

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**Minutes of Meeting of Board of Directors**  
**July 18, 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 July 18, 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 Andres Aranzales of Vogler and Spencer Engineering, Inc. ("V&S"); Lonnie Wright 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"); Deputy Martinez 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.

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. She stated that six (6) kids vandalized the community pool, and all have been identified and issued citations. Deputy Martinez reported that a resident reported a video of a suspicious person checking for unlocked cars. Director Atchison next asked if HCCO had any information on kids possibly shooting a bow and arrow or a gun at a blue tarp around the pond in Albury Trails Estates. Deputy Martinez stated that she will look into the matter.

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 June 20, 2022. After discussion, Director Thomas made a motion to approve the minutes of the meeting of June 20, 2022, as written. Director Massey seconded the motion, which unanimously carried.

## ENGAGE AUDITOR

The Board next considered the engagement of an auditor to prepare the District's audit report for the fiscal year ending July 31, 2022. Ms. Richardson reported that the District has an evergreen contract with McCall Gibson Swedlund Barfoot PLLC ("McCall") and therefore does not need to formally approve the engagement. She reviewed an audit continuance letter received from McCall, a copy of which is attached hereto as Exhibit B, and noted that McCall will begin preparation of the audit report to present to the Board in a few months.

## BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated June 20, 2022, a copy of which is attached hereto as Exhibit C. Ms. Richardson asked about surplus construction funds for the District. Ms. Viator stated that she will review and provide same to Ms. Richardson. 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 OPERATING BUDGET

Ms. Viator presented and reviewed a proposed operating budget for the District's fiscal year ending July 31, 2023. After discussion, Director Atchison moved to adopt the operating budget for the fiscal year ending July 31, 2023, as presented. Director Massey seconded said motion, which unanimously carried.

## TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin presented and reviewed the tax assessor-collector's report dated June 30, 2022, 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 Wright seconded the motion, which carried unanimously.

## CONSIDER REQUEST FOR RATE INCREASE

The Board next considered a request from BLI for a rate increase, including the approval of an Amendment to Agreement for Services of Tax Assessor and Collector between the District and BLI, attached hereto as Exhibit E. Ms. Goin presented the attached Amendment and reviewed same with the Board. She then reviewed the new proposed rates attached as Exhibit B to the Amendment. After discussion, Director Atchison made a motion to approve the Amendment to Agreement for Services of Tax Assessor and Collector between the District and BLI, and authorize the President and Secretary to execute same on behalf of the Board and the District. Director Wright seconded the motion, which unanimously carried.

## 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 July 12, 2022.

Mr. Griffith reported that Champions completed the pond herbiciding at the Inverness Estates detention pond.

Mr. Griffith reported on options to prevent four-wheeler activity at the detention ponds. He presented various photos of measures taken by Greens Bayou utilizing fallen trees to deter four-wheeler activity. The Board discussed possibly doing the same for the District if there are any fallen trees that can be used.

Mr. Griffith next presented a proposed annual maintenance budget for Champions services for the fiscal year ending July 31, 2023. He stated that the budget for last year was \$108,858.00 and that Champions is proposing an increase of \$7.00 per acre for mowing services bringing the proposed maintenance budget for the next fiscal year to \$112,798.00. After discussion, Director Atchison made a motion to approve the proposed annual maintenance budget, as discussed above. Director Wright seconded the motion, which unanimously carried.

## 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 Green Dream International for the Willow Creek Trail Extension including approval to install additional amenities indicated as alternate bid items. He then presented an aerial exhibit showing the proposed location of benches. Director Fesler next discussed the proposed trail connection between two homes on Shieldhall Lane. He stated that he spoke with various residents who are opposed to the trail connection in the subject area. Director Wright stated that she thinks it is necessary to prevent traffic and parking at the other proposed entry points. The Board then discussed installing a bollard on that entry point to limit traffic to pedestrian and bicycle access and installing timed locks on the entry point gates. The Board then concurred that it would like to add an additional bench on the north side of the trail north of the pond.

Mr. Aranzales reported on the status of the construction contract with Alsay Incorporated ("Alsay") for Water Well No. 2. He stated that the casing, screen and gravel packs have been installed and the rig has been demobilized permanently. Mr. Aranzales next stated that V&S is evaluating the pricing for blasting and recoating of the diesel generator fuel tank and piping and advised that the change order is still on hold.

