

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**Minutes of Meeting of Board of Directors**  
**September 20, 2021**

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 September 20, 2021, 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  
Roland Massey, Assistant Vice President/Secretary  
Jordan Thomas, Assistant Vice President/Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Andres Aranzales of Vogler and Spencer Engineering, Inc. ("V&S"); Lonnie Wright and Scott Shelnett of Municipal Operations & Consulting, Inc. ("MOC"); Les Griffith of Champions Hydro-Lawn, Inc. ("Champions"); Stephanie Viator of District Data Services ("DDS"); Robin Goin of Bob Leared Interests, Inc. ("BLI"); Debbie Shelton of Masterson Advisors LLC ("Masterson"); Sergeant Barragan, Corporal Martinez and Deputy Rodriguez of the Harris County Precinct Four Constable's Office ("HCCO"); Mike Brazzell, resident; and Kara E. Richardson of Marks Richardson PC ("MRPC").

The President called the meeting to order.

SECURITY PATROL

As the first order of business, the Board considered the report from the HCCO regarding security services in the District. Corporal Martinez introduced herself to the Board and stated that Deputy Rodriguez is the deputy on night patrol in the District. Deputy Rodriguez then reviewed the Patrol Statistics, a copy of which is attached hereto as Exhibit A. He discussed various activity within the District over the past month.

PUBLIC COMMENT

The Board considered comments from the public. The Board noted that residents discussed issues with HCCO prior to today's meeting and worked some issues out regarding speeding in the area.

APPROVE MINUTES

The Board next considered approval of the minutes of the Board meetings held on August 16, 2021 and August 27, 2021. After discussion, Director Atchison made a motion to approve the minutes of the meeting of August 16, 2021, as written. Director Wright seconded the motion,

which unanimously carried. The Board deferred action on the minutes of the meeting of August 27, 2021.

#### RECEIVE AND ACT UPON BIDS

Ms. Shelton reported that, pursuant to the Notice of Sale published by the District, Masterson received public bids for the sale of the District's proposed \$3,000,000 Unlimited Tax Bonds, Series 2021 (the "Bonds"). She stated that the District received six (6) bids and reviewed the attached bid tabulation with the Board. Ms. Shelton advised the Board that Raymond James & Associates, Inc. submitted the apparent low bid at a net effective interest rate of 2.360271%. She advised that accuracy of the bids had been confirmed and recommended that the Board award the sale of the Bonds to Raymond James & Associates, Inc. Ms. Shelton further advised that the District received an investment grade rating of Baa1 from Moody's Investor Service and an insurance commitment from Build America Mutual Assurance Company ("BAM"). After discussion, Director Thomas moved to accept the low bid of Raymond James & Associates for the purchase of the Bonds at a net effective interest rate of 2.360271% with insurance provided by BAM. Director Massey seconded the motion, which passed unanimously.

The Board next considered adoption of an Order authorizing the issuance, sale and delivery of the District's Series 2021 Unlimited Tax Bonds. Ms. Richardson reviewed the terms and provisions of the Bond Order with the Board. Director Thomas moved to approve and adopt the Bond Order. Director Massey seconded the motion, which passed unanimously.

The Board next considered authorizing the completion and distribution of a Final Official Statement to be prepared by Masterson in connection with the District's Bonds. After review and discussion, Director Thomas moved to authorize the completion and distribution of a Final Official Statement. Director Massey seconded the motion, which passed unanimously.

The Board next considered approval of a Paying Agent/Registrar Agreement by and between the District and Regions Bank relative to the Bonds. After discussion, Director Thomas moved to approve the Paying Agent/Registrar Agreement. Director Massey seconded the motion, which passed unanimously.

As the next order of business, the Board considered acting upon any other matters required in connection with the Bonds. Ms. Richardson presented and reviewed the General Certificate, the Signature and No-Litigation Certificate with Letter of Instruction to the Attorney General, and the initial bond relative to the sale of such bonds. After further discussion, Director Thomas moved to authorize the District's officers to execute the documents, and to authorize MRPC to handle all matters relative to the bond sale, including submission of a transcript of proceedings to the Attorney General of the State of Texas. Director Massey seconded the motion, which passed unanimously.

#### TAX RATE RECOMMENDATION

Ms. Shelton next presented an analysis and recommendation regarding the proposed 2021 debt service and maintenance tax rate, a copy of which is attached hereto as Exhibit B. Ms. Shelton recommended that the District keep the debt service tax rate at \$0.71 for 2021 and the maintenance tax rate at \$0.27 for 2021. After discussion, Director Thomas 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 2021 tax rate of \$.98 per \$100 of assessed valuation consisting of a \$0.71 debt service tax and a \$0.27 maintenance tax, with such hearing to be held at the District's next regular meeting. Director Atchison seconded said motion, which carried unanimously.

#### BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated September 20, 2021, a copy of which is attached hereto as Exhibit C. After discussion, Director Atchison made a motion to approve the bookkeeper's report and to authorize payment for the invoices listed therein. Director Massey seconded said motion, which carried unanimously.

#### TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin presented and reviewed the tax assessor-collector's report dated August 31, 2021, 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 carried unanimously.

#### FACILITY SITE MAINTENANCE

Mr. Griffith presented and reviewed a detention and drainage facilities report from Champions, a copy of which is attached hereto as Exhibit E. He stated that Champions last serviced the District on September 1, 2021.

Mr. Griffith reported that part of the fence is down by the Albury Trails detentions ponds and that it appears that people have been walking through likely to fish. He stated that it does not appear that people are using four-wheelers to get through the gate. Director Atchison asked about the outfall channel and whether or not there is still evidence of people using four-wheelers. Mr. Griffith stated that he does not think people are using four-wheelers but that he will continue to monitor the issue.

#### ENGINEER'S REPORT

Mr. Aranzales presented and reviewed the Engineer's Report, attached hereto as Exhibit F.

Mr. Aranzales reported on the review of bids and award of construction contract for Water Well No. 2. He stated that prices appear to be stabilizing on well construction and that V&S recommends re-bidding in November. After discussion, Director Thomas made a motion to authorize V&S to re-bid for the project in November. Director Atchison seconded the motion, which unanimously carried.

Mr. Aranzales next reported on the status of the construction contract with Kean Construction, LLC ("Kean") for the Water Main Loop. He stated that the Texas Commission on Environmental Quality ("TCEQ") final inspection was held, and the contractor has addressed all punchlist items. Mr. Aranzales next presented Pay Application No. 6 and Final, in the amount of \$29,025.40, and recommended payment of same. After discussion, Director Thomas made a

motion to approve payment of Pay Application No. 6 and Final, in the amount of \$29,025.40, as discussed above. Director Atchison seconded the motion, which unanimously carried.

Mr. Aranzales reported on the status of the construction contract with Site Work Contractors LLC (“SWC”) for sidewalk modifications at Inverness Crossing Blvd and Fanwick Drive. He stated that the construction is complete, and the ramps have been corrected and accepted by HCED. Mr. Aranzales stated that Harris County Precinct 4 is in the process of updating a traffic study and will determine if the crosswalk at Fanwick Drive is warranted. He next presented Pay Application No. 2 and Final, in the amount of \$15,344.95, and recommended payment of same. After discussion, Director Thomas made a motion to approve payment of Pay Application No. 2 and Final, in the amount of \$15,344.95, as discussed above. Director Atchison seconded the motion, which unanimously carried.

Mr. Aranzales next reported on the well production issues and the construction of a new water well. He stated that Dowdell Public Utility District requested an updated agreement for the emergency interconnect and will forward to MRPC for review.

Mr. Aranzales next reported that V&S is awaiting approval from the TCEQ relative to the update to the Emergency Preparedness Plan. He stated that the TCEQ is taking a while to approve V&S’s company name change.

Mr. Aranzales reported on the Hendricks Group feasibility study for the potential annexation of property into the District. He reviewed the attached feasibility study and proposed land plan from The Hendricks Group. Mr. Aranzales stated that the annexation would require a WWTP expansion of which the developer would need to pay a pro rata share. The Board discussed the feasibility study and land plan.

Mr. Aranzales reviewed an exhibit and preliminary cost estimate for the Willow Creek trail extension with a cost for base items at \$426,415.00 and optional/additional items at \$78,275.00. The Board concurred to keep the item on the agenda for next month’s meeting to consider same.

## OPERATIONS REPORT

Mr. Shelnett presented and reviewed the operations report for August 2021, a copy of which is attached hereto as Exhibit G. He reported that the District accounted for 96% 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 next reviewed correspondence from MOC regarding the aeration basin issue. He stated that the mix-liquor level in the aeration basin was higher than normal following a recent rain event. He stated that the issue appeared to be a clog, so the WWTP was taken offline, and the clarifier pumped down in order to be jettted and cleaned. He stated that the aeration basin is now operating at the designed level. Director Atchison suggested sending information to residents reminding them not to flush wipes down the septic system.

