

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
February 17, 2020

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 February 17, 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 were Ken Streeter of Hendricks Interests, LLC and Willow Creek Development Company, Ltd. ("WCDC"); 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 and Deputy Rodriguez of the Harris County Precinct Four Constable's Office ("HCCO"); Kevin Atkinson of Texas Pride Disposal ("Texas Pride"); Dennis Wright, Mattie Sanford, Mike Brazzell, Chris Cantu, Joseph Jones, Zeke Enriquez, Lillian and Michael Davenport, Richard Van Natten, Roland Massey and Robert Busser, residents; and Kara Richardson of Marks Richardson PC ("MRPC").

The President called the meeting to order.

Director Fesler then introduced himself and the Board members.

PRESENTATION FROM CONSULTANTS ON PROPOSED WATERLINE PROJECT

The Board next considered a presentation from the Consultants on the proposed waterline project. Mr. Vogler introduced himself to those in attendance, presented a graphic of the proposed location of the waterline, and explained that the additional line is needed to provide redundancy for the District's water system in the event of a waterline break. He explained that the District is currently served by a single water main line and that a break in that line could leave much of the District without water for days or weeks depending on the location of the break and complexity of the repair. Ms. Richardson discussed the history of the District's unsuccessful attempts to negotiate the acquisition of the waterline easement with the Inverness POA ("POA").

PUBLIC COMMENT

The Board next considered comments from the public. Various members of the public asked questions about the proposed waterline and its potential effect on surrounding homeowners and the neighborhood. Ms. Richardson and Mr. Vogler answered various questions regarding the

location of the waterline and the negotiations with the POA. Mr. Vogler noted that only the vegetation located within the twenty-foot easement would be removed for the construction of the waterline. Ms. Richardson explained that the Special Commissioners had awarded the POA a total of \$1951.00 which was the value assigned by the POA and District's mutually-agreed upon appraiser. She stated that the POA is appealing the award which will result in costly litigation if a settlement cannot be reached.

APPROVE MINUTES

The Board next considered approval of the minutes of the Board meeting held on January 20, 2020. After discussion, Director Thomas made a motion to approve the minutes of the meeting of January 20, 2020, as presented. Director Solis 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 January 2020 Patrol Statistics, a copy of which is attached hereto as Exhibit A.

SOLID WASTE COLLECTION SERVICES

The Board next considered a discussion related to solid waste collection services for the District. Mr. Atkinson addressed the Board and stated that Texas Pride Disposal ("Texas Pride") re-rerouted some routes in January which resulted in some collection issues. He noted that a driver for the area was replaced with one of the lead drivers. Mr. Atkinson stated that the lead driver missed one (1) pickup on the first day which was taken care of quickly. The Board then discussed how Texas Pride handles the large volume of recycling during the holidays and the increase in recycling in general due to online purchases. Mr. Atkinson stated that 360-degree cameras will be installed on all garbage trucks making live and historical feeds available for each route. The Board then discussed the recent issues with garbage collection services. Director Thomas requested that Mr. Atkinson advise his workers to be more careful with garbage spillage in the streets.

Mr. Atkinson exited the meeting at this time.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated February 17, 2020, 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 Wright seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin next presented and reviewed the tax assessor-collector's report dated January 31, 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 Thomas seconded the motion, which unanimously carried.

DELINQUENT TAX REPORT

Ms. Richardson next presented the delinquent tax report dated February 17, 2019, by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, LLP, a copy of which is attached hereto as Exhibit D.

CONSIDER EXEMPTIONS FROM TAXATION

Ms. Richardson next outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Sections 11.13 and 11.184 of the Property Tax Code. After discussion, Director Atchison moved that the Resolution Concerning Exemptions from Taxation, attached hereto as Exhibit E, be approved and adopted by the Board and District. Director Wright seconded the motion, which carried unanimously.

AUTHORIZE TAX ASSESSOR-COLLECTOR TO IMPLEMENT SENATE BILL 2 REPORTING REQUIREMENTS

The Board next deferred authorizing the tax assessor-collector to implement Senate Bill 2 reporting requirements as same was completed last month.

DEVELOPER'S REPORTS

Mr. Streeter reported on the status of development within Albury Trails Estates. He stated that sales traffic has picked up recently. He noted that Harrisburg Homes is starting four (4) new contract homes and two (2) new spec homes which will leave approximately fifty (50) lots left in Albury Trails Estates.

FACILITY SITE MAINTENANCE

Mr. Scott presented and reviewed a detention and drainage facilities report from Champions dated February 17, 2020, a copy of which is attached hereto as Exhibit F.

Mr. Scott stated that Champions re-secured the holes in the fence between the Albury Trails detention pond and the Sugarberry neighborhood.

Mr. Scott stated that Champions replaced a lock on the fence at the Reserve at Inverness.

