated as of May 31, 2022, copies of which are attached hereto as **Exhibit G**. Ms. Mata then reported that the Harris County Appraisal District has established the District's 2022 preliminary assessed taxable value to be \$638,692,063, noting that said preliminary value does not include personal property or consider reductions from protests. Following review and discussion of the reports submitted, it was duly moved by Director Pichon, seconded by Director Wright and unanimously carried, that the Tax Assessor-Collector Reports dated as of April 30, 2022, and May 31, 2022, be approved, and that the disbursements identified therein be authorized for payment from the District's Tax Account.

DELINQUENT TAX REPORT

Mr. Lai presented to and reviewed with the Board a Delinquent Tax Report ("Report") dated April 18, 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 H**. The Board noted that there were no action items associated with the 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 date June 20, 2022, a copy of which is attached hereto as **Exhibit I**.

In connection with the purchase and installation of two (2) generators to be located at the District's lift stations and the Joint Wastewater Treatment Plant ("Joint WWTP") located within Longhorn Town Utility District ("Longhorn"), Mr. Robinett advised that plans for the project have been submitted to Harris County and the City of Houston for approval. He further advised that Costello will advertise for bids for the project on July 1, 2022.

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 "Sidewalks"). In connection therewith, Mr. Robinett advised the Board that Costello received a cost estimate for repair of the Sidewalks from Harris County Precinct 4 ("Pct. 4"), and that Harris County Municipal Utility District No. 346 ("No. 346") has expressed an interest in contributing to the cost for such repairs. He further advised that No. 346 is continuing to communicate with Pct. 4 to further discuss the Sidewalk repairs and the estimated costs associated with same. Director Pichon reminded the Board that a contractor previously working in the District damaged the Sidewalks with heavy machinery and suggested that said contractor be held responsible for the cost of repairing same. Following discussion, the Board advised that it would be interested in contributing to the cost of widening/enhancing the Sidewalks, but would not contribute to the cost for repair of the Sidewalks that were previously damaged by the aforementioned contractor.

Mr. Robinett next presented to and reviewed with the Board an exhibit depicting the District's interconnects, shared lines and services areas, and a Shared Facilities Summary (collectively, the "Facilities Summary") prepared for the District by Costello, copies of which are attached hereto as **Exhibit J**. Mr. Robinett advised the Board that Costello prepared the Facilities Summary to allow the District to more easily identify (i) the locations of the District's interconnects, shared lines and service areas (the "Facilities"), (ii) which entities, if any, jointly own the Facilities with the District, (iii) the shared costs associated with annually maintaining the Facilities and the entity responsible for same, and (iv) the Governing Legal Agreement in place for each of the Facilities, as applicable. Mr. Robinett then advised the Board that Costello prepared the Facilities Summary at a cost of approximately \$4,000.00, and requested that the Board consider evenly splitting said cost with Costello. Following discussion, it was moved by Director Kingma, seconded by Director Pichon, and unanimously carried, that the Board evenly split the cost for preparation of the Facilities Summary with Costello, as requested.

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, Mr. Lai reminded the Board that SPH

previously communicated with No. 346 regarding the terms of the offer to the Church, as required by the Third Amendment to Interim and Permanent Water Supply Contract between the District and No. 346, and advised that SPH has not yet received a response from No. 346.

OPERATIONS REPORT

Mr. Jenkins presented to and reviewed with the Board the Operations and Maintenance Reports ("Operations Reports") for the months of April 2022 and May 2022, copies of which are attached hereto as **Exhibit K**. In connection therewith, Mr. Jenkins presented to and reviewed with the Board a proposal from ABC Doors in the amount of \$5,727.68 for the replacement of the double doors located at the District's Water Plant, a copy of which is included in **Exhibit K**. Following discussion of the proposal, Director Wright moved to approve the proposal from ABC Doors in the amount of \$5,727.68. Director Pichon seconded the motion, which unanimously carried.

Mr. Lai 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 Wright 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.

CONSUMER CONFIDENCE REPORT

Mr. Jenkins next presented to and reviewed with the Board a copy of the draft 2022 Consumer Confidence Report ("CCR"), a copy of which is included in the Operations and Maintenance Report for the month of April 2022. After discussion, Director Vinzant moved that (i) the CCR be approved subject to SPH's final review and approval, and (ii) Inframark be authorized to include in customer water bills a direct link URL to the District's CCR on the Inframark website, prior to the July 1, 2022, deadline. Director Wright seconded said motion, which unanimously carried.

