

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
July 15, 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 July 15, 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
Santee 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 Ken Streeter of Hendricks Interests, LLC and Willow Creek Development Company, Ltd. ("WCDC"); Lisa Bonham of Jones & Carter, Inc. ("J&C"); 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"); Captain Zitzman and Deputy Jamil of the Harris County Precinct Four Constable's Office ("HCCO"); and Treacy Ware of Off Cinco; 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 meeting held on June 17, 2019. After discussion, Director Atchison made a motion to approve the minutes of the meeting of June 17, 2019, as presented. Director Solis seconded the motion, which carried unanimously.

PUBLIC COMMENT

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

SECURITY PATROL

The Board next considered the report from the HCCO regarding security services in the District. Captain Zitzman introduced himself to the Board and advised that he is the new Captain of the patrol area. He stated that the District is one of the safest areas that the HCCO patrols. He recommended that residents submit a vacation watch request through the HCCO website prior to going out of town and that HCCO will make periodic checks on those homes while residents are on vacation. Deputy Jamil next reviewed the June 2019 Patrol Statistics, a copy of which is attached hereto as Exhibit A.

Director Fesler stated that he has had some recent issues with communications with Deputy Hoover since Lieutenant Beck left. He stated that he has been trying to coordinate the initiation of the Texas Parks & Wildlife (“TPW”) four-wheeler program through the HCCO with Deputy Hoover, but he is not having any success. He noted that he has called Deputy Hoover multiple times to inquire about the status of the program and that Deputy Hoover has told him that he is working on the project with TPW. Director Fesler noted that he spoke with someone from TPW last week who informed him that Deputy Hoover had not contacted TPW about the program.

Director Fesler next stated that, on several occasions, he has asked Deputy Hoover to provide officer vacation schedules and substitute patrol officer schedules, but that Deputy Hoover has not provided him with that information. Captain Zitzman stated that the HCCO makes every effort to have coverage for officers on vacation but noted that the HCCO is not contractually required to provide substitute coverage for officers on vacation.

Captain Zitzman stated that the TPW does not routinely provide 4-wheeler program services to MUDs and that Deputy Hoover may have given the District some unreasonable expectations about the availability of such program.

Director Fesler next stated that the HCCO promised the Inverness Property Owners Association (“Inverness POA”) at its recent meeting that they would set up a speeding patrol in Inverness last week in the District and it has not been set up. Director Atchison asked if the District can purchase four-wheelers for the HCCO to use to patrol the District. Captain Zitzman stated that other MUDs have purchased four-wheelers for use by Constable officers patrolling on an off-duty basis. Director Atchison asked what the rates are for off-duty officers. Captain Zitzman stated that the hourly rates are generally between \$35 to \$45 per hour. Captain Zitzman stated that he will obtain specifications for the suitable four-wheelers that could be used by off-duty officers and will send the information to the Board. The Board requested that an item be added to the agenda for next month’s meeting to consider the purchase of four-wheelers and the hiring of off-duty Constable officers.

ENGAGE AUDITOR

The Board next considered the engagement of an auditor to prepare the District’s audit report for the fiscal year ending July 31, 2019. Ms. Richardson reported that the District has an evergreen contract with McCall Gibson Swedlund Barfoot PLLC (“McCall”) and therefore does not need to formally approve the engagement. She noted that McCall will begin preparation of the audit report to present to the Board in a few months.

PRESENTATION FROM OFF CINCO

The Board next considered a presentation from Off Cinco regarding website design and maintenance for the District. Ms. Ware introduced herself to the Board and presented the attached proposal for website design and maintenance, attached hereto as Exhibit B. She reviewed various options for website design layouts, monthly hosting and website maintenance. She also presented a draft Contract and executed TEC Form 1295 from Off Cinco. The Board then discussed the benefits of a website for the District. Director Wright stated that she is in favor of a website as it creates the appearance of transparency. After discussion, the Board concurred to defer action on

the matter until next month's meeting. Ms. Richardson stated that she will send a list of website related laws to the Board for review following today's meeting.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated July 15, 2019, a copy of which is attached hereto as Exhibit C. After discussion, Director Atchison made a motion to approve the bookkeeper's report and authorize payment for the payments listed therein. Director Thomas seconded said motion, which unanimously carried.

ADOPT OPERATING BUDGET

Ms. Viator presented and reviewed a proposed operating budget for the District's fiscal year ending July 31, 2020. The Board requested that the election expense item be increased to \$25,000 and the detention repair item be increased to \$20,000. After discussion, Director Atchison moved to adopt the operating budget for the fiscal year ending July 31, 2020, as amended. 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 June 30, 2019, a copy of which is attached hereto as Exhibit D. 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

The Board next deferred consideration of a delinquent tax report by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, LLP.

DEVELOPER'S REPORTS

The Board next considered the developer's report. Mr. Streeter reported on recent home sales in Albury Trails and stated that sales have been steady over the past month. He stated that he hopes to have all lots sold within the next eighteen (18) months.

FACILITY SITE MAINTENANCE

Mr. Scott presented and reviewed a detention and drainage facilities report from Champions dated July 15, 2019, a copy of which is attached hereto as Exhibit E.

Ms. Scott discussed the District's planned fence extension to deter access to the District from the Sugarberry neighborhood.

Director Thomas stated that someone is building fires in the wooded areas near the detention facilities. He also noted that someone has been taking off the A-boxes from the fire hydrants.

