

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
October 19, 2020

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, and by teleconference on October 19, 2020, 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
Raul Solis, Assistant Vice President/Secretary
Jordan Thomas, Assistant Vice President/Secretary

Directors Fesler, Atchison, Wright and Thomas participated in person at Staybridge Suites and Director Solis participated in the meeting via teleconference.

The following people also attended the meeting in person: Jeff Vogler and Andres Aranzales of Vogler and Spencer Engineering, Inc. ("V&S"); Lonnie Wright and Scott Shelnett of Municipal Operations & Consulting, Inc. ("MOC"); Roland Massey, resident; and Sergeant Hight of the Harris County Precinct Four Constable's Office ("HCCO"). The following people participated in the meeting via teleconference: Les Griffith of Champions Hydro-Lawn, Inc. ("Champions"); Stephanie Viator of District Data Services, Inc. ("DDSI"); Robin Goin of Bob Leared Interests, Inc. ("BLI"); Debbie Shelton of Masterson Advisors LLC ("Masterson"); Brian Toldan of McCall, Gibson, Swedlund, Barfoot PLLC ("McCall"); and Kara Richardson of Marks Richardson PC ("MRPC") and Miranda Jones Rajevac of MRPC.

The President called the meeting to order.

APPROVE MINUTES

As the first order of business, the Board considered approval of the minutes of the Board meetings held on September 9, 2020 and September 21, 2020. After discussion, Director Thomas made a motion to approve the minutes of the meetings of September 9, 2020 and September 21, 2020, as presented. Director Atchison seconded the motion, which unanimously carried.

PUBLIC COMMENT

The Board deferred comments from the public, as no members of the public were present.

SECURITY PATROL

The Board considered the report from the HCCO regarding security services in the District. Sergeant Hight reviewed the September 2020 Patrol Statistics, a copy of which is attached hereto as Exhibit A.

PUBLIC HEARING

The Board next conducted a public hearing relative to the District's proposed 2020 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 2020 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 2020 debt service tax and maintenance tax. Ms. Richardson noted that the District published notice of a debt service tax rate of \$0.73 per \$100 of assessed valuation and a maintenance tax rate of \$0.2675 per \$100 of assessed valuation. After discussion, Director Thomas made a motion to levy a 2020 debt service tax of \$0.73 per \$100 of valuation and a 2020 maintenance tax of \$0.2675 per \$100 of valuation and to adopt the Order Levying Taxes, attached hereto as Exhibit B. Director Atchison seconded the motion, which carried unanimously.

AMENDMENT TO SECOND AMENDED AND RESTATED DISTRICT INFORMATION FORM

Ms. Richardson next presented and reviewed an Amendment to the Second Amended and Restated District Information Form in connection with the adoption of the 2020 tax rates. After discussion, Director Atchison made a motion to approve the Amendment. Director Solis seconded the motion, which carried unanimously.

REVIEW AND APPROVE AUDIT REPORT FOR FISCAL YEAR ENDING JULY 31, 2020

The Board next considered the approval of an audit report for the fiscal year ended July 31, 2020. Mr. Toldan reviewed the draft audit report and management letter prepared by McCall, attached hereto as Exhibit C. After discussion, Director Atchison made a motion to approve the audit report, subject to MRPC's review and approval, to authorize the President to execute the Annual Filing Affidavit on behalf of the Board and District, and to authorize the filing of the audit report and Annual Filing Affidavit with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ") and the Texas Comptroller of Public Accounts. Director Fesler seconded the motion, which carried unanimously.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated September 21, 2020, a copy of which is attached hereto as Exhibit D. 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 next presented and reviewed the tax assessor-collector's report dated September 30, 2020, a copy of which is attached hereto as Exhibit E. 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.

DEVELOPER'S REPORTS

The Board next deferred consideration of the developer's report as no developer was present at the meeting.

FACILITY SITE MAINTENANCE

Mr. Griffith presented and reviewed a detention and drainage facilities report from Champions dated October 19, 2020, a copy of which is attached hereto as Exhibit F. He stated that he will be the new representative for the District.

Mr. Griffith stated that there is graffiti on the vent swale at the Albury Trails Estates detention pond D but that it is not visible to residents.

Director Atchison stated that employees of Champions are locking out MOC from the Albury Trails Estates detention pond D near the lift station. He asked that Mr. Griffith ensure that the issue does not happen again.

The Board asked about the proposal for maintenance of oleanders. Mr. Griffith stated that he will prepare a proposal for the Board's review at next month's meeting.

ENGINEER'S REPORT

Mr. Aranzales presented and reviewed the Engineer's Report, attached hereto as Exhibit G, and reviewed the items listed therein with the Board.