AMENDMENT TO AGREEMENT FOR MAINTENANCE AND STORM WATER QUALITY MANAGEMENT SERVICES BETWEEN THE DISTRICT AND SWS

The Board next recognized Ms. Sears, who presented to and reviewed with the Board a report dated June 2022, a copy of which is attached hereto as **Exhibit L**, detailing the District's 2022 Storm Water Management Program. In connection therewith, Ms. Sears presented to and reviewed with the Board (i) a proposed Annual Maintenance Budget for maintenance and storm water quality management services for the Green Trails 11 Oil Grit Trash Separator (OGT) (the "Budget"), that provides for an increase in the cost for annual maintenance of the Green Trails 11 OGT from \$2,980.00 to \$3,400.00, (ii) an Annual Maintenance Cost Increases handout (the

"Handout") detailing the aforementioned increase in the cost for annual maintenance, and (iii) a proposed Master Service Agreement between the District and SWS (the "MSA"). Copies of the Budget, the Handout and the MSA are included in **Exhibit L**. Following discussion, Director Pichon moved to approve the Budget and the MSA, subject to review and final approval by SPH, and the District's receipt and acceptance of a Texas Ethics Commission Form 1295. Director Wright seconded said motion, which unanimously carried.

SECURITY MATTERS

Discussion ensued regarding security matters throughout the District. In connection therewith, Mr. Lai presented to and reviewed with the Board a Green Trails Monthly Report dated as of May 2022, and a Harris County Constable Pct 5 Beat Activity Report for the month of May 2022, copies of which are attached hereto as **Exhibit M**.

AMENDMENT TO THE EMERGENCY AND INTERIM WATER SUPPLY AGREEMENTS BETWEEN WITH GREEN TRAILS MUNICIPAL UTILITY DISTRICT ("GREEN TRAILS") AND WEST PARK MUNICIPAL UTILITY DISTRICT ("WEST PARK")

The Board considered an amendment to the Emergency and Interim Water Supply Agreements between the District and Green Trails, West Park, and any other entities with an existing emergency water supply contract with the District. In connection therewith, Mr. Lai advised that he 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"), Mr. Lai reminded 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.

AGREEMENT WITH CLASSIC MESSAGING LLC ("CLASSIC MESSAGING") REGARDING IMPLEMENTATION OF PROPOSED MASS COMMUNICATION MESSAGING SYSTEM

Mr. Lai provided the Board with an update relative to the proposed Messaging Services Agreement between the District and Classic Messaging (the "Agreement") for the implementation of a mass communication messaging system. In that regard, Mr. Lai reported that SPH reviewed and provided Classic Messaging with comments to the Agreement and that such comments have been incorporated. He advised that the Agreement has been fully executed and is now in full effect, and that Classic Messaging will begin gathering the necessary contact information from District residents to implement the mass communication messaging system.

RECORDS DESTRUCTION REQUEST

The Board considered a request from the District's Records Management Officer to destroy SPH's handwritten notes and audio recordings of Board meetings from March 12, 2021, to February 21, 2022, which is attached hereto as **Exhibit N**. After discussion of the request, Director Wright moved that the destruction of SPH's handwritten notes and audio recordings of Board meetings be authorized as requested in accordance with the provisions of the District's Records Management Program. Director Pichon seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

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

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. In connection therewith, Mr. Jenkins requested that the Board consider including an item on next month's meeting agenda to consider approval of a Letter Agreement for Temporary Fuel Surcharge between the District and Inframark (the "Letter Agreement"). Following discussion, the Board concurred to include an item on next month's meeting agenda to consider approval of the Letter Agreement.

ADJOURNMENT

There being no further business to come before the Board, upon motion made by Director Pichon, seconded by Director Wright and unanimously carried, the meeting was adjourned.



Asst. Secretary 

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Audit for Fiscal Year Ending January 31, 2022
- Exhibit B – Management Letter prepared by FORVIS
- Exhibit C – Correspondence from FORVIS concerning the District's audit
- Exhibit D – Bookkeeper's Report
- Exhibit E – Amended Operating, Joint Sewage Treatment Plant and Joint Water Plant Budgets for the Fiscal Year Ending January 31, 2023
- Exhibit F – Unclaimed Property Report
- Exhibit G – Tax Assessor/Collector Reports
- Exhibit H – Delinquent Tax Collections Report
- Exhibit I – Engineering Report
- Exhibit J – Shared Facilities Summary
- Exhibit K – Operations Reports
- Exhibit L – Storm Water Management Program 2022
- Exhibit M – Green Trails Monthly Report dated as of May 2022 and Harris County Constable Pct 5 Beat Activity Report
- Exhibit N – Records Destruction Request