## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401 Minutes of Meeting of Board of Directors October 17, 2022

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 17, 2022, 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 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 Ryan Vogler of Vogler and Spencer Engineering, Inc. ("V&S"); Scott Shelnutt of Municipal Operations & Consulting, Inc. ("MOC"); Les Griffith of Champions Hydro-Lawn, Inc. ("Champions"); Stephanie Viator of District Data Services; Robin Goin of Bob Leared Interests, Inc.; Dane Turner of Best Trash; Deputy Martinez of the Harris County Precinct Four Constable's Office ("HCCO"); and Blake Ellis of Marks Richardson PC.

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. Deputy Martinez reviewed the Patrol Statistics, a copy of which is attached hereto as <u>Exhibit A</u>. She then discussed various activity within the District over the past month. Director Atchison stated that he has received complaints about speeding in the Reserve at Inverness and asked that HCCO monitor the situation. Deputy Martinez agreed to monitor speeding in the subject area and stated that she will also put in a request for a speed machine.

Deputy Martinez exited the meeting at this time.

## PUBLIC COMMENT

The Board next considered comments from the public. No one present had anything new to report.

#### **APPROVE MINUTES**

The Board next considered approval of the minutes of the Board meeting held on September 19, 2022. After discussion, Director Atchison made a motion to approve the minutes of the meeting of September 19, 2022, as presented. Director Massey seconded the motion, which unanimously carried.

## PUBLIC HEARING

The Board next conducted a public hearing relative to the District's proposed 2022 debt service and maintenance tax rates. Ms. Goin advised that the tax rate publication had been published in accordance with state law requirements. Director Fesler announced the hearing open and invited members of the public to address the Board on the proposed 2022 debt service and maintenance tax rates. Seeing no members of the public wishing to speak, Director Fesler then announced the hearing closed.

#### ORDER LEVYING TAXES

The Board next considered the adoption and levy of the District's 2022 debt service tax and maintenance tax. Mr. Ellis noted that the District published notice of a debt service tax rate of 0.62 per 100 of assessed valuation and a maintenance tax rate of 0.26500 per 100 of assessed valuation. After discussion, Director Atchison made a motion to levy a 2022 debt service tax of 0.62 per 100 of valuation and a 2022 maintenance tax of 0.26500 per 100 of valuation and a 2022 maintenance tax of 0.26500 per 100 of valuation and a 2022 maintenance tax of 0.26500 per 100 of valuation and a 2022 maintenance tax of 0.26500 per 100 of valuation and to adopt the Order Levying Taxes, attached hereto as Exhibit B. Director Wright seconded the motion, which carried unanimously.

#### AMENDMENT TO DISTRICT INFORMATION FORM

Mr. Ellis next presented and reviewed with the Board an Amendment to the Second Amended and Restated District Information Form in connection with the 2022 Tax Rate. After discussion, Director Atchison moved to approve the amendment and that the Board members present be authorized to execute same. Director Wright seconded said motion, which unanimously carried.

## **REVIEW AND APPROVAL OF AUDIT REPORT**

The Board next deferred the review and approval of the audit report for the fiscal year ending July 31, 2022 until next month's meeting.

#### **BOOKKEEPING REPORT**

Ms. Viator presented and reviewed the bookkeeper's report dated October 17, 2022, a copy of which is attached hereto as <u>Exhibit C.</u> 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.

## SOLID WASTE COLLECTION SERVICES FROM BEST TRASH

The Board next considered the status of solid waste collection services from Best Trash, including review of a CPI adjustment and review and approval of a rate increase. Mr. Turner presented correspondence from Best Trash, attached hereto as <u>Exhibit D</u>, regarding the implementation of the annual CPI increase. He stated that the District's contract with Best Trash

provides for an automatic increase each year based on CPI-U data, and that, based on such data, the CPI increase for this year is 4.9%, which will increase the current rate from \$18.05 per connection to \$18.94 per connection. He stated that the CPI increase will take effect for the billing cycle in October and continue through September 2023.

Mr. Turner next discussed the challenges that Best Trash has navigated over the past two years which have resulted in an approximate 20% increase in operation costs. He stated that the pandemic significantly increased the volume of trash produced by each home and required the implementation of increased safety protocols for their employees. He also noted that labor shortages, Winter Storm Uri, supply chain disruptions and rapidly rising fuel costs have contributed significantly to increase operating costs. Mr. Turner stated that, in order to offset these increased costs, Best Trash is requesting a 7% permanent rate increase for the District, which will bring the new per connection total to \$20.27 per home, with such rate including the automatic CPI increase discussed earlier in the meeting. After discussion, Director Atchison made a motion to approve the 7% price adjustment bringing the per connection rate to \$20.27, to be effective October 1, 2022. Director Massey seconded the motion, which unanimously carried.

Director Thomas then asked that the trash cans be fully emptied before being turned upside down. Director Wright also stated that Best Trash has left trash cans in her driveway. Mr. Turner stated that Best Trash should not be leaving trash cans in driveways and that he will address the issue.

## AMENDMENT TO OPERATING BUDGET

Ms. Viator presented and reviewed a proposed operating budget for the District's fiscal year ending July 31, 2023. She stated that the budget is being amended to increase the maintenance tax budgeted amount to \$1,050,000. After discussion, Director Fesler moved to adopt the amended operating budget for the fiscal year ending July 31, 2023, as presented. Director Wright seconded said motion, which unanimously carried.

## TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin presented and reviewed the tax assessor-collector's report dated August 31, 2022, a copy of which is attached hereto as <u>Exhibit E</u>. 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 <u>Exhibit F</u>. He stated that the most recent service of the District was completed on September 23, 2022.

Mr. Griffith stated that the fences are down around Albury Trails Estates detention pond D. He stated that Champions has noticed graffiti, but there has been no four-wheeler activity.

Director Atchison next stated that the access entrance at Swaston Drive and Louden Drive is not being maintained by Champions, and he asked that Champions add this to the list of properties to be maintained. After discussion, Director Thomas made a motion that this area be added to the areas maintained under the District's contract with Champions. 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.

Mr. Vogler reported on the status of the construction contract with Alsay Incorporated for Water Well No. 2. He stated that V&S is reviewing the permanent pump curves and discussed the proposed schedule for the completion of the project.

Mr. Vogler reported on the status of the construction contract with Green Dream International for the Willow Creek Trail Extension. He presented Pay Application No. 4 in the amount of \$125,900.15 and recommended payment of same, pending resolution of certain issues. Mr. Vogler stated that the contractor's insurance and bonds lapsed and they now have insurance in place, but have not fulfilled other obligations under the contract. He noted that V&S has instructed that the contractor cease all work until the issues are resolved. After discussion, Director Atchison made a motion to approve payment of Pay Application No. 4 in the amount of \$125,900.15, pending resolution of the issues noted above. Director Thomas seconded the motion, which unanimously carried.

Mr. Vogler reported on the status of the construction contract with Kean Construction, LLC for the access driveway improvements at Louden. He stated that the final inspection was held on October 13, 2022, and the contractor is addressing punchlist items. Director Atchison noted that there are various broken bricks pieced together, and he believes the driveway looks awful. Mr. Vogler then presented Pay Application No. 1 and Final in the amount of \$28,400.00 and recommended payment of same, pending resolution of punchlist items including the replacement of the faulty. After discussion, Director Atchison made a motion to approve payment of Pay Application No. 1 and Final in the amount of \$28,400.00, subject to the contractor addressing punchlist items. Director Thomas seconded the motion, which unanimously carried.

Mr. Vogler next reported on the status of the installation of the WWTP privacy screen by Texas Fence. He stated that the contractor received the HPDE slats and is installing same. Director Atchison stated that he thought the screen would provide more limited visibility from the outside of the WWTP and is disappointed with the results.

Mr. Vogler reported on Water Well No. 1 production issues. He stated that the additional two inch (2") tap to the interconnect was approved by Dowdell Public Utility District.

## **OPERATIONS REPORT**

Mr. Shelnutt presented and reviewed the operations report for September 2022, a copy of which is attached hereto as <u>Exhibit H</u>. He reported that the District accounted for 153% 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.

Mr. Shelnutt stated that MOC is waiting on the new well meter for the Water Plant in order to fix the faulty readings and accountability numbers.

Mr. Shelnutt next requested that the Board authorize MOC to turn over two (2) delinquent accounts totaling \$277.44 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 reported that repairs have been made to the fire hydrants and painting has commenced.

Mr. Shelnutt reported that high grass areas discussed at last month's meeting are being mowed or have already been mowed.

Mr. Shelnutt reported that the customer billing move to Starnik will be postponed until the beginning of 2023 after MOC moves offices.

Mr. Shelnutt next presented and reviewed a proposal in the amount of \$3,800.00 to pressure wash, prep and paint the wrought iron fences at Mystic Stone, Silver Shield and Wixford Lane. The Board deferred action on the matter until MOC obtains additional information.

Mr. Shelnutt reported that the repair of the SP generator will cost approximately \$2,300.00. He stated that a technician was called to complete the repair, but the generator's manufacturer, Stewart & Stevenson, will need to complete same.

Director Atchison next asked MOC to investigate two areas on Shield Hall Lane and Kerrisdale Lane that need mowing maintenance.

The Board next considered review and approval of a request for a fuel surcharge from MOC. Mr. Shelnutt presented a Letter Agreement for Fuel Surcharge between the District and MOC, a copy of which is attached hereto as <u>Exhibit I</u>, and reviewed same with the Board. Mr. Shelnutt discussed the terms of the Letter Agreement which includes a fuel surcharge on the hourly truck rates and not a percentage of the entire bill. After discussion, Director Atchison made a motion to approve the Letter Agreement and the fuel surcharges listed on Exhibit A thereto, and authorize the President to execute same on behalf of the Board and the District. Director Thomas seconded the motion, which unanimously carried.

## **ITEMS FOR FUTURE AGENDAS**

The Board next considered items for future agendas. The Board requested that items be added to the agenda for next month's meeting to consider: 1) an amendment to the District's Rate Order, if needed due to Best Trash's price adjustment, and 2) ratification of the Board's prior action relative to amending the contract with Champions.

# ADJOURN

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

Secretary, Board of Directors

## ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS October 17, 2022

- A. Patrol Report
- B. Order Levying Taxes
- C. Bookkeeper's Report
- D. Correspondence from Best Trash
- E. Tax Assessor-Collector Report
- F. Detention and Drainage Facilities Report
- G. Engineer's Report
- H. Operations Report and related handouts
- I. Correspondence from MOC