

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
October 21, 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 October 21, 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
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 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"); Mike Others of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Sergeant Hight and Lieutenant Hoover 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 September 16, 2019. After discussion, Director Atchison made a motion to approve the minutes of the meeting of September 16, 2019, as presented. Director Thomas 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 introduced himself to the Board and stated that he is the new Sergeant assigned to the District's contract. He reviewed the September 2019 Patrol Statistics, a copy of which is attached hereto as Exhibit A. He stated that the HCCO conducted a traffic initiative over a two (2) day period which yielded a total of eighty-nine (89) traffic stops. Sergeant Hight stated that HCCO stickered twenty-five (25) cars for parking illegally. Sergeant Hight stated that almost all of the twenty-five (25) cars rectified the parking issue within forty-eight (48) hours. He stated that HCCO will conduct another traffic initiative on October 28, 2019 in anticipation of Halloween since there are many children in the neighborhood. He stated that HCCO participated in the

National Night Out event in the Inverness Estates neighborhood and received lots of positive feedback. He also stated that Deputies Small and Rodriguez, who are assigned to the District's contract, are doing a really good job. Director Fesler stated that communications with the HCCO and patrol activity have dramatically improved over the past thirty (30) days. He stated that the deputies are driving down each street and there is much better visibility. Sergeant Hight encouraged the Board to let him know if there are any security issues. He then noted that fees for security services with HCCO will increase five percent (5%) in 2020.

REVIEW AND APPROVE AUDIT REPORT FOR FISCAL YEAR ENDING JULY 31, 2019

The Board next considered the approval of an audit report for the fiscal year ended July 31, 2019. Mr. Others reviewed the draft audit report and management letter prepared by McCall, attached hereto as Exhibit B. After discussion, Director Atchison made a motion to approve the audit report, subject to MRPC's review and approval, to authorize the President to execute the Annual Filing Affidavit on behalf of the Board and District, and to authorize the filing of the audit report and Annual Filing Affidavit with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ") and the Texas Comptroller of Public Accounts. Director Thomas seconded the motion, which carried unanimously.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated September 16, 2019, a copy of which is attached hereto as Exhibit C. She stated that the funds invested at Texas Term matured on September 24, 2019 and the interest rates are currently lower than the rates at TexSTAR and recommends investing the funds at TexSTAR. The Board concurred to invest the funds at TexSTAR. Director Atchison asked about the budget line item for the North Harris County Regional Water Authority ("NHCRWA") and why the amount has exceeded the budgeted amount for the last couple of months. Ms. Viator stated that the amount for the NHCRWA is evenly budgeted for the entire year and noted that there was more water usage during the summer, but that the numbers should trend down as the weather cools down and fall in line with the budget numbers. After discussion, Director Atchison made a motion to approve the bookkeeper's report, authorize payment for the invoices listed therein, and investment of funds at TexSTAR. Director Thomas seconded said motion, which unanimously carried.

ARBITRAGE ANALYSIS REPORT

The Board next considered the review of an arbitrage analysis report prepared by Municipal Risk Management Group, L.L.C. Ms. Richardson presented the report dated September 16, 2019, attached hereto as Exhibit D.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin next presented and reviewed the tax assessor-collector's report dated September 30, 2019, a copy of which is attached hereto as Exhibit E. 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 the delinquent tax report prepared by the District's delinquent tax attorney.

REQUEST TO HARRIS COUNTY APPRAISAL DISTRICT

The Board next considered approval of a Resolution Authorizing Request to the Harris County Appraisal District for Appraisal of Property as of October 1, 2019. After discussion, Director Atchison made a motion to approve the Resolution attached hereto as Exhibit F, and to authorize the President to execute same on behalf of the Board and the District. Director Thomas seconded the motion, which carried unanimously.

DEVELOPER'S REPORTS

The Board next deferred consideration of the developer's reports 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 October 21, 2019, a copy of which is attached hereto as Exhibit G.

Mr. Scott next presented the attached proposal in the amount of \$7,375.00 for: 1) the removal of dirt from the Inverness Estates detention pond, 2) re-establishment of turf in disturbed areas of the detention pond, 3) removal of silt and vegetation from the outfall, 4) backfill at small outfall with clay, 5) re-install rip-rap at both outfall locations, and 6) hand seed to re-establish turf in disturbed areas. He then presented an executed TEC Form 1295 from Champions. After discussion, Director Thomas made a motion to approve the proposal for work at the Inverness Estates detention pond for \$7,375.00, as discussed above. Director Atchison seconded the motion, which unanimously carried.

