

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
December 16, 2019

The Board of Directors of Harris County Municipal Utility District No. 401 met at Staybridge Suites, 10011 Farm to Market Road 2920, Harris County, Texas 77385, on December 16, 2019, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board of Directors, as follows:

Blair Fesler, President
Mark Atchison, Vice-President
Sandee Wright, Secretary
Raul Solis, Assistant Vice President/Secretary
Jordan Thomas, Assistant Vice President/Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Jeff Vogler and Andres Aranzales of Van De Wiele and Vogler, Inc. ("VDWV"); Scott Shelnutt of Municipal Operations & Consulting, Inc. ("MOC"); Mike Scott of Champions Hydro-Lawn, Inc. ("Champions"); Robin Goin of Bob Leared Interests, Inc. ("BLI"); Stephanie Viator of District Data Services, Inc. ("DDSI"); Debbie Shelton of Masterson Advisors, LLC ("Masterson"); Sergeant Hight of the Harris County Precinct Four Constable's Office ("HCCO"); and Kara Richardson of Marks Richardson PC ("MRPC").

The President called the meeting to order.

APPROVE MINUTES

As the first order of business, the Board considered approval of the minutes of the Board meetings held on November 15, 2019, and November 18, 2019. After discussion, Director Solis made a motion to approve the minutes of the meeting of November 15, 2019, as presented. Director Thomas seconded the motion, with Directors Solis, Fesler, Wright and Thomas voting in favor, and Director Atchison abstaining from the vote after noting that he was not present at the meeting on November 15, 2019. Director Solis then made a motion to approve the minutes of the meeting on November 18, 2019, as presented. Director Thomas seconded the motion, which unanimously carried.

SECURITY PATROL

The Board next considered the report from the HCCO regarding security services in the District. Sergeant Hight reviewed the November 2019 Patrol Statistics, a copy of which is attached hereto as Exhibit A. He stated that the HCCO conducted another traffic initiative which resulted in fewer violations than were given during the previous initiative. The Board then discussed approval of the Interlocal Agreement for Law Enforcement Services with the Harris County Constable's Office. Ms. Richardson advised that her office has not yet received the Agreements. Mr. Vogler requested that MRPC send over a copy of the Agreement after received so that he can verify the boundary.

PUBLIC COMMENT

The Board next considered comments from the public. Director Atchison apologized for his remarks last month to Director Wright regarding the termination of the contract with Jones & Carter.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated November 18, 2019, a copy of which is attached hereto as Exhibit B. After discussion, Director Atchison made a motion to approve the bookkeeper's report and to authorize payment for the invoices listed therein. Director Thomas seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin next presented and reviewed the tax assessor-collector's report dated November 30, 2019, a copy of which is attached hereto as Exhibit C. Director Atchison asked about the \$14.04 owed by the District. Ms. Goin stated that it is most likely left over from a transfer of property from a developer to the District. After discussion on the report presented, Director Atchison made a motion to approve the tax assessor-collector's report and to authorize payment of the checks listed therein. Director Solis seconded the motion, which unanimously carried.

DELINQUENT TAX REPORT

Ms. Richardson next presented the delinquent tax report dated November 18, 2019, by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, LLP, a copy of which is attached hereto as Exhibit D.

DEVELOPER'S REPORTS

The Board next considered the developer's report and deferred same as no developer was present at the meeting.

FACILITY SITE MAINTENANCE

Mr. Scott presented and reviewed a detention and drainage facilities report from Champions dated December 16, 2019, a copy of which is attached hereto as Exhibit E.

Mr. Scott reported that Champions installed rip rap in the Inverness Estates detention pond. He stated that someone cut a large hole in the fence between the Albury Trails detention pond and the Sugarberry neighborhood and that Champions will repair same.

PROFESSIONAL SERVICES AGREEMENT WITH VAN DE WIELE & VOGLER, INC. ("VDWV")

The Board next considered the review and approval of a Professional Services Agreement by and between the District and VDWV. Ms. Richardson presented the Agreement to the Board and stated that MRPC has reviewed same. Mr. Vogler then presented an executed TEC Form 1295

from VDWV. After discussion, Director Atchison made a motion to approve the Professional Services Agreement between the District and VDWV and authorize the President to execute same on behalf of the Board and the District. Director Thomas seconded the motion, which unanimously carried.

ENGINEER'S REPORT

Mr. Vogler presented and reviewed the Engineer's Report, attached hereto as Exhibit F, and reviewed the items listed therein with the Board. He asked the Board members whether they would like to receive the Engineer's Report in advance of the meeting. The Board concurred that they would like to receive the report a couple of days prior to each meeting.

