

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
May 18, 2020

The Board of Directors of Harris County Municipal Utility District No. 401 met by teleconference on May 18, 2020, 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 via teleconference were Jeff Vogler and Andres Aranzales of Van De Wiele and Vogler, Inc. ("VDWV"); Scott Shelnett 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"); Kara Richardson of Marks Richardson PC ("MRPC") and Miranda Jones Rajevac of MRPC.

The President called the meeting to order.

SECURITY PATROL

As the first order of business, the Board considered the report from the HCCO regarding security services in the District. Sergeant Hight reviewed the April 2020 Patrol Statistics, a copy of which is attached hereto as Exhibit A. Director Atchison asked Sergeant Hight about an incident that happened on Brannok.

APPROVAL TO ADD BOLLARDS AND/OR ADDITIONAL FENCING IN CERTAIN AREAS OF THE DISTRICT

The Board next considered approval to add bollards and/or additional fencing in certain areas of the District to deter unauthorized activity and consider authorizing additional security measures. Director Atchison stated that it may be better to hold a special meeting to discuss the various items including, installation of signage, non-residents gaining access from the Sugarberry neighborhood, activity near the WWTP and fishing and wading in the detention ponds.

Director Fesler reported that he received a call from a deputy with the HCCO regarding four-wheeler patrol. He stated that four-wheeler patrol is \$55 per hour and that the HCCO can provide patrol for specific hours during the week and weekend. The Board concurred to discuss same with the HCCO at the special meeting.

Ms. Richardson stated that she received email correspondence from the Inverness Estates Property Owners Association (“POA”) advising that the POA recently re-stocked the lakes with fish in Inverness Estates and have been receiving reports of non-residents fishing in the lakes. She stated that the POA is requesting approval to install signage advising that fishing is for residents only, that only catch and release fishing is permitted and no nets are permitted. Ms. Richardson stated that the Board can discuss same at the proposed special meeting.

PUBLIC COMMENT

The Board deferred comments from the public, as no members of the public were present.

APPROVE MINUTES

The Board next considered approval of the minutes of the Board meetings held on April 16, 2020, and April 20, 2020. After discussion, Director Wright made a motion to approve the minutes of the meetings of April 16, 2020 and April 20, 2020, as presented. Director Atchison seconded the motion, which unanimously carried.

Director Thomas disconnected from the call at this time.

SOLID WASTE COLLECTION SERVICES

The Board next considered a discussion related to solid waste collection services for the District. No one present had anything new to report.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper’s report dated May 18, 2020, a copy of which is attached hereto as Exhibit B. She stated that the wire transfer to the Attorney General for the transcript review fee was issued for payment and will be included on the report next month. After discussion, Director Atchison made a motion to approve the bookkeeper’s report and to authorize payment for the invoices listed therein. Director Solis seconded said motion, which carried unanimously.

Director Thomas re-connected to the call at this time.

TAX ASSESSOR-COLLECTOR’S REPORT

Ms. Goin next presented and reviewed the tax assessor-collector’s report dated April 30, 2020, a copy of which is attached hereto as Exhibit C. 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 Wright seconded the motion, which carried unanimously.

Ms. Goin reported that the District’s preliminary value for 2020 is \$362,405,331.

SERIES 2020 UNLIMITED TAX REFUNDING BONDS

The Board next considered the status of the District's \$1,360,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds"). Ms. Shelton reviewed the Summary of Bonds Refunded with the Board, a copy of which is attached hereto as Exhibit D. She noted that the refunding issue attained a total present value savings of 10.99%, or \$139,103.13, with a total gross debt service savings of \$179,391.18.

The Board next considered the approval of various documents required in connection with the closing on the Bonds, scheduled for Wednesday, June 17, 2020. Ms. Richardson reviewed the various documents required in connection with the closing. After discussion, Director Atchison made a motion to approve all documentation required in connection with the closing, to authorize the President to execute and the Secretary to attest to same, and to authorize MRPC to act on the Board's behalf to do all things necessary to effect the closing on the Bonds and the disbursement of proceeds. Director Fesler seconded the motion, which passed unanimously.

The Board next considered the approval and execution of Internal Revenue Service Form 8038-G relative to the Bonds. After discussion, Director Atchison made a motion that the Form be approved by the Board and that the President be authorized to execute same on behalf of the Board and District. Director Fesler seconded the motion, which passed unanimously.

DEVELOPER'S REPORTS

The Board next deferred consideration of the developer's report 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 May 18, 2020, a copy of which is attached hereto as Exhibit E. He stated that algae is growing on the Inverness Estates detention pond and that Champions is monitoring same.

Mr. Scott reported that Champions found some people fishing and wading in the Inverness Estates detention pond and HCCO had them removed.

APPROVAL TO ADD BOLLARDS AND/OR FENCING

The Board next deferred consideration of the approval to add bollards and/or additional fencing in certain areas of the District to deter unauthorized activity as same will be discussed under the engineer's report.

ENGINEER'S REPORT

Mr. Aranzales presented and reviewed the Engineer's Report, attached hereto as Exhibit F, and reviewed the items listed therein with the Board.

Mr. Aranzales reported on the approval of plans and specifications for sidewalk modifications at Inverness Crossing Blvd and Fanwick Drive. He stated that VDVW received

approval from Harris County Engineering and Harris County Flood Control District (“HCFCD”) and that the plans and specifications are currently under review with Harris County Precinct 4. Mr. Aranzales then requested authorization to solicit bids for the project upon approval from all review agencies. After discussion, Director Wright made a motion to authorize VDWV to solicit bids for the project, as discussed above. Director Atchison seconded the motion, which unanimously carried.

