

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
June 21, 2021

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 June 21, 2021, 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
Raul Solis, Assistant Vice President/Secretary
Jordan Thomas, Assistant Vice President/Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Jeff Vogler and 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 ("DDS"); Robin Goin of Bob Leared Interests, Inc. ("BLI"); Sergeant Barragan 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.

APPROVE MINUTES

The Board next considered approval of the minutes of the Board meetings held on May 17, 2021, and June 11, 2021. After discussion, Director Atchison made a motion to approve the minutes of the meetings of May 17, 2021, and June 11, 2021, as amended. Director Thomas 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 next considered the report from the HCCO regarding security services in the District. Sergeant Barragan reviewed the Patrol Statistics, a copy of which is attached hereto as Exhibit A. He discussed various activity within the District over the past month. Sergeant Barragan stated that HCCO will be conducting a traffic initiative later in the month.

The Board next considered approval to request a contract amendment from Harris County. Director Fesler asked the Board if it would be interested in amending the Interlocal Agreement for Law Enforcement Services to pay for one (1) Sergeant and one (1) Deputy rather than two (2)

Deputies. He stated that with this amendment, the District would likely be able to retain Corporal Martinez who is slated to be promoted to Sergeant. Ms. Richardson stated that correspondence would need to be sent to HCCO requesting the amendment to the contract. Director Fesler stated that the change would cost approximately \$10,000 more per year. After discussion, the Board concurred to send correspondence to HCCO requesting the amendment to the contract.

APPOINTMENT OF OFFICERS OF THE BOARD OF DIRECTORS

The Board next considered the election of officers of the Board of Directors. After discussion, the Board unanimously voted to keep the officers of the Board as they are currently.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated June 21, 2021, a copy of which is attached hereto as Exhibit B. Director Atchison mentioned the recent legislative change giving certain MUDs the ability to increase the amount of park bonds they can issue and requested that an item be added to the agenda for next month's meeting to discuss same. 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 May 31, 2021, a copy of which is attached hereto as Exhibit C. She stated that the preliminary tax value for 2021 is \$386,295,129. 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.

AUTHORIZE DELINQUENT TAX COLLECTIONS ATTORNEYS

The Board next considered authorizing Perdue to proceed with the collection of 2020 delinquent taxes, including the filing of lawsuits. After discussion, Director Atchison made a motion to authorize Perdue to proceed with the collection of the District's 2020 and prior years' delinquent tax accounts on July 1, 2021, including filing of lawsuits, as necessary. Director Thomas seconded the motion, which carried unanimously.

DEVELOPER'S REPORTS

The Board next considered the developer's report. No one present had anything new to report. The Board requested that the item be removed from the agenda.

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 D. He stated that Champions last serviced the District on May 31, 2021, and is scheduled to service the District this week.

Mr. Griffith reported that the fence at the Albury Trails Estates detention pond D was repaired and then subsequently vandalized again.

Mr. Griffith reported that the water level at the Albury Trails detention pond D has been decreasing since the Harris County drainage channel has opened somewhat. He stated that he is not sure why, but noted that it is a good development.

ENGINEER'S REPORT

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

Mr. Aranzales reported on the review of bids and award of construction contract for Water Well No. 2. He stated that V&S received all agency plan approvals. Mr. Aranzales stated that V&S received two (2) bids for the project, and that both were extremely high at approximately \$650,000 more than expected. He stated that V&S has been seeing inflated project costs recently which is likely due to supply issues which are increasing the costs of materials. He stated that he recommends declining the bids and waiting for prices to readjust prior to bidding the project a second time. The Board concurred with Mr. Aranzales' recommendation and deferred action on the matter at this time.

The Board next discussed installing a two-inch (2") feed off the Dowdell emergency interconnect and entering into an agreement for supplemental water for the summer.

Mr. Aranzales next reported on the status of the construction contract with Kean Construction, LLC ("Kean") for the Water Main Loop. He stated that the water line installation is complete and has been pressure tested. He noted that V&S is awaiting BAC-T results. Mr. Aranzales stated that the last segment of the concrete trail will be poured on June 22, 2021. He next presented Pay Application No. 3, in the amount of \$110,232.00, and recommended payment of same. After discussion, Director Atchison made a motion to approve payment of Pay Application No. 3, in the amount of \$110,232.00, as discussed above. Director Wright seconded the motion, which unanimously carried.

Mr. Aranzales next presented a proposal from Kean in the amount of \$68,000 for the Willow Creek Trail landscaping. He stated that the proposal includes the installation of small and large shrubs on both sides of the trail. The Board stated that it would like to review the agreement with the Inverness Property Owners Association ("POA") to see what specifically was agreed upon before making a decision. Ms. Richardson stated that she will coordinate with V&S on the matter. Director Fesler stated that he will discuss the proposed installation of landscaping with the POA.