ENGINEER'S REPORT

Ms. Bonham presented and reviewed the Engineer's Report, attached hereto as Exhibit H, 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 land or easements are conveyed to the District. Ms. Richardson stated that McFarland PLLC, the District's condemnation attorney, is handling the matter.

Ms. Bonham stated that J&C received the attached approval on October 18, 2019 from the TCEQ to re-rate the WWTP as proposed. She stated that the TCEQ approved the change in the design unit flow per connection to 240 gallons per day per equivalent single family connection.

Ms. Bonham reminded the Board that J&C sent the Bond Application Report ("Report") to the TCEQ on July 12, 2019 and that the Report is currently pending with the TCEQ. She stated

that J&C has exchanged emails with the TCEQ reviewer who advised that they anticipate completing the review by the end of October. Ms. Bonham stated that J&C completed the pre-purchase inspection and is coordinating the list of repairs with MOC. Director Fesler then requested a copy of the tank inspection report. Ms. Bonham stated that she will find out when the inspection occurred and forward a copy to the Board.

Ms. Bonham next reported on the Water Plant No. 1 improvements. She presented the contracts with D&L Quality Painting (“D&L”) in the amount of \$35,805 for execution by the Board. She then noted that the pre-construction meeting will be scheduled soon.

Ms. Bonham next reported on the proposed crosswalk at Windbourne Drive and Inverness Crossing Blvd. She stated that she contacted Harris County Precinct 4 regarding the proposed crosswalk who informed her that they would allow the District to install a crosswalk if the District extended the sidewalk and installed ramps. Ms. Bonham then presented a picture of the proposed location of the intersection. She noted that Harris County also stated that they would consider installing a four-way stop in that intersection. Ms. Bonham stated that J&C will need to prepare design plans which will take approximately thirty (30) to sixty (60) days and then approval will be needed from Harris County. She noted that construction will take a couple weeks and will cost approximately \$25,000. Ms. Bonham stated that the total time for the project will be approximately four (4) to six (6) months. After discussion, Director Thomas made a motion to authorize J&C to prepare plans and specifications for the installation of a crosswalk at Windbourne Drive and Inverness Crossing Blvd. Director Atchison seconded the motion, which unanimously carried.

STATUS OF BOND APPLICATION REPORT

The Board next deferred consideration of the status of the Report as same was discussed under the engineer’s report.

CONSIDER REVIEW OF PROPOSALS FOR ENGINEERING SERVICES

The Board next considered review of proposals for engineering services for the District. Ms. Richardson stated that MRPC delivered proposals to Board members last week. She recommended holding a special meeting to consider proposals for engineering services and receive presentations from engineering companies. The Board concurred to hold a special meeting on November 1, 2019, at 8:00 a.m. to consider same.

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

The Board next deferred consideration of the review and approval of a restated Professional Services Agreement with J&C.

OPERATIONS REPORT

Mr. Shelnutt presented and reviewed the operations report for September 2019, a copy of which is attached hereto as Exhibit I. He reported that the District accounted for 92% of the water

pumped during the month of September and that the District's facilities operated in compliance with its respective permits during the month.

Director Thomas asked about the type of sludge hauling the District has been using. Mr. Shelnuttt stated that he will look into the matter. Director Thomas then asked if MOC has been driving the outfalls to check for any leaks since the accountability is slightly lower than normal. Mr. Shelnuttt stated that the variation may be related to the gas from the water well. Director Atchison asked about the flushing valve by the mailboxes and if MOC has checked on the status. Mr. Shelnuttt stated that MOC flushed the valve and plans to inspect the valve again soon. Director Atchison asked whether MOC can increase the water pressure as he has noticed reduced pressure recently. Mr. Shelnuttt stated that MOC can increase the water pressure slightly. Director Atchison then asked about mowing the sidewalk at the Water Plant, and Mr. Shelnuttt stated that the mowers are scheduled for tomorrow.

Ms. Bonham then asked whether the Board would like for J&C to hold off on the preparation of design plans for the proposed crosswalk until presentations from engineering companies have been received. The Board then requested that J&C hold off on preparation of the design plans at this time.

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
October 21, 2019

- A. Patrol Report
- B. Draft Audit for FYE July 31, 2019
- C. Bookkeeper's Report
- D. Arbitrage Analysis Report from MRMG
- E. Tax Assessor-Collector Report
- F. Resolution Authorizing Request to HCAD for Appraisal of Property
- G. Detention and Drainage Facilities Report
- H. Engineer's Report
- I. Operations Report