

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
September 21, 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, and by teleconference on September 21, 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.

The following people also attended the meeting in person: Jeff Vogler and Andres Aranzales of Vogler and Spencer Engineering, Inc. (“V&S”); Lonnie Wright and Scott Shelnett of Municipal Operations & Consulting, Inc. (“MOC”); Ken Cosco of Champions Hydro-Lawn, Inc. (“Champions”); and Sergeant Hight of the Harris County Precinct Four Constable’s Office (“HCCO”). The following people participated in the meeting via teleconference: Stephanie Viator of District Data Services, Inc. (“DDSI”); Robin Goin of Bob Leared Interests, Inc. (“BLI”); Debbie Shelton of Masterson Advisors LLC (“Masterson”); Mary DuBois of Acclaim Energy (“Acclaim”); Roland Massey, resident; and Kara Richardson of Marks Richardson PC (“MRPC”) and Miranda Jones Rajevac of 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 May 29, 2020 and August 17, 2020. After discussion, Director Thomas made a motion to approve the minutes of the meetings of May 29, 2020 and August 17, 2020, as presented. Director Fesler seconded the motion, which unanimously carried.

PUBLIC COMMENT

Ms. DuBois introduced herself and reported on the pricing results for Acclaim’s energy aggregate pricing. She stated that Acclaim executed a contract on the District’s behalf with EDF Energy Services LLC for a term beginning May 1, 2024 to April 30, 2029. She stated that Acclaim was able to secure pricing of \$.3989 per KW/hr, which is below the maximum strike price designated by the District.

SECURITY PATROL

The Board considered the report from the HCCO regarding security services in the District. Sergeant Hight reviewed the August 2020 Patrol Statistics, a copy of which is attached hereto as Exhibit A.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated September 21, 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 carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

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

TAX RATE RECOMMENDATION

Ms. Shelton next presented an analysis and recommendation regarding the proposed 2020 debt service and maintenance tax rate, a copy of which is attached hereto as Exhibit D. Ms. Shelton recommended that the District keep the debt service tax rate at \$0.73 for 2020 and the maintenance tax rate at \$0.2675 for 2020. After discussion, Director Atchison made a motion to authorize the District's Tax Assessor/Collector to publish notice of a public hearing on the adoption of a combined proposed 2020 tax rate of \$.9975 per \$100 of assessed valuation consisting of a \$0.73 debt service tax and a \$0.2675 maintenance tax, with such hearing to be held at the District's next regular meeting. Director Wright seconded said motion, which carried 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. Cosco presented and reviewed a detention and drainage facilities report from Champions dated September 21, 2020, a copy of which is attached hereto as Exhibit E.

Director Atchison asked Mr. Cosco who unlocked the fenced area of the outfall channel at the Inverness Estates detention pond, and Mr. Cosco discussed the situation. Mr. Cosco also stated that the de-silting is complete.

ACKNOWLEDGMENT OF NAME CHANGE FROM VOGLER & SPENCER ENGINEERING, INC.

The Board next considered the acknowledgment the engineering company name change to Vogler & Spencer Engineering, Inc. Mr. Vogler stated that his company has recently changed its name to Vogler & Spencer Engineering, Inc. Ms. Richardson noted that she can prepare an assignment for the Board's execution at the next meeting, but recommended that the Board formally approve of the name change at this meeting. After discussion, Director Thomas made a motion to approve the name change to Vogler & Spencer Engineering, Inc. Director Wright seconded the motion, which unanimously carried.

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 next reported on the review of bids and award of contract for the Water Main Loop. He reported that V&S submitted design plans to the review agencies and is awaiting comments.

Mr. Aranzales next reported on the review of bids and award of contract for the installation of additional fencing in the District. He stated that V&S is awaiting board action relative to the iron fence extension at Wixford Lane.

Mr. Aranzales reported that V&S received approval from Enterprise Pipeline for the fifty-foot (50') easement encroachment relative to the pipe rail barrier installation. He also reported that the Harris County Flood Control District is preparing an Interlocal Agreement for the pipe rail barrier across the Willow Creek right-of-way. Mr. Aranzales then presented a proposal from Texas Fence in the amount of \$21,425.00. He stated that he did not receive an executed TEC Form 1295 from Texas Fence. The Board deferred action on the matter until next month's meeting.

Mr. Vogler next reported on Water Well No. 2. He stated that V&S is in the process of investigating off-site well locations and on-site locations. Mr. Vogler recommended holding off on a decision until design plans have been submitted. He recommended that the Application be submitted to the TCEQ for a Change in Scope of Project and once approval has been received, the Board can make a decision on how to proceed with Water Well No. 2. Mr. Vogler recommended that the Board authorize V&S to prepare design plans for the project. After discussion, Director Thomas made a motion to authorize V&S to begin preparation of design plans for Water Well No. 2. Director Atchison seconded the motion, which unanimously carried.

