

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
February 20, 2023

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 February 20, 2023, 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"); Scott Shelnett 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.; Deputy Martinez of the Harris County Precinct 4 Constable's Office ("HCCO"); and Blake Ellis 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. Deputy Martinez reviewed the Patrol Statistics, a copy of which is attached hereto as Exhibit A. She then discussed various activity within the District over the past month. The Board then discussed the details on the accidents included in the report.

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 January 16, 2023. After discussion, Director Atchison made a motion to approve the minutes of the meeting of January 16, 2023, as presented. Director Massey seconded the motion, which unanimously carried.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated February 20, 2023, 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 Massey seconded said motion, which carried unanimously.

ADOPT RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH DISTRICT

Mr. Ellis next advised the Board that requirements in the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. He reviewed a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and the attached list of financial institutions, brokers and dealers attached to the Resolution as Exhibit "A", attached hereto as Exhibit C. Mr. Ellis noted that the District's bookkeeper prepared the list and recommended that the Board remove any institutions with which any of the directors has a relationship that could create a conflict of interest. After discussion, Director Atchison made a motion to approve the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District. Director Wright seconded the motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin presented and reviewed the tax assessor-collector's report dated January 31, 2023, 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.

CONSIDER EXEMPTIONS FROM TAXATION

Mr. Ellis next outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Sections 11.13 and 11.184 of the Property Tax Code. After discussion, Director Atchison moved that the Resolution Concerning Exemptions from Taxation, attached hereto as Exhibit E, be approved and adopted by the Board and District. Director Wright 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 F. He stated that the most recent service of the District was completed on January 27, 2023.

Mr. Griffith reported that Champions will be taking special measures to help areas of grass grow near the new sidewalks.

Mr. Griffith reported that there were no reports of four wheeler activity within the past month. Director Massey stated that he saw two kids doing donuts on four wheelers near the WWTP.

Mr. Griffith reported that MOC found additional signs to be installed near the detention ponds so the District does not need to pay for signs after all.

Mr. Griffith reported that he will be coordinating with V&S regarding the pipe erosion to determine a solution for same.

Director Massey next asked who is responsible for holes in the dirt around the amenity ponds. Mr. Aranzales reported that the Inverness Property Owners Association is responsible for same.

ENGINEER'S REPORT

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

Mr. Aranzales reported on the status of the construction contract with Alsay Incorporated for Water Well No. 2. He stated that V&S received approval from the Texas Commission on Environmental Quality for the well use application. Mr. Aranzales also stated that V&S received the permanent pump for the well. He then discussed the proposed schedule for the completion of the project.

Mr. Aranzales reported on the status of the construction contract with Green Dream International for the Willow Creek Trail Extension. He stated that the contractor is addressing punchlist items and that V&S will not recommend payment of the final pay application until all items are addressed. Mr. Aranzales then presented Change Order No. 1 in the net decrease amount of \$12,034.50 and Pay Application No. 6 and Final in the amount of \$62,713.05 and recommended payment of same, pending completion of punchlist items. After discussion, Director Atchison made a motion to approve payment of Change Order No. 1 in the net decrease amount of \$12,034.50 and Pay Application No. 6 and Final in the amount of \$62,713.05, subject to completion of punchlist items. Director Massey seconded the motion, which unanimously carried.

Mr. Aranzales next suggested touring the new trail and discussing District rules and signage with the Board and asked what date would work to hold a special meeting to handle same.

Mr. Aranzales reported that V&S will plan to proceed with rehabilitating Well No. 1 in the fall.

Mr. Aranzales reported on the Precinct 3 traffic study update. He stated that he is awaiting a Memorandum from Precinct 3 and expects completion in April 2023. The Board next discussed the idea of installation of a gate at the neighborhood entrance. The Board noted that it will require coordination with the POA and turning over the storm sewer maintenance responsibilities to the District. The Board then concurred that it does not want the gate and requirement to take on the storm sewer maintenance.

The Board next discussed the Wixford Lane fence extension. Mr. Aranzales presented two quotes from Texas Fence in the amount of \$5,400 and Salco Fence in the amount of \$4,800 for the installation of a four-foot (4') wrought iron fence on the edge of the property lines at 22911 Sheildhall Lane and 22915 Sheildhall Lane at the sidewalk. The Board concurred to defer action on the matter until the special meeting.

The Board next considered a discussion regarding the replacement of the existing four-foot (4') fence with a six-foot (6') fence. The Board requested that an item be added to the agenda for the special meeting to consider solicitation of bids for same.