Mr. Aranzales reported on the dirt mound and trespassing issue at the Reserve at Inverness. He stated that V&S received approval from the pipeline company to install fencing along the easement at Banewood Drive to prevent trespassing and prepared an exhibit for approval from the POA. Mr. Aranzales next presented a quote from Kean Construction in the amount of \$17,250 to install a three-foot (3') tall double slatted pipe rail fence. After discussion, Director Atchison made a motion to approve the quote from Kean Construction in the amount of \$17,250 to install a three-

foot (3') tall double slatted pipe rail fence. Director Massey seconded the motion, which unanimously carried.

Director Atchison then proposed that V&S obtain a quote for interlocking bricks for the area off of Loudon Drive. The Board concurred with Director's Atchison proposal.

#### CONSIDER APPROVAL OF RESOLUTION AUTHORIZING USE OF SURPLUS FUNDS

The Board next considered the review and approval of a Resolution Authorizing Use of Surplus Funds relative to the Willow Creek Trail Extension and waterline project and approval of an application to the Texas Commission on Environmental Quality, if applicable. Ms. Richardson explained to the Board that, per Mr. Aranzales, \$408,452.90 of the costs should be utilized from surplus water, sewer and drainage bond proceeds, and \$53,245.60 of the costs should be utilized from surplus park bond proceeds. She noted that due to the nature of the project, the District does not need TCEQ approval to utilize the \$408,452.90 from the surplus water, sewer and drainage bond proceeds, but that the District will need to secure TCEQ approval to utilize the \$53,245.60 from surplus park bond proceeds. She reviewed the attached Resolution Authorizing the Use of Surplus Funds related to the utilization of the surplus water, sewer and drainage, attached hereto as Exhibit H, and noted that, upon Board approval, MRPC would prepare an application to the TCEQ for approval to use the surplus park bond proceeds. After discussion, Director Atchison made a motion to approve the Resolution Authorizing Use of Surplus Funds relative to the Willow Creek Trail Extension and waterline project in the amount of \$408,452.90 and to authorize MRPC to prepare an Application to the TCEQ for use of the surplus park bond proceeds, and to authorize the President and Secretary to execute same on behalf of the Board and the District. Director Massey seconded the motion, which unanimously carried.

#### OPERATIONS REPORT

Mr. Wright presented and reviewed the operations report for June 2022, a copy of which is attached hereto as Exhibit I. He reported that the District accounted for 95% of the water pumped during the month of June and that the District's facilities operated in compliance with their respective permits during the month.

Mr. Wright reported that the District is close to triggering the implementation of Stage 2 of the District's Drought Contingency Plan ("DCP") due to increased well run times. He stated that if MOC can increase the flow of supplemental water from Dowdell Public Utility District ("Dowdell"), the District may be able to avoid implementing Stage 2 of the DCP. Mr. Wright stated that the District will need to connect the waterline at the Water Plant to the supplemental water line with Dowdell. He also stated that the Inverness Property Owners Association ("POA") has been using a lot of water to irrigate common areas at all hours of the day. The Board discussed scheduling a meeting with the POA and its lawn company to advise them of the water usage issues. Mr. Wright stated that he will have Mr. Shelnut address the matter with the POA. The Board then concurred to authorize MOC to handle the additional water connection to Dowdell.

Mr. Wright reported that MOC received a quote in the amount of \$5,600 to prepare and paint the Water Plant diesel tank and piping. After discussion, Director Thomas made a motion to approve the quote for \$5,600 to prepare and paint the Water Plant diesel tank and piping. Director Wright seconded the motion, which unanimously carried.

Mr. Wright reported that MOC is moving its billing system to Starnik and will be sending letters to residents advising of same. The Board requested that MOC also send out notices when the transfer to the new system is complete.

Director Atchison next asked about the package plant and what the District plans to do with the plant. Ms. Richardson stated that she will inquire whether any operators are interested in the package plant.

#### ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas.

Director Massey stated that he would like to purchase an iPad for District related matters. The Board concurred that Director Massey purchase the iPad and request reimbursement for the cost of the iPad from Ms. Viator.

#### 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

July 18, 2022

- A. Patrol Report
- B. Audit Continuance Letter from MGSB
- C. Bookkeeper's Report
- D. Tax Assessor-Collector Report
- E. First Amendment to Agreement for Services of Tax Assessor and Collector
- F. Detention and Drainage Facilities Report
- G. Engineer's Report
- H. Resolution Authorizing Use of Surplus Funds and Interest Earned on Construction Funds
- I. Operations Report