Mr. Aranzales next reported on the status of the construction contract with TER Septic Site & Utilities LLC ("TER") for the construction of a driveway extension and culvert outside of the back gate of the WWTP property. He stated that the construction is complete. Mr. Aranzales then presented Pay Application No. 1 and Final in the amount of \$8,568.00 and recommended that the Board approve payment of Pay Application No. 1 and Final. After discussion, Director Atchison made a motion to approve payment of Pay Application No. 1 and Final, as set out above. Director Thomas seconded the motion, which carried unanimously.

Mr. Aranzales reported on the status of construction contract with Site Work Contractors LLC (“SWC”) for sidewalk modifications at Inverness Crossing Blvd and Fanwick Drive. He stated that the construction is substantially complete. Mr. Aranzales then presented Pay Application No. 1 and Final in the amount of \$61,379.55 and recommended that the Board approve payment of same. After discussion, Director Atchison made a motion to approve payment of Pay Application No. 1 and Final, as set out above. Director Thomas seconded the motion, which carried unanimously.

The Board next considered approval of a proposal from Lake Management Services, LP for lake aeration for the Inverness Estates and Albury Trails detention ponds. Mr. Aranzales presented the proposals for the Albury Trails, Section 3, Reserve at Inverness, Section 2 and Inverness Estates, Section 6 detention ponds. After discussion, Director Atchison made a motion to appoint Directors Atchison and Thomas to approve a proposal for lake aeration, subject to receipt of an executed TEC Form 1295 from Lake Management Services, LP. Director Thomas seconded the motion, which unanimously carried.

OPERATIONS REPORT

Mr. Shelnett presented and reviewed the operations report for August 2020, 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 August and that the District’s facilities operated in compliance with its respective permits during the month.

Mr. Shelnett reported that there was an incident at the Water Plant on September 18, 2020 which required the issuance of a District-wide boil water notice. He stated that MOC received an auto dialer call indicating low water pressure which was subsequently determined to be caused by an MOC employee accidentally flipping a control which should not have been flipped. Mr. Wright discussed MOC’s procedures for issuing a boil water notice to all District residents. He stated that MOC will absorb all costs associated with the incident. Ms. Richardson stated that she spoke to Mr. Shelnett today about the incident and recommended that, going forward, MOC send all such notices to her office for review prior to same being sent out to the District in order to ensure that the communications comply with TCEQ requirements.

Mr. Shelnett next requested that the Board authorize MOC to turn one (1) delinquent account totaling \$243.99 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 one (1) subject account to CU, as set out above. Director Thomas seconded the motion, which passed unanimously.

The Board next discussed the installation of an electric gate at the WWTP. Mr. Shelnett reported that he obtained a quote in the amount of \$9,600 for the installation of an electric gate to help facilitate entry to the WWTP. He stated that a slide gate would also need to be installed for approximately \$3,800. The Board requested that MOC obtain an additional bid for the installation of an electric gate.

The Board next deferred the review and approval of proposal for an iron fence at Wixford Lane.

REVIEW OF ARBITRAGE ANALYSIS REPORT PREPARED BY MUNICIPAL RISK MANAGEMENT GROUP, L.L.C.

The Board next deferred review of an arbitrage analysis report prepared by Municipal Risk Management Group, L.L.C.

ADOPT DISTRICT RULES REGARDING USE OF CERTAIN DISTRICT PROPERTY AND AUTHORIZE PUBLICATION OF NOTICE

The Board next deferred consideration of the adoption of District rules regarding the use of certain District property until next month's meeting.

REVIEW AND APPROVE PROPOSALS FOR WEBSITE DESIGN AND MAINTENANCE AND/OR MASS COMMUNICATION SYSTEM FOR THE DISTRICT

The Board next considered review and approval of proposals for website design and maintenance and/or a discussion regarding a mass communication system for the District. Director Wright stated that she would like to move forward with a mass communication system for the District and recommended that the Board approve the proposal from Touchstone District Services ("Touchstone"). After discussion, Director Atchison made a motion to approve a proposal from Touchstone for a mass communication system for the District. Director Wright seconded the motion, which unanimously carried. Ms. Richardson stated that she will get with Mr. VanDyk regarding the Board's decision.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas.

ADJOURN

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


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Secretary, Board of Directors

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
September 21, 2020

- A. Patrol Report
- B. Bookkeeper's Report
- C. Tax Assessor-Collector Report
- D. Tax Rate Recommendation
- E. Detention and Drainage Facilities Report
- F. Engineer's Report
- G. Operations Report