

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
January 18, 2021

The Board of Directors of Harris County Municipal Utility District No. 401 met by teleconference on January 18, 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
Sandee 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 via teleconference were Jeff Vogler and Andres Aranzales of Vogler and Spencer Engineering, Inc. ("V&S"); Scott Shelnett and Lonnie Wright of Municipal Operations & Consulting, Inc. ("MOC"); 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"); Sergeant Hight, Sergeant Barragan and Corporal Martinez of the Harris County Precinct Four Constable's Office ("HCCO"); and Kara Richardson and Miranda Jones Rajevac 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. Sergeant Hight reported that he has been promoted and will no longer be assigned to the District. He then introduced Sergeant Barragan and stated that he and Corporal Martinez are assigned to the District's contract. Sergeant Barragan then reviewed the Patrol Statistics, a copy of which is attached hereto as Exhibit A. He stated that there were no burglaries or thefts, but that there were fourteen (14) illegally parked vehicle enforcements within the past month.

PUBLIC COMMENT

The Board next considered comments from the public. Director Wright addressed the Board and stated that construction on her pool is nearing completion. She asked whether the Board would consider authorizing her to pay the base rate for water usage to fill her pool. Ms. Richardson stated that she would like to research the District's Rate Order and the legality of the District to authorize an adjustment on the water usage for filling her pool. She stated that she would report on the matter at the next meeting.

APPROVE MINUTES

The Board next considered approval of the minutes of the Board meeting held on December 21, 2020. After discussion, Director Atchison made a motion to approve the minutes of the meeting of December 21, 2020, as presented. Director Thomas seconded the motion, which unanimously carried.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated November 16, 2020, 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.

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

Ms. Richardson 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. She 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. Ms. Richardson 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 Thomas seconded the motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin next presented and reviewed the tax assessor-collector's report dated December 31, 2020, 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.

ADOPT RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Ms. Richardson next advised the Board that pursuant to Section 33.11 of the Property Tax Code, as amended, the Board is authorized to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the delinquent personal property taxes, penalty and interest due the District on taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent. Ms. Richardson discussed the penalties and presented a Resolution regarding same, which is attached hereto as Exhibit E. After discussion, Director Atchison made a motion to adopt the Resolution Authorizing

an Additional Penalty on Delinquent Personal Property Taxes. Director Wright 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.

FACILITY SITE MAINTENANCE

Mr. Griffith presented and reviewed a detention and drainage facilities report from Champions dated January 18, 2020, a copy of which is attached hereto as Exhibit F. He stated that Champions was in the District today and no issues were reported. Mr. Griffith then reviewed photos of the new fencing at Inverness Estates detention pond.

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 stated that V&S received approval from Harris County and Harris County Flood Control District and is waiting on approval from the City of Houston. Mr. Aranzales stated that V&S advertised for bids and received several requests for an extension. He stated that V&S will now be opening bids on the project on January 22, 2021.

Mr. Aranzales next reported on Water Well No. 2. He stated that V&S addressed comments from Harris County and Harris County Flood Control District and resubmitted for approval. He also noted that V&S is awaiting comments from the City of Houston. Mr. Aranzales next reviewed the attached exhibit for the one hundred fifty foot (150') sanitary control easement.

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. Mr. Aranzales stated that the TDLR inspection was conducted and the contractor is addressing punchlist items. He also stated that V&S is awaiting Harris County to conduct the post-construction inspection. Mr. Aranzales stated that Harris County Precinct 4 will install the crosswalk after Harris County acceptance.

Mr. Aranzales next reported that V&S is in the process of assembling the revised water rates for Albury Manor pursuant to the Wholesale Water Supply Agreement for consideration at next month's meeting. Mr. Vogler recommended holding off on implementing new rates until the North Harris County Regional Water Authority rate increase takes effect in April.

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. Mr. Aranzales stated that MRPC submitted the Application to the TCEQ and it was declared administratively complete by the TCEQ on December 4, 2020. 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 relative to the Series 2020 Bonds.

OPERATIONS REPORT

Mr. Shelnutt presented and reviewed the operations report for December 2020, 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 December 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 two (2) delinquent accounts (over \$25.00) totaling \$712.88 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.

Mr. Shelnutt reported that MOC is working on the fire hydrant repairs and replacement of reflectors.

AUTHORIZE OPERATOR TO PROVIDE REQUIRED INFORMATION TO DISTRICTS RECEIVING WATER THROUGH EMERGENCY INTERCONNECT RELATIVE TO CONSUMER CONFIDENCE REPORTS

The Board next considered authorizing MOC to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. After discussion, Director Atchison made a motion to authorize MOC to provide the required information. Director Wright seconded the motion, which carried unanimously.

REVIEW OF ARBITRAGE REBATE CALCULATION REPORT

The Board next considered review of an arbitrage rebate report from Arbitrage Compliance Specialists, Inc. relative to the Series 2015 Bonds. Ms. Richardson reviewed the report with the Board, a copy of which is attached hereto as Exhibit I. There was no action to be taken by the Board.

DISCUSS PURCHASE OF LAPTOPS FOR DISTRICT USE

The Board next discussed the purchase of laptops for District use. The Board concurred to defer discussion of same until next month’s meeting.

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 discuss whether to continue the District drive-throughs by Board members. He also suggested adding a discussion regarding the authority for Board members to perform District inspections each month and a discussion of policies regarding fees of office. The Board concurred to add items to the agenda for next month's meeting to consider same.

ADJOURN

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

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Secretary, Board of Directors

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
January 18, 2021

- A. Patrol Report
- B. Bookkeeper's Report
- C. Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with District
- D. Tax Assessor-Collector Report
- E. Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- F. Detention and Drainage Facilities Report
- G. Engineer's Report
- H. Operations Report
- I. Arbitrage Compliance Report from ACS, Inc.