

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345

Minutes of Meeting of Board of Directors

May 20, 2024

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 20, 2024, 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
Aaron Pichon, Secretary
David Vinzant, Assistant Secretary
Michael Fitzgerald, Assistant Secretary

and all of said persons were present, with the exception of Directors Dalton and Vinzant, thus constituting a quorum.

Also present were Allen Jenkins and Chad Buckley of Inframark, LLC ("Inframark"); Yaneth Cooper of Municipal Accounts & Consulting, L.P. ("MA&C"); Isabel Mata and Johnnie Thompson of Wheeler & Associates, Inc. ("Wheeler"); Jason Robinett and John Lacy of Pape-Dawson Consulting Engineers, LLC ("Pape-Dawson"); Wendy Ramirez of FORVIS, LLP ("FORVIS"); Angela Smith, resident of the District; and Kate Henderson, Linda Knox and Alyssa Kanarr 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. The Board recognized Ms. Smith who addressed the Board regarding the District's May 4, 2024 Directors Election including the pay of the election officials. Additionally, Ms. Smith inquired about the Board's consideration of the affects of West Park Municipal Utility District's ("West Park") conversion to surface water sourcing on the District's water sourcing. She further queried on her concerns of subsidence in connection with the proposed second water well and the District's engineer's plans for assessment of same with regard to arsenic levels.

APPROVAL OF MINUTES

As the next order of business, the Board reviewed the minutes of its meetings held on April 15, 2024, and May 14, 2024. After discussion of the minutes presented,

Director Wright moved that the minutes of the April 15, 2024, and the May 14, 2024 Board meetings be approved, as written. Director Fitzgerald seconded said motion, which unanimously carried.

ACCEPTANCE OF QUALIFICATION STATEMENTS, BONDS, OATHS OF OFFICE, AND AFFIDAVITS OF CURRENT DIRECTORS AND ELECTIONS NOT TO DISCLOSE CERTAIN INFORMATION OF DIRECTORS

The Board considered the acceptance of the Qualification Statements of Elected Officer, Bonds, Oaths of Office, Affidavits of Current Directors, and Elections Not to Disclose Certain Information of Directors for Aaron Pichon, Keith Wright and Michael Fitzgerald. Mr. Pichon, Mr. Wright and Mr. Fitzgerald each presented their Qualification Statements of Elected Officers, Bonds, Oaths of Office, Affidavits of Current Directors, and Elections Not to Disclose Certain Information. After discussion, it was moved by Director Pichon, seconded by Director Fitzgerald, and unanimously carried that the Board accept said Qualification Statements of Elected Officers, Oaths of Office, Affidavits of Current Directors, and Elections Not to Disclose Certain Information, approve said Bonds, and declare Aaron Pichon, Keith Wright and Michael Fitzgerald to be duly elected and qualified Directors of the District, each to serve a four-year term ending May 6, 2028.

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 all Directors remain in their current respective positions.

DISTRICT REGISTRATION FORM

The Board considered approving a District Registration Form (the "Form") required by the Texas Commission on Environmental Quality ("TCEQ"). Ms. Henderson 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. After discussion, it was moved by Director Pichon, seconded by Director Fitzgerald, and unanimously carried that SPH be authorized to prepare the Form and submit it to the TCEQ.

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

Ms. Henderson advised the Board that, pursuant to Chapter 176 of the Texas Local Government Code, the District is required to maintain a list of local government officers list in connection with conflict of interest disclosure requirements of the District. After discussion on the matter, Director Fitzgerald moved that SPH be authorized to update and maintain the District's list of local government officers, as required by law. Director Wright seconded said motion and it 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, 2024. 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 Wright, seconded by Director Fitzgerald and unanimously carried, that (i) the audit report for the fiscal year ended January 31, 2024, be approved, subject to final review by the District's consultants, (ii) Vice President 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 Wright, seconded by Director Fitzgerald and unanimously carried, that the draft Management Response be approved, as presented, and that same be included in the final MRL.

BOOKKEEPER'S REPORT

Ms. Cooper presented to and reviewed with the Board a Bookkeeper's Report dated May 20, 2024, 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, and a Cash Flow Forecast. Following discussion, Director Fitzgerald moved that the Board approve the Bookkeeper's Report and authorize payment of the disbursements listed therein, with the exception of check nos. 11690 and 11691, which were voided. Director Wright seconded the motion, which unanimously carried.

Ms. Cooper further advised the Board that MA&C was unable to purchase the Certificate of Deposit ("CD") investments, as authorized at the last Board meeting because interest rates available to the District were not lower than the interest rate required by the Board.

