

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345

Minutes of Meeting of Board of Directors

May 15, 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 May 15, 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 Kingma, thus constituting a quorum.

Also present were Robert Miller of Inframark, LLC ("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"); Wendy Ramirez of FORVIS, LLP ("FORVIS"); Rick Wolfe and George Heck of the Board of Directors of Baker Road Municipal Utility District ("Baker Road MUD"); and Kate Henderson and Peyton Ellis of Schwartz, Page and Harding, L.L.P. ("SPH"). Angela Smith, resident of the District, entered the meeting after it was called to order, as noted herein.

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 recognized Mr. Wolfe, President of the Board of Directors of Baker Road MUD, and Mr. Heck, Vice President of the Board of Directors of Baker Road MUD, both of whom expressed an interest in observing Board of Directors meetings of other municipal utility districts ("MUDs") to see how the Boards of other MUDs operate.

APPROVAL OF MINUTES

As the next order of business, the Board reviewed the minutes of its meeting held on April 17, 2023. After discussion of the minutes presented, Director Vinzant moved that the minutes of the April 17, 2023, Board meeting be approved, as written. Director Pichon seconded said motion, which unanimously carried.

REVIEW AND APPROVAL OF AUDIT REPORT

The Board considered the review and approval of the District's audit report for the fiscal year ended January 31, 2023. In connection therewith, Ms. Ramirez presented a draft of 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. Following review and discussion, it was moved by Director Vinzant, seconded by Director Wright and unanimously carried, that (i) the audit report for the fiscal year ended January 31, 2023, be approved, subject to final review by the District's consultants, (ii) the Secretary or Assistant 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 ("TCEQ") and the Texas Comptroller of Public Accounts (the "Comptroller"), as required.

In connection with the District's audit, Ms. Ramirez next presented to and reviewed with the Board a draft of the Management Representation Letter prepared by FORVIS, concerning the Board's internal controls over financial reporting (the "MRL"), a copy of which is attached hereto as **Exhibit B**. In connection therewith, Ms. Ramirez advised the Board that the MRL is being submitted in connection with the requirements of the Statement on Auditing Standards No. 115, and includes Management's Response to said letter. Ms. Ramirez additionally presented for the Board's review, a Board Communication Letter from FORVIS, a copy of which is included in **Exhibit B**, summarizing various information that FORVIS is required to communicate to the Board as part of its audit of the District's financial statements. Following discussion, it was moved by Director Vinzant, seconded by Director Wright and unanimously carried, that the draft Management Response be approved, as presented, and that same be included in the final MRL.

Ms. Smith entered the meeting at this time.

BOOKKEEPER'S REPORT

Ms. Castillo presented to and reviewed with the Board a Bookkeeper's Report dated May 15, 2023, a copy of which is attached hereto as **Exhibit C**, 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 April 2023, and a Cash Flow Forecast. Ms. Castillo then directed the Board's attention to the list of disbursements reflected in the Cash Flow Report of the Bookkeeper's Report. In connection therewith, Ms. Henderson identified check no. 11436 in the amount of \$89,739.21, payable to Harris County Municipal Utility District No. 216 ("No. 216"), and advised the Board that such check provides for the outstanding amounts owed to No. 216 as a result of the City of Houston Groundwater Reduction Plan fees which were not previously included in the prior approved annual water supply invoices from 2019, 2020 and 2021, relative to the Emergency Water

Supply Contract between the District, Harris County MUD No. 346 ("No. 346"), and No. 216, as amended.