The Board next discussed the status of repairs to grassy areas at the end of the cul-de-sac on Wixford Lane. Mr. Scott stated that Champions has replaced the sod at the end of the cul-de-sac.

The Board next considered the status of the installation of an additional chain link fence near the Albury Trails Estates Detention Pond D. Mr. Scott discussed a quote from Aber Fence for approximately \$13,000 for the installation of four hundred and twenty-seven (427) linear feet of fence. He reminded the Board that the area will need to be staked to determine the property line. After discussion, Director Atchison made a motion to authorize Champions to engage Aber Fence to install the additional chain link fence at a cost of \$13,000, and to authorize the expenditure of up to \$2,000 for staking costs. Director Thomas seconded the motion, with Directors Atchison, Thomas, Fesler and Solis voting in favor and Director Wright voting against.

The Board next considered the review of proposals for the construction of a fence along the Inverness POA and District property line to control access to the detention and amenity ponds. Mr. Scott reviewed a proposal for the installation of an ornamental wrought iron fence for \$8,196. The Board took no action on the matter at this time.

The Board next considered review and approval of a Resolution Authorizing the Execution of Annual Certificate of Proper Operation relative to the annual renewal of the District's storm water quality permits, attached hereto as Exhibit F. After discussion, Director Atchison made a motion to approve the Resolution and authorize the President to execute and the Secretary to attest same on behalf of the Board and the District. Director Thomas seconded the motion, which unanimously carried.

ENGINEER'S REPORT

Ms. Bonham presented and reviewed the Engineer's Report, attached hereto as Exhibit G, and reviewed the items listed therein with the Board.

Ms. Bonham reported on the status of the design for an additional water line across Willow Creek. She stated that J&C will resubmit the plans for approval once the easements are conveyed to the District.

Ms. Bonham reported on the WWTP re-rating and stated that J&C anticipates submitting the re-rate application to the Texas Commission on Environmental Quality ("TCEQ") in August or September after J&C receives samples from July.

Ms. Bonham next reported on the Water Plant No. 1 improvements. She stated that J&C will advertise for bids for the project this month so construction can commence in the winter.

REVIEW AND APPROVE PROFESSIONAL SERVICES AGREEMENT WITH JONES & CARTER, INC.

The Board next considered the review and approval of a Professional Services Agreement with J&C. Ms. Bonham stated that she will present the Agreement to the Board at next month's meeting.

STATUS OF BOND APPLICATION REPORT

The Board next considered the status of a Bond Application Report (“Report”) relative to the District’s proposed Series 2019 Bonds. Ms. Bonham stated that J&C sent the Report to the TCEQ on July 12, 2019 requesting a sixty (60) day expedited review.

OPERATIONS REPORT

Mr. Shelnett presented and reviewed the operations report for June 2019, 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 June and that the District’s facilities operated in compliance with its respective permits during the month.

The Board next considered the status of the security system installation. Mr. Shelnett stated that the system is now online. He stated that several cameras need adjustments and that he will be meeting with the contractor on site to discuss the issues.

Mr. Shelnett next presented and reviewed photos of the signage that was ordered for installation around the detention and amenity ponds.

Mr. Shelnett reported that the controller at the lift station stopped working approximately ten (10) days ago and that the issue is likely related to damage from a storm that occurred around that same time. He stated that NTS has inspected same and recommends replacement of the controller. Mr. Shelnett stated that the generator controller display is also not functioning properly. He stated that Cummins Southern Plain will be inspecting the controller display. Mr. Shelnett stated that replacement of the controller at the lift station with a similar controller will be \$5,500 and installation of a controller with wireless access will be \$1,800 more. He stated that the insurance deductible is likely \$10,000. He noted that he will have more information on the matter after Cummins Southern Plain inspects the generator control panel. The Board then asked about surge protection. Mr. Shelnett stated that he will look into the matter. After discussion, the Board made a motion to approve the replacement of the controller at the lift station with a controller with wireless access for approximately \$7,300. Director Thomas seconded the motion, which unanimously carried.

DISCUSS ACCESS TO DISTRICT FROM SUGARBERRY NEIGHBORHOOD

The Board deferred a discussion regarding access to the District from the Sugarberry neighborhood as same was previously discussed in the meeting.

UPDATE OF 86TH TEXAS LEGISLATURE

The Board next considered an update of the 86th Texas Legislature. Ms. Richardson presented the attached Memorandum from MRPC, attached hereto as Exhibit I, and reviewed same with the Board.

EXECUTIVE SESSION

The Board next recessed into Executive Session at 8:25 p.m. 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. The Board returned from executive session at 8:28 p.m.

RECONVENE IN OPEN SESSION

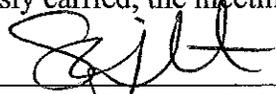
The Board next considered taking action relative to real property matters pursuant to §551.072, Texas Government Code and contemplated litigation or a settlement offer pursuant to §551.071, Texas Government Code. After discussion, Director Atchison made a motion to authorize MRPC to send the appraisals of the waterline easement property along with the proposed easement document to the attorney for the POA. Director Thomas seconded the motion, which unanimously carried.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas.

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
July 15, 2019

- A. Patrol Report
- B. Website Proposal from Off Cinco
- C. Bookkeeper's Report
- D. Tax Assessor-Collector Report
- E. Detention and Drainage Facilities Report
- F. Resolution Authorizing the Execution of Annual Certificate of Proper Operation
- G. Engineer's Report
- H. Operations Report
- I. Memorandum from MRPC