

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
November 18, 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 November 18, 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"); 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, Corporal Martinez and Corporal Benson 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 meeting held on October 21, 2019. After discussion, Director Atchison made a motion to approve the minutes of the meeting of October 21, 2019, as presented. Director Wright 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. Sergeant Hight reviewed the October 2019 Patrol Statistics, a copy of which is attached hereto as Exhibit A. He stated that the HCCO conducted a traffic initiative over a four (4) day period which yielded a total of ninety-two (92) traffic stops. Sergeant Hight stated that HCCO will conduct an additional traffic initiative in December. Director Atchison stated that there has been an increase in motor vehicle burglaries most likely due to the holiday season approaching. The Board then asked the officers if they were aware of any officers willing to work extra hours

during the holiday season. Sergeant Hight stated that he will reach out to see if he can find any officers interested in extra hours. Director Solis stated that he has noticed much better visibility from the HCCO and appreciates the hard work.

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. Director Atchison asked about the condemnation expenses reflected on the operating fund expenditures. 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.

ANNUAL REVIEW OF INVESTMENT POLICY

The Board next considered the annual review of the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order") and the adoption of a Resolution relative thereto. Ms. Richardson advised that she has no changes to propose at this time and recommended that the current Order remain in effect. After discussion, Director Atchison made a motion to adopt the Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, attached hereto as Exhibit C, and to authorize the President to sign and the Secretary to attest the Resolution on behalf of the Board and District. Director Thomas seconded the motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

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

DELINQUENT TAX REPORT

The Board next deferred consideration of the delinquent tax report prepared by the District's delinquent tax attorney.

DEVELOPER'S REPORTS

The Board next considered the developer's report. Mr. Streeter reported that the homebuilder, Dunn & Stone, will not continue building homes in the Albury Trails neighborhood due to management changes within the company. He stated that Harrisburg Homes is the only builder that remains in Albury Trails. Mr. Streeter stated that sixty (60) lots remain and approximately half are optioned to Harrisburg Homes. He stated that it has been difficult to find another homebuilder with only thirty (30) lots to offer. Mr. Streeter stated that he may attempt to negotiate with Harrisburg Homes to buy the remaining lots. He stated that he will update the Board next month.

FACILITY SITE MAINTENANCE

Mr. Scott presented and reviewed a detention and drainage facilities report from Champions dated November 18, 2019, a copy of which is attached hereto as Exhibit E.

Mr. Scott reported that Champions is scheduled to begin the removal of dirt from the Inverness Estates detention pond today. He stated that there is some new graffiti on the concrete pad near the Albury Trails detention pond. He also noted that Champions completed the overseeding and fertilization last month.

PROFESSIONAL SERVICES AGREEMENT WITH JONES & CARTER, INC.

The Board next considered the Professional Services Agreement with J&C. Director Atchison expressed his frustration regarding the Board members decision to terminate the engineering contract with J&C at its meeting on November 15, 2019 when he was unable to attend the meeting. He stated that he had previously asked the Board to defer voting on the matter until today's meeting. Director Atchison stated that he believes that all Board members should be present for presentations from and votes on potential Board consultants. He then expressed his frustration with the Board and certain Board members for the circumstances surrounding the termination of the contract with J&C, noting that he did not think there was any justification for terminating the contract with J&C.

Director Fesler next noted that the Board did not need to discuss the next two agenda items as they had been covered at the Board meeting on November 15, 2019.

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.

Mr. Vogler reported on the status of the design for an additional water line across Willow Creek. He stated that VDWV will proceed with the project as the Board instructs. Ms. Richardson stated that McFarland PLLC, the District's condemnation attorney, is handling the condemnation of the property.

Mr. Vogler next asked the Board about the details relating to the sidewalk modifications at Inverness Crossing Blvd. and Windbourne Drive. The Board reviewed with Mr. Vogler the details for the proposed project. Ms. Richardson stated that she will forward the information from Harris County to VDWV for review.

Mr. Vogler next asked the board about the details related to the Water Plant No. 1 improvements by D&L Quality Painting ("D&L"). Mr. Shelnett stated that the project has not yet begun. Mr. Vogler asked whether the Board would like VDWV or J&C to handle the construction supervision. The Board requested that VDWV coordinate with J&C and decide what makes the most sense during the transition.

Mr. Vogler stated that VD WV is coordinating with J&C for the transfer of the District's files. He also stated that VD WV would like to tour the District's facilities and will coordinate with MOC regarding same.

Mr. Vogler next asked the Board about its feelings on potential annexations so that he would know how to respond to potential developers seeking to annex property into the District. The Board stated that it is not generally opposed to annexations but that it would depend on certain issues like capacity, etc.

Ms. Richardson next discussed the status of the condemnation proceedings. Mr. Streeter explained to Mr. Vogler how the need for the proposed water line came about, noting that Albury Trails currently has only one (1) point of water connection to serve its homes, explaining that a water line break would take four hundred (400) homes out of service since there is not currently a redundant line to serve that portion of the District.

Director Fesler next asked about evaluating the ground storage tank as well as the WWTP re-rate and organic loading. Mr. Vogler stated that once VD WV has met with MOC and reviewed some data, he will be able to report to the Board. Director Atchison next discussed the recent water pressure issues in the District and requested that VD WV evaluate same. Mr. Vogler stated that the amount of water being used during the summer months seems very high.

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.

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

Mr. Shelnett reported that the sludge hauling for the District is being lime stabilized at a facility in Brookshire, Texas. He noted that MOC increased the water pressure PSI last month by approximately six (6) pounds.

Mr. Shelnett stated that the mowing along the sidewalk at the Water Plant is being handled.

Mr. Shelnett stated that the well motor is making noise and needs to be replaced. He stated that he received three (3) quotes for various options for a new motor. He stated that an enclosed motor with an eighteen (18) month warranty is approximately \$24,000 and an open winding motor is approximately \$17,000. Mr. Shelnett recommended the enclosed motor for \$24,000. Director

Fesler asked if the District can sell the old motor to another district and Mr. Shelnutt responded that the District can sell the motor. After discussion, the Board authorized MOC to replace the motor with an enclosed motor for \$24,000 under its existing contract with the District.

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.

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
November 18, 2019

- A. Patrol Report
- B. Bookkeeper's Report
- C. Resolution Regarding Review of Investment Policy
- D. Tax Assessor-Collector Report
- E. Detention and Drainage Facilities Report
- F. Engineer's Report
- G. Operations Report