With regards to the aforementioned Emergency Water Supply Contract between the District, No. 346 and No. 216, as amended, Ms. Henderson reminded the Board that the District has received the annual invoice for water supplied to the District by No. 216 during the 2022 calendar year, which invoices the District for 30,000,000 gallons of water. Ms. Henderson then reminded the Board that the District did not take 30,000,000 gallons of water from No. 216 during the 2022 calendar year and that the District has not received water from No. 216 since July 2022, despite requests for water. Ms. Henderson informed the Board that she discussed the matter with the attorney for No. 216, and that No. 216 is proposing that the District remit payment for the full 30,000,000 gallons of water for the 2022 calendar year, in exchange for receipt by the District of an additional approximate 15,000,000 gallons of water from No. 216 during the 2023 calendar year, at no cost to the District. Ms. Henderson advised that Inframark is acceptable to such proposal by No. 216. She then directed the Board's attention to check no. 11437, in the amount of \$0.00 as a holding check, payable to No. 216, as reflected in the list of disbursements included in the Cash Flow Report of the Bookkeeper's Report. Ms. Henderson recommended the Board approve check no. 11437 and authorize MA&C to complete the amount payable to No. 216 for the 2022 calendar year, subject to SPH and Inframark approving the stated amount of water provided to the District through the interconnect for the 2022 calendar year. Following discussion, the Board concurred to proceed with remitting payment to No. 216 for the full 30,000,000 gallons of water for the 2022 calendar year, subject to confirmation by SPH and Inframark that the stated amount of water invoiced by No. 216 is correct, and taking the approximate 15,000,000 gallons of water through the No. 216 interconnect at no charge to the District. Ms. Henderson noted that check no. 11437 will be updated to reflect the correct dollar amount once confirmed by SPH and Inframark.

Following discussion, Director Pichon moved that the Board approve the Bookkeeper's Report and authorize payment of the disbursements listed therein, with the exception of check no. 11424, which was voided, and with the approval of check no. 11437 being subject to confirmation by SPH and Inframark of the correct dollar amount for inclusion in said check. Director Wright seconded the motion, which unanimously carried.

UNCLAIMED PROPERTY REPORT AS OF MARCH 1, 2023

The Board considered approval of an Unclaimed Property Report as of March 1, 2023, as prepared by MA&C, and the filing of same with the Texas Comptroller of Public Accounts (the "Comptroller") prior to July 1, 2023. In connection therewith, Ms. Castillo reviewed said Unclaimed Property Report with the Board, a copy of which is attached hereto as **Exhibit D**, and stated that the District has \$1,188.06 in unclaimed funds to escheat to the Comptroller. Following discussion, Director Dalton moved that the Unclaimed Property Report be approved and that MA&C be authorized to file the

Unclaimed Property Report with the Comptroller prior to July 1, 2023. 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 April 30, 2023, including the checks presented for payment, a copy of which is attached hereto as **Exhibit E**. Following review and discussion of the report submitted, it was moved by Director Wright, seconded by Director Vinzant and unanimously carried, that the Tax Assessor-Collector Report dated as of April 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 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 May 15, 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, and one (1) generator to serve the District's Joint Wastewater Treatment Plant ("Joint WWTP") located within Longhorn Town Utility District (the "Generator Project"), Mr. Robinett advised the Board that he received notice from W-Industries, the contractor for the Generator Project, that the timeframe projected for the completion of said Generator Project has been delayed due to a significant backlog on the generators. He noted that, instead of a December 2022 completion date, W-Industries is now projecting: (i) January 2024 for completion of the installation of the two (2) generators at Lift Station Nos. 1 and 2, and (ii) February 2024 for completion of the installation of the one (1) generator at the District's Joint WWTP. The Board then discussed alternative options for the timely procurement of generators to serve Lift Station Nos. 1 and 2 and the Joint WWTP. Following discussion, the Board requested that Mr. Robinett research the estimated timeframe and the potential costs that would be involved with: (i) purchasing and/or renting portable generators to serve Lift Station Nos. 1 and 2 and the Joint WWTP, and (ii) purchasing used generators and refurbishing same to serve Lift Station Nos. 1 and 2 and the Joint WWTP. The Board additionally requested that Mr. Robinett obtain information regarding the reservation of emergency generators to serve the District during the winter season.

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 has transmitted the District's offer to the Church for purchase of the second water well site (the "Site"), as previously authorized by the Board. She advised that she has still not received a response from the Church, to which Director Dalton responded that he would contact the Church to inquire as to the status of same. Following discussion, Director Pichon moved to authorize Costello to begin preparation of the necessary application to obtain the appropriate permitting for the second water well. Director Dalton seconded the motion, which unanimously carried.

OPERATIONS REPORT

Mr. Miller presented to and reviewed with the Board the Operations and Maintenance Report ("Operations Report") for the month of April 2023, a copy of which is attached hereto as **Exhibit G**. In connection therewith, Mr. Miller requested the Board's authorization to send one (1) account in the amount of \$80.95 to collections. Following discussion, Director Vinzant moved to authorize Inframark to send the one (1) account in the amount of \$80.95 to collections, as requested. Director Pichon seconded the motion, which unanimously carried.