UNCLAIMED PROPERTY REPORT AS OF MARCH 1, 2024

The Board considered approval of an Unclaimed Property Reports as of March 1, 2024, and the filing of same with the Texas Comptroller of Public Accounts (the "Comptroller") prior to July 1, 2024. In connection therewith, Ms. Cooper reviewed an Unclaimed Property Report prepared by MA&C with the Board, a copy of which is attached hereto as **Exhibit D**, and stated that the District has \$639.75 in unclaimed funds to escheat to the Comptroller. Ms. Mata then advised the Board that Wheeler has researched the District's tax records, and that there is no unclaimed property to report for the applicable reporting period. Following discussion, Director Pichon 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, 2024. Director Fitzgerald 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, 2024, 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 Fitzgerald, seconded by Director Pichon and unanimously carried, that the Tax Assessor-Collector Report dated as of April 30, 2024, 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 20, 2024, a copy of which is attached hereto as **Exhibit F**. Following discussion, Director Pichon moved to approve the Engineer's Report and all actions listed therein, including Pay Estimate No. 3 in the amount of \$192,644.10 from CSE W-Industries, Inc. for the installation of generators at the District's Joint Wastewater Treatment Plant. Director Fitzgerald seconded said motion, which carried unanimously.

Mr. Robinett reminded the Board that the generators at the District's Joint Wastewater Treatment Plant and Lift Station Nos. 1 and 2 have been installed, but connection for gas has still not yet been completed by CenterPoint Energy. The Board concurred that if gas service has not been supplied prior to the next Board meeting, Mr. Robinett will escalate the situation with CenterPoint Energy.

Mr. Robinett then presented and reviewed with the Board a revised 10-year Capital Improvement Plan (the "CIP"), which is included in **Exhibit F**, to address the

recent site visit to Wastewater Treatment Unit No. 2. He noted that there had been no additional cost associated with the update to the CIP but he included projects for the Joint Wastewater Plant operated by Green Trails Municipal Utility District ("Green Trails"), that the President of the Board of Directors of Green Trails had notified him about. Following discussion, the Board requested Mr. Robinett review Green Trails' proposed projects and cost estimates for the District therefore.

DISCUSSION REGARDING CONVERSION TO CHLORAMINE DISINFECTANT

Mr. Lacy next discussed with the Board the options the District has with respect to West Park Municipal Utility District's ("West Park") conversion to surface water and its ability to supply water to the District in an emergency. He reminded the Board that the District has interconnects with multiple different municipal utility districts (a "MUD"), but West Park is the only MUD that can supply enough water to serve the entire District in the event the District's Water Plant is down. He provided the Board with three (3) options: (1) add another interconnect with a MUD that the District does not currently have an interconnect with, which would require consideration from such MUD, (2) keep the interconnect with West Park and covert the District's system to chloramine disinfectant, or (3) keep the District's system on chlorine disinfectant and if the interconnect with West Park needs to be utilized, flush the District's system prior to opening said interconnect. Mr. Jenkins and Mr. Lacy then advised the Board that it is recommended to maintain an interconnect with a MUD that is able to supply the entire District with water. The Board then discussed water quality issues with chloramine disinfectant and concurred it preferred to stay on chlorine disinfectant if possible and requested additional information regarding the District's options moving forward. Following a lengthy discussion, it was moved by Director Pichon, seconded by Director Fitzgerald and unanimously carried, that Director Fitzgerald be authorized to coordinate with Inframark and Pape-Dawson to bring a recommendation to the Board for its consideration at next month's Board meeting regarding this issue.

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

Ms. Henderson noted that the Board would discuss the District's possible acquisition of property owned by Second Baptist Church (the "Church") in Closed Session.

OPERATIONS REPORT

Mr. Jenkins presented to and reviewed with the Board the Operations and Maintenance Report ("Operations Report") for the month of April 2024, a copy of which is attached hereto as **Exhibit G**. Following discussion, Mr. Jenkins advised that he had no action for the Board's consideration at this time.

AMENDMENT TO THE AMENDED AND RESTATED PROFESSIONAL SERVICES AGREEMENT BETWEEN INFRAMARK AND THE DISTRICT

The Board deferred an amendment to its Amended and Restated Professional Services Agreement between Inframark and the District.

CONSUMER CONFIDENCE REPORT

Mr. Jenkins next presented to and reviewed with the Board a copy of the draft 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. Following discussion, Director Wright 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, 2024, deadline. Director Fitzgerald seconded said motion, which unanimously carried.

AMENDED AND RESTATED EMERGENCY WATER SUPPLY CONTRACT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 216 ("MUD 216")

The Board concurred to defer taking any action with respect to the Amended and Restated Emergency Supply Contract with MUD 216 until the next Board meeting.

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.