Mr. Aranzales reported on the status of the 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 and that the District is withholding retainage until the completion of the punchlist items. Mr. Aranzales stated that HCED re-inspected the project on June 17, 2021, and the contractor is addressing punchlist items. He stated that Harris County Precinct 4 installed the crosswalk at Windbourne Drive and is considering the request to install an additional crosswalk at Fanwick Drive.

Mr. Aranzales next reported on the well production issues and the construction of a new water well. He stated that the water well will be pulled in the spring for inspection to determine if the equipment is worn.

Mr. Aranzales next reported that V&S is awaiting approval from the Texas Commission on Environmental Quality (“TCEQ”) relative to the update to the Emergency Preparedness Plan.

The Board considered the status of an Application to the TCEQ for Extension of Commission Approved Bond Issue and Approval of Change in Scope of Project relative to the Series 2020 Bonds. Ms. Richardson stated that the TCEQ approved the Application for Extension of Commission Approved Bond Issue and is still reviewing the Approval of Change in Scope of Project.

Mr. Aranzales reported that V&S was approached by Mr. Brett Hendricks from the Hendricks Group about purchasing an additional piece of property and potentially annexing the property into the District. He stated that V&S is assisting with preliminary feasibility. Mr. Aranzales stated that there are capacity and floodplain issues, and the property is also encumbered with a CCN.

OPERATIONS REPORT

Mr. Shelnutt presented and reviewed the operations report for May 2021, a copy of which is attached hereto as Exhibit F. He reported that the District accounted for 93% of the water pumped during the month of May and that the District’s facilities operated in compliance with its respective permits during the month.

Mr. Shelnutt next requested that the Board authorize MOC to turn over two (2) delinquent accounts totaling \$356.17 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 on a customer on Chattington with an on-going leak. He stated that MOC inspected the water meter and did not find a leak from the meter box. Mr. Shelnutt stated that MOC contacted the customer to advise of the findings. He stated that it could be stagnant water coming from a French drain on the homeowner’s property.

Director Thomas next asked about the accounts sent to collections and whether the Board should consider amending the Rate Order to increase the deposit. The Board concurred that an item be added to the agenda for next month’s meeting to discuss same.

DISCUSS SOLID WASTE COLLECTION SERVICES BY TEXAS PRIDE DISPOSAL

The Board next discussed solid waste collection services by Texas Pride Disposal, including a request for a rate increase. Director Atchison stated that he spoke with various vendors at the Association of Water Board Directors conference and recommends obtaining proposals for garbage collection from Best Trash, Residential Recycling and Refuse of Texas, Inc., and Texas

Pride. The Board concurred to deny approval of the fee increase at this time and to authorize MRPC to obtain proposals as discussed above.

VOTING SYSTEM ANNUAL FILING FORM

Ms. Richardson next discussed a Voting System Annual Filing Form ("Form") from the Secretary of State's Office. She advised that pursuant to Section 123.061 of the Texas Election Code, each political subdivision in the State of Texas is required to complete and file the Form with the Secretary of State's Office. After discussion, Director Atchison made a motion to approve the Form and authorize MRPC to file same with the Secretary of State's Office. Director Thomas seconded the motion, which carried unanimously.

DISCUSS DIRECTOR LOTS

The Board next discussed Director lots. Director Atchison asked various questions about Director lots, and Ms. Richardson explained the purposes of same with respect to the initial development of the District.

CONSIDER REVIEW OF CONSULTANT CONTRACTS

The Board next considered review of consultant contracts. Director Wright stated that she is still reviewing the consultant contracts. She suggested that the Board hold a special meeting to review garbage collection proposals and discuss consultant contracts.

EXECUTIVE SESSION

The Board deferred recessing into Executive Session to deliberate the deployment, or specific occasions for implementation of security personnel or devices, or a security audit pursuant to §551.076, Texas Government Code.

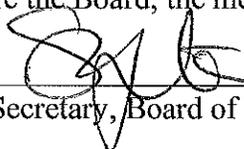
The Board next deferred taking action relative to the deployment, or specific occasions for implementation of security personnel or devices, or a security audit pursuant to §551.076, Texas Government Code.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas.

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
June 21, 2021

- A. Patrol Report
- B. Bookkeeper's Report
- C. Tax Assessor-Collector Report
- D. Detention and Drainage Facilities Report
- E. Engineer's Report
- F. Operations Report
- G. Texas Pride Rate Adjustment Request