The Board next discussed fence modifications to prevent the ongoing trespassing issues from the Sugarberry neighborhood. Mr. Aranzales presented a quote in the amount of \$65,000 for installation of pipe rail and a quote in the amount of \$280,000 for installation of a concrete fence including weep holes for drainage. Director Atchison discussed another type of fence to consider with wrought iron points that prevent people from climbing. The Board concurred to defer action on the matter until the special meeting.

Director Massey then stated that the POA asked about lights along the trails, but the Directors noted that they have installed the gates to keep people out after dark and do not want to install lights.

Director Atchison stated that the homeowner at 22911 Shieldhall Lane advised that the gate and fence between the houses on Shieldhall Lane has been damaged. Mr. Aranzales agreed to inspect same. He noted that he is also coordinating with surveyors to determine where the District's property line ends.

The Board next concurred to hold a special meeting on March 10, 2023, at 3:00 pm at the Inverness Clubhouse to discuss various items discussed earlier in the meeting.

APPROVAL OF WATER RATES FOR ALBURY MANOR PURSUANT TO WHOLESALE WATER SUPPLY AGREEMENT

The Board next considered approval of water rates for Albury Manor pursuant to the Wholesale Water Supply Agreement. Mr. Aranzales stated that V&S is assembling the 2022 costs to become effective April 1, 2022.

OPERATIONS REPORT

Mr. Shelnutt presented and reviewed the operations report for January 2023, a copy of which is attached hereto as Exhibit H. He reported that the District accounted for 93% of the water pumped during the month of January and that the District's facilities operated in compliance with its respective permits during the month.

Mr. Shelnutt reported that MOC will hold off on painting the wrought iron fences until the sidewalks are complete.

Mr. Shelnutt next reported that there are new rules from the Environmental Protection Agency regarding lead and copper revision rules and MOC will need to inventory all the water

connections detailing when the taps were made and the type and the location of the house. He stated that this inventory is due by October 16 of next year and will cost \$5,000. After discussion, Director Atchison made a motion to approve MOC to inventory water connections, as set out above, for \$5,000. Director Wright seconded the motion, which unanimously carried.

Mr. Shelnut next requested that the Board authorize MOC to turn over one (1) delinquent account totaling \$383.14 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 Wright seconded the motion, which passed unanimously.

ACCESS PROTOCOL WITH RESPECT TO NEW ACCESS GATES

The Board next considered an access protocol with respect to new access gates. Director Atchison stated he instructed Mr. Aranzales to change the code on the access gate and it was the same code that was on the other facilities. He noted that the District will now use a different code for the District facilities and another code for the access gates. Mr. Shelnut stated that he will have the code changed and will report to the Board once complete. Director Atchison asked that the Board not share the codes with anyone outside the Board.

CONSIDER PROPOSALS FOR RENEWAL OF INSURANCE COVERAGE

The Board next considered proposals relative to the renewal of the District’s insurance coverage for term expiring March 31, 2023. Mr. Ellis reviewed the renewal proposal received from Gallagher relative to property, comprehensive boiler and machinery, commercial general liability and hired car and non-ownership automobile liability, pollution liability, directors and officers liability, umbrella, public employee blanket crime, directors position schedule bond, tax assessor/collector bond, worker’s compensation, and business travel coverage scheduled to expire on March 31, 2024. He noted that the premium increased by \$1,091 due to an increase in property values and that Gallagher has provided MRPC with an executed Form 1295 for the proposal. After discussion, Director Atchison made a motion to approve the renewal proposals from Gallagher for the coverage’s set out above, and to authorize the President to execute same on behalf of the Board and District. Director Wright seconded the motion, which carried unanimously.

DISCUSS ENERGY CONSULTING SERVICES BY ACCLAIM ENERGY

The Board next deferred consideration of a discussion regarding energy consulting services by Acclaim Energy until next month’s meeting.

DISCUSS REPOSSESSING VEHICLES IMPERMISSIBLY USED ON DISTRICT PROPERTY

The Board next considered a discussion regarding repossessing vehicles impermissibly used on District property. Mr. Ellis next recommended not to pursue the matter at this time.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas. Director Atchison requested that an item be added to the agenda for next month's meeting to consider a discussion regarding new park signs. He requested that MRPC send a draft to the Board for review.

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
February 20, 2023

- A. Patrol Report
- B. Bookkeeper's Report
- C. Resolution Adopting List of Qualified Brokers
- D. Tax Assessor-Collector Report
- E. Resolution Concerning Exemptions from Taxation
- F. Detention and Drainage Facilities Report
- G. Engineer's Report
- H. Operations Report and related handouts