Mr. Aranzales next reported on the review of bids and award of contract for the Water Main Loop. He reported that V&S submitted design plans to the review agencies and is awaiting comments from the City of Houston. He noted that V&S anticipates bidding the project in November.

Mr. Aranzales next reported on the review of bids and award of contract for the installation of additional fencing in the District. He reported that V&S received approval from Enterprise Pipeline for the fifty-foot (50') easement encroachment relative to the pipe rail barrier installation. He also reported that the Harris County Flood Control District is preparing an Interlocal Agreement for the pipe rail barrier across the Willow Creek right-of-way. Mr. Aranzales then presented a proposal from Texas Fence in the amount of \$21,425.00, including an executed TEC Form 1295 from Texas Fence. After discussion, Director Atchison made a motion to approve the proposal from Texas Fence in the amount of \$21,425.00, as stated above. Director Thomas seconded the motion, which unanimously carried.

Mr. Aranzales stated that V&S is awaiting board action relative to the iron fence extension at Wixford Lane. The Board requested that the item be removed from the agenda.

Mr. Aranzales next reported on Water Well No. 2. He stated that V&S is in the process of preparing design plans. He noted that V&S anticipates submitting plans to the review agencies in late October.

Mr. Aranzales reported on the status of 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. Mr. Aranzales stated that V&S is awaiting Harris County to conduct the post-construction inspection. He stated that Harris County Precinct 4 will install the crosswalk after Harris County acceptance.

Mr. Aranzales next reported on the status of lake aeration by Lake Management Services, LP for the Inverness Estates and Albury Trails detention ponds. He stated that the construction is underway.

Mr. Aranzales next reported that V&S received an ISO water supply participation request from the Tomball Fire Chief. He stated that V&S would need to include a map of the District's water distribution system depicting main sizes and pressure and complete a survey form including all existing facility information. Mr. Aranzales requested that the Board authorize V&S to provide the information to the Tomball Fire Chief. After discussion, the Board concurred to deny the request from the Tomball Fire Chief.

OPERATIONS REPORT

Mr. Shelnuttt presented and reviewed the operations report for September 2020, a copy of which is attached hereto as Exhibit H. 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. Shelnuttt next requested that the Board authorize MOC to turn two (2) delinquent accounts totaling \$504.62 over 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.

The Board next discussed the installation of an electric gate at the WWTP. Mr. Shelnuttt reported that he obtained an additional quote in the amount of \$34,000 which is higher than the previous quote for approximately \$22,000. The Board deferred action on the matter.

AMEND RATE ORDER

The Board next considered amendment to the District's Rate Order. Ms. Richardson stated that the District's application for service be amended to include an option for new applicants to opt in to the new mass communications system and noted that the District's Rate Order does not need to be amended as it provides for the District to approve updates to the service application

without the need to amend the Rate Order. After discussion, Director Atchison made a motion to amend the application for service, as discussed above. Director Fesler seconded the motion, which unanimously carried.

Ms. Richardson next recommended that an insert be included in upcoming water bills advising of the District's adoption of a mass communication system.

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

The Board next deferred review of an arbitration analysis report prepared by Municipal Risk Management Group, L.L.C.

ADOPT DISTRICT RULES REGARDING USE OF CERTAIN DISTRICT PROPERTY AND AUTHORIZE PUBLICATION OF NOTICE

The Board next deferred consideration of the adoption of District rules regarding the use of certain District property until next month's meeting.

STATUS OF MASS COMMUNICATION SYSTEM FOR THE DISTRICT AND ADOPTION OF PROCEDURES FOR SAME

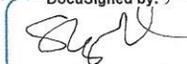
The Board next considered the status of a mass communication system for the District and the adoption of procedures for same. Ms. Richardson stated that she is working with Touchstone District Services to finalize the contract.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas. Director Solis addressed the Board and advised that he will be moving out of the District soon and will no longer be qualified to serve on the Board. Director Fesler stated that Mr. Massey is interested in being considered for appointment to the Board. Ms. Richardson stated that items will be added to the agenda for next month's meeting to consider the resignation of Director Solis and the appointment of a Director to the Board.

ADJOURN

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


62C1FB1DF83E402...
Secretary, Board of Directors

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
October 19, 2020

- A. Patrol Report
- B. Order Levying Taxes
- C. Draft Audit Report for fiscal year ended July 31, 2020
- D. Bookkeeper's Report
- E. Tax Assessor-Collector Report
- F. Detention and Drainage Facilities Report
- G. Engineer's Report
- H. Operations Report