Mr. Shelnett reported that there is an issue with the Water Plant generator not starting properly. He stated that a company came out to investigate and identified the problem as a faulty control board. Mr. Shelnett stated that a replacement part cannot be located and will take six (6)

to eight (8) weeks to manufacture and cost approximately \$7,000. He recommended that the District purchase a rental unit, but noted that units are in low supply due to the recent hurricanes and tropical storms. Mr. Shelnuttt stated that he found a 600-watt unit for \$6,000 per month with a connection charge of \$600 and additional freight costs. He stated that he is not sure if it includes the cost of running it during a storm. Mr. Aranzales stated that the cost of purchasing a new natural gas generator would be approximately \$500,000 with a new diesel generator costing approximately \$450,000. Mr. Wright then suggested that the District could file an insurance claim to try and recoup some of the costs associated with same. The Board concurred to proceed with the rental of a generator. After discussion, Director Atchison made a motion to designate Director Thomas to act on behalf of the Board and the District to approve the rental of a generator and coordinate with MOC regarding same. Director Massey seconded the motion, which unanimously carried.

#### STATUS OF TRANSFER OF SOLID WASTE COLLECTION AND RECYCLING SERVICES

The Board next considered the status of the transfer of solid waste collection and recycling services. The Board noted that Texas Pride did not pick up recycling last week. The Board concurred to hold payment to Texas Pride until the recycling bins are retrieved from customers. Ms. Richardson stated that she will email Texas Pride to confirm that they will pick up recycling bins on September 29, 2021 and if they cannot pick up recycling to pick it up with the garbage collection truck. The Board also requested that MRPC request Best Trash to be on standby if Texas Pride stops collecting solid waste through the end of the contract.

#### CONSIDER APPROVAL OF MODIFICATION OF AGREEMENT WITH POA RELATIVE TO PLANTING OF VEGETATIVE BUFFER ALONG WATER MAIN EASEMENT

The Board next considered approval of modification of an Agreement with the Inverness Property Owners Association (“POA”) relative to planting of vegetative buffer along water main easement. Director Fesler stated that the POA would like the District to pay for the grate repairs around the pool area for approximately \$6,000 rather than planting the vegetation along the water main loop trail. Mr. Brazzell then asked about the costs of the planting. The Board discussed the costs of planting in detail. After discussion, Director Thomas made a motion to approve an Amendment to Agreement with the POA relative to the planting of vegetative buffer along the water main loop trail, and to authorize the President to execute same on behalf of the Board and the District. Director Massey seconded the motion, which unanimously carried.

All consultants, except Mr. Wright, Mr. Shelnuttt and Ms. Richardson exited the meeting at this time.

#### CONSIDER REVIEW OF CONSULTANT CONTRACTS

The Board next considered the review of consultant contracts. Mr. Wright discussed the list of operating concerns emailed to him by Ms. Richardson. He then discussed the mark-up of items on the bills and the reasoning for same. Mr. Wright stated that the mark ups are needed to offset the increased bookkeeping costs of MOC since most subcontracted work is performed under MOC’s contract to avoid the need for TEC Form 1295’s which require considerable time and expense as well. The Board suggested that no mark-up should exceed \$500.00.

Mr. Wright next discussed equipment owned by MOC and the decision to buy and maintain equipment versus renting equipment from outside contractors. He stated that MOC has some equipment on hand that they use regularly but larger pieces of equipment do not financially make sense to own and maintain.

The Board next discussed MOC's issue with boil water notices and the freeze situation. Mr. Wright stated that the problem was a result of the size of the emergency and the number of districts that MOC was handling at one time and that it was an extraordinary situation that MOC has learned from.

Mr. Wright stated that MOC has never had a client fire them since they have been in business. He stated that Mr. Shelnutt is on the ground and aware of the operations of the District so he would know the most about the District to report during the meetings. He stated that MOC will work on follow-up matters at the meetings even if it means that Mr. Wright attends meetings with Mr. Shelnutt.

Director Fesler next asked about the water bottles being passed out to customers in the District. Mr. Shelnutt stated that the water bottles were being passed out for the lead and copper testing. Director Atchison stated that the concern was that the Board members did not know about the matter in advance and were unable to accurately explain to residents who received the water bottles that it was a District sanctioned activity. The Board recommended communicating with the Board prior to the commencement of any MOC activity involving District residents.

Mr. Wright next discussed the charges for sweeping the control room. He stated that he hopes it was related to a larger project because it should not be on the bill unless it is something out of the ordinary. He stated that he will review the invoices more carefully going forward. The Board discussed MOC following up on matters. Mr. Wright stated that MOC will keep an action item list going forward. Ms. Richardson asked the Board members if they would like an item added to agenda to amend the contract with MOC to place a threshold amount on markups. The Board declined to place an item on the agenda for such purposes at this time.

#### 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 20, 2021

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