Mr. Miller reminded the Board that the well motor located at the District's Water Plant previously experienced a failure and was pulled from service for repair by Alsay Incorporated ("Alsay"). In that regard, Mr. Miller advised the Board that following Alsay's completion of said repair and the reinstallation of the well motor at the District's Water Plant, the well motor does not appear to be functioning properly. Mr. Miller then reported that Inframark engaged C&C Water Services, LLC ("C&C") to assess the well motor and provide a second opinion on the issues previously diagnosed by Alsay. He further advised that Inframark has placed the District on interconnect with West Park Municipal Utility District ("West Park") while C&C is assessing the District's well motor, and that Inframark informed West Park that the interconnect was opened. Following discussion, Director Vinzant moved to authorize Director Dalton to take any action necessary, on behalf of the Board and the District, in connection with the repair of the well motor and the restoration of proper functionality at the District's Water Plant. Director Pichon seconded the motion, which unanimously carried.

CONSUMER CONFIDENCE REPORT

Mr. Miller next presented to and reviewed with the Board a copy of the draft 2023 Consumer Confidence Report ("CCR"), a copy of which is included in the Operations Report, and advised that the draft CCR has been submitted to SPH for review and approval to ensure that it is in compliance with all applicable regulatory requirements. In connection therewith, Ms. Smith inquired as to the reason why some data reflected in the

draft CCR appears to be unchanged from the CCRs circulated in prior years. Mr. Miller advised Ms. Smith that he would discuss the matter with Inframark's compliance department and provide Ms. Smith with a response to same. Ms. Smith then requested that the Board consider having all water samples in such CCR that were performed by Inframark be retested by an independent third party. Following a lengthy discussion, the Board concurred to not have an independent third party retest water samples performed by Inframark. Following 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, 2023, deadline. Director Pichon seconded said 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 April 2023, and a Harris County Constable Pct 5 Beat Activity Report for the month of April 2023, copies of which are attached hereto as **Exhibit H**.

STATUS OF IMPLEMENTATION OF MASS COMMUNICATION MESSAGING SYSTEM BY CLASSIC MESSAGING LLC ("CLASSIC MESSAGING") AND DISCUSSION REGARDING OPT-IN CAMPAIGN RELATIVE TO SAME; DISCUSSION REGARDING ADDITIONAL COMMUNICATION WITH RESIDENTS

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. Mr. Miller advised that Mr. Cashiola provided a Member Database Report prepared by Classic Messaging for the Board's review, a copy of which is attached hereto as **Exhibit I**. The Board voiced its frustration on the lack of communication from Classic Messaging regarding the District's mass communication messaging system and the implementation of same. Following discussion, the Board concurred for Ms. Henderson to contact Mr. Cashiola to reiterate the Board's request that he attend the next Board meeting to further discuss the District's mass communication messaging system.

A discussion then ensued regarding potential additional communication with residents. Following discussion, the Board concurred to have a link to Wheeler's website on the District's page of Inframark's website for residents to more easily obtain information regarding the District.

ATTORNEY'S REPORT

The Board next considered the attorney's report. In connection therewith, Director Pichon requested additional information regarding the status of the installation

by Willow Fork Drainage District of a hike and bike underpass to be located on Fry Road. Following discussion, Ms. Henderson advised that she would include an item on next month's agenda to discuss same.

STATUS OF POTENTIAL LITIGATION INVOLVING THE DISTRICT

Ms. Henderson noted that she had 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.

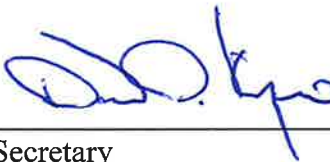
FUTURE AGENDA ITEMS

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




Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A –** Audit for Fiscal Year Ending January 31, 2023
- Exhibit B –** Management Representation Letter and Board Communication Letter prepared by FORVIS, LLP
- Exhibit C –** Bookkeeper's Report
- Exhibit D –** Unclaimed Property Report as of March 1, 2023
- Exhibit E –** Tax Assessor/Collector Report
- Exhibit F –** Engineering Report
- Exhibit G –** Operations Report
- Exhibit H –** Green Trails Monthly Report dated as of April 2023 and Harris County Constable Pct. 5 Beat Activity Report
- Exhibit I –** Member Database Report prepared by Classic Messaging