

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
September 19, 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 September 19, 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
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 Shelnuitt 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.; Debbie Shelton of Masterson Advisors LLC ("Masterson"); 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 Exhibit A. She then discussed various activity within the District over the past month.

The Board next considered ratification of the Board's prior action approving the Interlocal Agreement for Law Enforcement Services with Harris County. After discussion, Director Atchison made a motion to ratify the Board's prior action approving the Agreement and authorizing the President and Secretary to execute same on behalf of the Board and the District. Director Massey seconded the motion, which carried unanimously.

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 August 15, 2022. After discussion, Director Thomas made a motion to approve the minutes of the meeting of August 15, 2022, as presented. Director Atchison seconded the motion, which unanimously carried.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated September 19, 2022, 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 Thomas 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, 2022, a copy of which is attached hereto as Exhibit C. 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 Massey seconded the motion, which carried unanimously.

TAX RATE RECOMMENDATION

Ms. Shelton next presented an analysis and recommendation regarding the proposed 2022 debt service and maintenance tax rate prepared by Masterson, a copy of which is attached hereto as Exhibit D. Ms. Shelton recommended that the District set a debt service tax rate at \$0.62 for 2022 and the maintenance tax rate at \$0.26500 for 2022. Director Atchison asked about the proposed large decrease in the debt service tax rate. Ms. Shelton stated that the decrease in the debt service tax rate is offset by the large increase in value of the District. The Board then discussed in detail the debt service tax rate. After discussion, Director Atchison 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 2022 tax rate of \$0.88500 per \$100 of assessed valuation consisting of a \$0.62 debt service tax and a \$0.26500 maintenance tax, with such hearing to be held at the District's next regular meeting. Director Thomas seconded said 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 the most recent service of the District was completed on August 22, 2022 and there is a scheduled service for this week.

Director Atchison next discussed go-kart activity being reported around the ponds. He mentioned that the District might consider putting up fences if this activity continues. He stated that he does not want someone to get injured while using the trails. The Board next discussed a resident who sent a message to Directors Fesler and Atchison who is upset because the grass on the side of his home is too high. Director Massey stated that the Inverness Estates Property Owners Association ("POA") has changed lawn maintenance crews recently. Mr. Griffith mentioned that

Champions could take over such maintenance. Director Atchison stated that the POA should continue to maintain the area as it does not appear to be located in a District easement. Mr. Aranzales agreed to send the Board a map reflecting the property owned by the District and the property owned by the POA and denoting the maintenance responsibilities with respect to these properties. Directors Atchison and Massey agreed to contact Mr. Brazzell to discuss the matter.

ENGINEER'S REPORT

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

Mr. Aranzales reported on the status of the construction contract with Kean Construction, LLC for the access driveway improvements at Louden. He stated that V&S is waiting on Harris County for the minor site development permit. He then presented the construction contract for execution by the President.

Mr. Aranzales next presented a quote from Texas Fence in the amount of \$9,939.25 for the installation of HPDE slats on the existing chain link fence on the WWTP privacy screen. The Board then discussed color preference and concurred to use the color "Redwood." After discussion, Director Atchison made a motion to approve the quote from Texas Fence in the amount of \$9,939.25 for the installation of HPDE slats on the existing chain link fence on the WWTP privacy screen in the color "Redwood". Director Massey seconded the motion, which unanimously carried.

Mr. Aranzales reported on the status of the construction contract with Alsay Incorporated ("Alsay") for Water Well No. 2. He stated that the test pumping and development is complete, and no gases were found. Mr. Aranzales next presented Pay Application No. 7 in the amount of \$63,000 and recommended payment of same. After discussion, Director Atchison made a motion to approve payment of Pay Application No. 7 in the amount of \$63,000, as discussed above. Director Massey seconded the motion, which unanimously carried.

Mr. Aranzales reported on the status of the construction contract with Green Dream International for the Willow Creek Trail Extension. He presented Pay Application No. 2 in the amount of \$80,721.45 and recommended payment of same. After discussion, Director Atchison made a motion to approve payment of Pay Application No. 2 in the amount of \$80,721.45, as discussed above. Director Massey seconded the motion, which unanimously carried.

The Board next discussed various lock options for access to the trail extension. Mr. Aranzales stated that time locks will cost approximately \$15,000 for three (3) locks and will lock and unlock automatically at certain times to be determined by the Board. He stated that the other option is to have code locks which will cost approximately \$8,000 for three (3) locks. After discussion, the Board agreed to install time locks which do not use a lock code. Mr. Aranzales stated that these options were included in the original proposal and no further Board action is required.

Mr. Aranzales reported on the WWTP discharge permit renewal application. He stated that the permit expires March 1, 2023 and that V&S submitted the permit renewal application to the Texas Commission on Environmental Quality on August 26, 2022.

OPERATIONS REPORT

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

Mr. Shelnutt next requested that the Board authorize MOC to turn over two (2) delinquent accounts totaling \$43.88 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 next presented the attached proposal from Southern Flowmeter, Inc. in the amount of \$6,878.00 for replacement of the well meter at the Water Plant. After discussion, Director Atchison made a motion to approve the proposal from Southern Flowmeter, Inc. in the amount of \$6,878.00 for replacement of the well meter at the Water Plant. Director Thomas seconded the motion, which unanimously carried.

Mr. Shelnutt next reported on Director Atchison's question from last month regarding the invoice reflecting two hundred eighty-nine (289) connections for multi-family and commercial connections. He stated that there was an error in classifying these accounts and they have now been changed to non-residential usage as they are being used for POA irrigation.

Director Atchison next asked MOC to investigate two areas on Shield Hall Lane and Kerrisdale Lane that need mowing maintenance. Mr. Shelnutt agreed to research the matter. Director Atchison also stated that the wrought iron fence at Wixford Lane and the gate to the Albury Trails Estates pond area need to be repainted.

Mr. Shelnutt reported that the repair of the chain link structure at the pond inlet was completed on August 18, 2022.

REVIEW OF ARBITRAGE ANALYSIS REPORT PREPARED BY MUNICIPAL RISK MANAGEMENT GROUP, L.L.C.

The Board next considered review of an arbitration analysis report prepared by Municipal Risk Management Group, L.L.C., attached hereto as Exhibit H. Mr. Ellis reviewed the annual maintenance for arbitration analysis report with the Board and stated that there is no action to be taken by the Board at this time.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas. Mr. Shelnutt presented correspondence to the Board from MOC, attached hereto as Exhibit I, regarding a request for a fuel surcharge. The Board requested that an item be added to the agenda for next month's meeting to consider a fuel surcharge for MOC.

The Board also requested that an item be added to the agenda for next month's meeting to consider an amendment to the operating budget.

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
September 19, 2022

- A. Patrol Report
- B. Bookkeeper's Report
- C. Tax Assessor-Collector Report
- D. Tax Rate Recommendation
- E. Detention and Drainage Facilities Report
- F. Engineer's Report
- G. Operations Report and related handouts
- H. Arbitrage Analysis Report from MRMG
- I. Correspondence from MOC