Ms. Richardson noted that the POA has agreed to the Settlement Agreement and that the District’s condemnation lawyer is in the process of finalizing the Agreement for execution by all parties.

Mr. Aranzales next reported on the status of the Water Main Loop. He requested that VDWV be authorized to begin preparation of design plans and specifications for the project. Mr. Aranzales stated that VDWV will resubmit the plans for agency review after easement acquisition. After discussion, Director Wright made a motion to authorize VDWV to begin preparation of design plans and specifications for the Water Main Loop project. Director Atchison seconded the motion, which unanimously carried.

Mr. Aranzales next reported on the Inverness Estates/Albury Trails detention pond fencing exhibits and preliminary cost estimate. He reviewed the attached pond fencing options, including an eighteen-inch (18”) steel pipe rail fence, two-foot (2’) wood post and steel pipe rail fence and chain link fence. Director Thomas asked questions regarding vehicular access and traffic.

Mr. Aranzales next reviewed the attached Albury Trails detention pond “D” fence options and stated that any proposed fence must be presented and approved by HCFCD.

Mr. Aranzales next reviewed the attached exhibit regarding the extension of the iron fence adjacent to the residence on Wixford Lane. Ms. Richardson stated that the property descriptions will need to be reviewed in order to determine the property interests and boundary lines regarding same. She stated that the District has no authority to spend money for the sole purpose of beautifying a resident’s yard. Mr. Aranzales stated that he will prepare a property description and exhibit for the Board’s review. He also stated that he will obtain price quotes for all of the fencing options discussed above.

Director Atchison stated that residents on Wixford Lane access the detention ponds and trails via golf carts. He requested that the Board discuss golf carts at the proposed special meeting.

Mr. Vogler reported on the transition of records from Jones & Carter, Inc. (“JC”). He stated that VDWV has not yet received the boundary map from JC and will follow up with Ms. Bonham regarding same.

RESOLUTION ADOPTING RULES FOR ELECTRONIC SUBMISSION OF BIDS

The Board next considered the adoption of a Resolution Adopting Rules for Electronic Submission of Bids. Ms. Richardson noted that, in view of the COVID-19 pandemic, engineers have increasingly requested the ability to solicit electronic bids for District projects. She stated that, pursuant to Section 49.2731, Texas Water Code, the District may not receive electronic bids for District projects under Section 49.273, Texas Water Code, unless the Board adopts rules to

ensure the identification, security, and confidentiality of electronic bids and to ensure that the electronic bids remain effectively unopened until the proper time. Ms. Richardson advised the Board that adoption of the proposed Resolution would, subject to the District's receipt of the Engineer's Certificate for Electronic Bidding Software attached to the proposed Resolution, permit the District to receive electronic bids for its projects. After discussion, Director Wright moved to adopt the Resolution Adopting Rules for Electronic Submission of Bids, attached hereto as Exhibit G. Director Thomas seconded the motion, which unanimously carried.

OPERATIONS REPORT

Mr. Shelnut presented and reviewed the operations report for April 2020, a copy of which is attached hereto as Exhibit H. He reported that the District accounted for 93% of the water pumped during the month of April and that the District's facilities operated in compliance with its respective permits during the month.

Mr. Shelnut reported that two (2) HMI screens need to be replaced on the blowers at the WWTP. He stated that MOC can replace the two (2) screens for \$4,900. After discussion, Director Atchison made a motion to authorize MOC to replace the two (2) HMI screens on the blowers for \$4,900. Director Thomas seconded the motion, which unanimously carried.

Mr. Shelnut stated that he will obtain proposals for the installation of culverts at the detention ponds for review at the next meeting.

APPROVE CONSUMER CONFIDENCE REPORT

The Board next considered approval of the Consumer Confidence Report and authorization to distribute same to District customers. After discussion, Director Atchison made a motion to approve the Consumer Confidence Report, subject to MRPC's review and approval, and to authorize the operator to distribute the report to District customers. Director Thomas seconded the motion, which passed unanimously.

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.

Director Atchison asked about sending correspondence to residents providing detailed information regarding the condemnation matter. Ms. Richardson recommended that the Board hold off on sending correspondence to residents until the matter has been finalized.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas. Director Fesler asked when the Board can meet at Staybridge Suites again. Ms. Richardson stated that MRPC will contact Staybridge Suites to find out if the Board can hold their meetings there again and will also email the Board and Consultants to gauge interest in meeting in person. The Board next concurred to hold its special meeting on May 29, 2020 at 8:00 a.m. to review the following items: 1) installation of signage, 2) installation of various items to facilitate security including culverts, fencing, gates, bollards, cameras, and lighting for District facilities, 3) rules regarding public use of District facilities, 4) resident and public access to District property, 5) discussion regarding trails in the District, and 6) discussion regarding stocking ponds for recreational use.

ADJOURN

There being no further business to come before the Board, the meeting was adjourned.

Sandee Wright

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Secretary, Board of Directors

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
May 18, 2020

- A. Patrol Report
- B. Bookkeeper's Report
- C. Tax Assessor-Collector Report
- D. Summary of Refunded Bonds
- E. Detention and Drainage Facilities Report
- F. Engineer's Report
- G. Resolution Adopting Rules for Electronic Submission of Bids
- H. Operations Report