Mr. Scott next presented a proposal for algae treatment in the Inverness Estates detention pond for \$920. After discussion, Director Thomas made a motion to approve the proposal for algae treatment in the detention pond for \$920. Director Atchison seconded the motion, which unanimously carried.

ENGINEER'S REPORT

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

Mr. Vogler reported on the status of plans and specifications for sidewalk modifications at Inverness Crossing Blvd. (Windbourne Drive to Fanwick Drive). Mr. Aranzales reviewed the Traffic Control Study received from Harris County which requires the construction of a sidewalk between Windbourne Drive and Fanwick Drive, with a crosswalk at Windbourne Drive. He stated that VDWV revised the exhibit to match the report's recommendations. After discussion, Director Atchison made a motion to authorize VDWV to begin preparation of plans and specifications for the project. Director Solis seconded the motion, which unanimously carried.

Mr. Vogler next reported on the status of the Water Main Loop. He stated that the project is on hold pending easement acquisition.

Mr. Vogler stated that VDWV is still in the process of transitioning records from J&C.

OPERATIONS REPORT

Mr. Shelnutt presented and reviewed the operations report for January 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 January and that the District's facilities operated in compliance with its respective permits during the month.

Mr. Shelnutt next requested that the Board authorize MOC to turn two (2) delinquent accounts (over \$25.00) totaling \$37.27 over to Collections Unlimited ("CU"), as shown on the list attached to the Operator's Report. After discussion, Director Atchison made a motion to authorize MOC to turn over the two (2) subject accounts to CU, as set out above. Director Thomas seconded the motion, which passed unanimously.

Mr. Shelnutt next presented correspondence regarding the annual report on the District's Identity Theft Prevention Program. He stated that no incidents involving identity theft have occurred or been reported.

Mr. Shelnutt stated that the non-potable pump that was making noise and not functioning properly was pulled and the bearings were replaced. He also stated that the other pump was pulled to replace its bearings.

Mr. Shelnutt stated that the well switch was having issues, so it was replaced with an EDA switch.

Mr. Shelnutt reported that there was a power outage on February 13, 2020 at the Water Plant. He stated that after the power was restored, the motor relay switch was not working. Mr. Shelnutt stated that Neil Technical Services inspected the switch and found that it needs to be replaced, which will cost approximately \$9,500. He stated that a rental unit was installed until the replacement arrives. Mr. Shelnutt stated that he will check to see if insurance will cover the repair.

Mr. Shelnutt reported that there was a power outage on February 14, 2020 at the WWTP. He stated that the blower is not functioning, and the issue is unknown, but that he will report to the Board next month regarding same.

Mr. Shelnutt reported that load bank testing is \$900 per generator per test. Mr. Vogler recommended to conduct a load bank test annually. After discussion, Director Wright made a motion to authorize MOC to conduct load bank testing for \$900 per generator per test for the Water Plant and WWTP. Director Atchison seconded the motion, which unanimously carried.

Director Atchison requested that MOC remove the discarded tire on Kerrisdale.

CONSIDER PROPOSALS FOR RENEWAL OF INSURANCE COVERAGE

The Board next considered proposals relative to the renewal of the District's insurance coverage for term expiring March 31, 2020. Ms. Richardson presented and distributed the renewal proposal received from Arthur J. Gallagher ("AJG") relative to property, comprehensive boiler and machinery, commercial general liability and hired car and non-ownership automobile liability, pollution liability, directors and officers liability, umbrella, public employee blanket crime, directors position schedule bond, tax assessor/collector bond, worker's compensation, and business travel coverage scheduled to expire on March 31, 2021. She noted that the premium increased by \$2,200 due to an increase in property values and that AJG has provided MRPC with an executed Form 1295 for the proposal. After discussion, Director Thomas made a motion to approve the renewal proposals from AJG for the coverage's set out above, and to authorize the President to execute same on behalf of the Board and District. Director Atchison seconded the motion, which carried unanimously.

DISCUSS POTENTIAL SALE OF REFUNDING BONDS

Ms. Shelton next presented and reviewed an analysis of Refunding Effects for a possible refunding of District debt, a copy of which is attached hereto as Exhibit I. She advised that the total debt service savings are projected to be \$146,363.35, or 11.570225% in present value savings. The Board concurred to place all necessary items relative to same on the next agenda for the Board's consideration.

EXECUTIVE SESSION

The Board next recessed into Executive Session at 8:50 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 9:09 p.m.

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.

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.

DocuSigned by:

Sandee Wright

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Secretary, Board of Directors

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
February 17, 2020

- A. Patrol Report
- B. Bookkeeper's Report
- C. Tax Assessor-Collector Report
- D. Delinquent Tax Report
- E. Resolution Concerning Exemptions from Taxation
- F. Detention and Drainage Facilities Report
- G. Engineer's Report
- H. Operations Report
- I. Analysis of Refunding Effects