Mr. Vogler reported on the status of plans and specifications for sidewalk modifications at Inverness Crossing Blvd. and Windbourne Drive. Mr. Aranzales presented the attached drawing of the proposed sidewalk and crosswalk modifications. He stated that VDWV will move forward with designing the plans upon Board authorization. After discussion, Director Atchison made a motion to authorize VDWV to prepare the plans and specifications for the project. Director Solis seconded the motion, which unanimously carried.

Mr. Vogler next reported on the status of the construction contract with D&L Quality Painting ("D&L") for the Water Plant No. 1 improvements. He stated that construction is substantially complete and that VDWV sent an inspector by to check on the status of the project.

Mr. Vogler reported that Jones & Carter, Inc. ("J&C") completed the pre-purchase inspection relative to the proposed bond issue. He then reviewed correspondence from the Texas Commission on Environmental Quality ("TCEQ") dated December 2, 2019, which reflects that no deficiencies were noted.

Mr. Vogler reported that VDWV received the WWTP re-rating report from J&C which was submitted to and approved by the TCEQ. He stated that VDWV is currently reviewing same.

Director Thomas next asked Mr. Vogler about the high water usage in the District and whether VDWV has made any findings on the matter. Mr. Vogler presented the attached High Water Usage Locations and reviewed same with the Board.

Director Atchison next asked about the timeline for the sidewalk modifications project. Mr. Vogler stated that VDWV will have plans completed in a couple months.

STATUS OF BOND APPLICATION REPORT

Ms. Richardson reminded the Board that J&C sent the Bond Application Report ("Report") to the TCEQ on July 15, 2019 and that the Report is currently pending with the TCEQ. She stated that the TCEQ sent additional comments to J&C who addressed the comments.

UNLIMITED TAX BONDS, SERIES 2019

The Board next deferred approval of all actions required in connection with the sale of the District's Unlimited Tax Bonds, Series 2019.

OPERATIONS REPORT

Mr. Shelnutt presented and reviewed the operations report for November 2019, a copy of which is attached hereto as Exhibit G. He reported that the District accounted for 93% of the water pumped during the month of November and that the District's facilities operated in compliance with its respective permits during the month.

Mr. Shelnutt reviewed the high usage list with the Board and stated that the home located at 22818 Wilbur Lane had a leak.

Mr. Shelnutt reported that the automatic transfer switch for the generator at lift station no. 2 is not working properly. He stated that MOC is working with insurance on the matter.

Director Atchison asked how often the generators are serviced. Mr. Shelnutt stated that he believes they are serviced on a quarterly basis but will research same. He noted that the generators are exercised on a weekly basis.

Ms. Richardson advised that the North Harris County Regional Water Authority ("NHCRWA") Board is considering increasing the surface water fee from \$3.85 to \$4.25 effective April 1, 2020. She stated that the NHCRWA has not adopted the increase yet but likely will.

REVIEW AND APPROVE CONTINUING DISCLOSURE REPORT

The Board next considered the review of a continuing disclosure report prepared by McCall Parkhurst & Horton ("MPH"), attached hereto as Exhibit H, and authorizing MPH to file the report with the appropriate repositories. After discussion, Director Atchison made a motion to authorize MPH to file the necessary documentation with the appropriate repositories. Director Thomas seconded said motion, which unanimously carried.

EXECUTIVE SESSION

The Board next deferred recessing into Executive Session to discuss real property matters pursuant to §551.072, Texas Government Code and pending or contemplated litigation or a settlement offer pursuant to §551.071, Texas Government Code.

RECONVENE IN OPEN SESSION

The Board next deferred taking action relative to real property matters pursuant to §551.072, Texas Government Code and contemplated litigation or a settlement offer pursuant to §551.071, Texas Government Code.

Ms. Richardson next reviewed email correspondence from Mr. Mark Merrill regarding the status of condemnation of the property.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas. Director Thomas discussed the possibility of installing cameras at the District entrances. Ms. Richardson then discussed the legal issues in connection with the installation of cameras. Director Atchison stated that the Board discussed installing cameras a couple of years ago but ultimately decided that it was cost prohibitive. The Board then discussed adding an additional officer to the patrol contract with the HCCO but opted to keep two (2) contract patrol officers for now.

ADJOURN

There being no further business to come before the Board, on motion made by Director Atchison, seconded by Director Thomas and unanimously carried, the meeting was adjourned.



Secretary, Board of Directors

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
December 16, 2019

- A. Patrol Report
- B. Bookkeeper's Report
- C. Tax Assessor-Collector Report
- D. Delinquent Tax Report
- E. Detention and Drainage Facilities Report
- F. Engineer's Report
- G. Operations Report
- H. Annual Continuing Disclosure Report