AMENDMENT TO DISTRICT RATE ORDER

There was next a discussion regarding an amendment to the District's Rate Order. Ms. Henderson reminded the Board that the City of Houston (the "City") previously implemented a new annual rate over a five-year period pursuant to Ordinance No. 2021-515, resulting in a \$0.06 increase in groundwater reduction plan ("GRP") fees for April 1, 2024. Ms. Henderson then advised the Board that the City has advised that there is no automatic annual adjustment to such GRP fees due to inflation. The Board then considered amending the District's Rate Order to incorporate the City's increase in GRP fees by increasing the GRP fee billed to each District customer from \$2.53 to \$2.83 for each 1,000 gallons of water used. Following discussion, Director Pichon moved that (i) the District's Rate Order be amended to increase the GRP fee billed to each District customer from \$2.53 to \$2.83 for each 1,000 gallons of water used, (ii) the amended Rate Order, a copy of which is attached hereto as **Exhibit H**, be dated and effective as of May

20, 2024, and any and all rate orders heretofore adopted by the Board be revoked as of such date. Director Fitzgerald 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 April 2024, and a Harris County Constable Pct 5 Beat Activity Report for the month of April 2024, copies of which are attached hereto as **Exhibit I**.

AMENDMENT TO THE EMERGENCY AND INTERIM WATER SUPPLY CONTRACT WITH GREEN TRAILS MUNICIPAL UTILITY DISTRICT

In connection with the amendment to the Emergency and Interim Water Supply Agreement with the District and Green Trails (the "Amendment"), Ms. Henderson advised the Board that the draft Amendment has been prepared and circulated for the Green Trails' attorney to review. Ms. Henderson then discussed the terms of the proposed amendment. The Board determined that it would defer any further action at this time.

MASS COMMUNICATION MESSAGING SYSTEM; STATUS OF CREATION OF A DISTRICT WEBSITE BY CLASSIC MESSAGING LLC ("CLASSIC ")

In connection with the creation of a District website, Director Pichon provided an update on the status of same. After discussion, Director Wright moved that the Board authorize Classic to active the District's website, subject to approval from SPH and Director Pichon. Director Fitzgerald seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. 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 J**, regarding the use of social media by public officials. In connection therewith, Ms. Henderson advised the Board that directors should exercise caution when posting about District-related matters on their personal social media pages in light of recent U.S. Supreme Court cases, as further discussed in the memorandum.

There next followed a discussion concerning a request from Green Trails in connection with community support for Harris County Municipal Utility District No. 346 ("MUD 346") projects with Harris County Precinct 4. Ms. Henderson advised that the President of Green Trails requested that the District submit letters of support for three (3) projects submitted by MUD 346 to Harris County Precinct 4's Call for Projects. Following discussion, Director Wright moved to authorize SPH to prepare the letters of support as requested Director Pichon seconded the motion, which unanimously carried. The Board requested that the letter of support for the sidewalk replacement project along

Harris County Flood Control Unit T101-01-00, which runs through the District's boundaries, include a request to replace the existing six foot (6') sidewalks with eight foot (8') sidewalks.

STATUS OF LITIGATION INVOLVING THE DISTRICT

Ms. Henderson noted that there is no an update regarding the status of potential litigation involving the District.

CLOSED SESSION

The Vice President announced at 1:39 p.m. that the Board would convene in Closed Session pursuant to Texas Government Code, Section 551.072. All of those in attendance, with the exception of the Board, Mr. Robinett, Ms. Knox, Ms. Kanarr and Ms. Henderson, exited the meeting at this time.

RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 1:50 p.m. with the Board, Mr. Robinett, Ms. Knox, Ms. Kanarr and Ms. Henderson in attendance. No action was taken by the Board in connection with matters discussed in Closed Session.

FUTURE AGENDA ITEMS

The Board considered items for placement on future agendas. The Board requested an item be placed on the agenda for the June meeting to consider engaging real estate counsel in connection with the acquisition of property owned by Second Baptist Church for a second water well and a proposal from Pape-Dawson to replat the Second Baptist Church Property in connection with same.

ADJOURNMENT

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

Secretary



LIST OF ATTACHMENTS TO MINUTES

- Exhibit A –** Draft Audit for Fiscal Year Ending January 31, 2024
- 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, 2024
- Exhibit E –** Tax Assessor/Collector Report
- Exhibit F –** Engineering Report and Revised Capital Improvement Plan with Proposal Memorandum
- Exhibit G –** Operations Report
- Exhibit H –** Amended Rate Order
- Exhibit I –** Green Trails Monthly Report dated as of April 2024 and Harris County Constable Pct. 5 Beat Activity Report
- Exhibit J –** Social Media Memorandum