

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
March 15, 2021

The Board of Directors of Harris County Municipal Utility District No. 401 met by teleconference on March 15, 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 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"); 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.

TAX ASSESSOR-COLLECTOR'S REPORT

As the first order of business, Ms. Goin presented and reviewed the tax assessor-collector's report dated February 28, 2021, a copy of which is attached hereto as Exhibit A. 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 Solis seconded the motion, which carried unanimously.

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 B. He discussed various activity within the District and stated that a traffic initiative was conducted for the past month.

PUBLIC COMMENT

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

APPROVE MINUTES

The Board next considered approval of the minutes of the Board meeting held on February 22, 2021. After discussion, Director Atchison made a motion to approve the minutes of the

meeting of February 22, 2021, as amended. Director Thomas seconded the motion, which unanimously carried.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated March 15, 2021, a copy of which is attached hereto as Exhibit C. After discussion, Director Atchison made a motion to approve the bookkeeper's report and to authorize payment for the invoices listed therein. Director Fesler seconded said motion, which carried unanimously.

UNCLAIMED PROPERTY REPORT

The Board next considered authorizing the preparation of an Unclaimed Property Report by the District's bookkeeper and tax assessor-collector, as necessary, which is to be filed with the State Comptroller prior to July 1, 2021. After discussion on the matter, Director Atchison made a motion to authorize the District's bookkeeper and tax assessor-collector to research the District's accounts to determine the necessity of preparing an Unclaimed Property Report, and, if such reports are necessary, authorize the District's bookkeeper and tax assessor-collector to file same with the State Comptroller prior to July 1, 2021. Director Thomas seconded the motion, which carried unanimously.

DISCUSS PROPOSED SALE OF REFUNDING BONDS

Ms. Shelton next presented and reviewed an analysis of Refunding Effects for a possible refunding of District debt, a copy of which is attached hereto as Exhibit D. She advised that the total debt service savings are projected to be \$320,726.51, or 14.414675% in present value savings. The Board concurred to place all necessary items relative to same on the next agenda for the Board's consideration.

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, a copy of which is attached hereto as Exhibit E. He stated that Champions last serviced the District on February 24, 2021 and is scheduled to service the District at the end of this month.

Mr. Griffith reported that spring overseeding and fertilization will occur after the next service.

Mr. Griffith reported that three (3) of the District's storm water quality permits will be renewed this month.

ENGINEER'S REPORT

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

Mr. Aranzales next reported on approval of plans and authorizing advertisement for bids for Water Well No. 2. He stated that V&S received approval from Harris County and is waiting on approval from the City of Houston. Ms. Richardson stated that she forwarded draft sanitary control easement to the Inverness Property Owners Association ("POA") along with an explanation for the easement.

Mr. Aranzales next reported on the status of the construction contract with Kean Construction, LLC ("Kean") for the Water Main Loop. He stated V&S submitted the construction contracts to Director Fesler for execution. Mr. Aranzales stated that the pre-construction meeting is scheduled for March 19, 2021.

Mr. Aranzales next reviewed the attached Bald Eagle Nesting Survey prepared by Phase Engineering, Inc. He stated that the surveyors found no bald eagle nests near the project area.

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 also stated that V&S is awaiting a date for the HCED post-construction inspection. He then stated that Harris County Precinct 4 will install the crosswalk after Harris County acceptance.

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.

ANNUAL APPROVAL OF WATER RATES FOR ALBURY MANOR PURSUANT TO WHOLESALE WATER SUPPLY AGREEMENT

The Board next considered the annual approval of water rates for Albury Manor pursuant to Wholesale Water Supply Agreement. Mr. Aranzales reported that V&S is in the process of assembling the revised water rates for Albury Manor pursuant to the Wholesale Water Supply Agreement.

PREVAILING WAGE RATE SCALES

The Board next considered the annual review of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects. Ms. Richardson noted that Harris County and the City of Houston have both adopted the wage rates adopted by United States Department of Labor for Harris County projects and presented the list of such rates for the Board's review. After discussion, Director Atchison made a motion to adopt the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects based on the Department of Labor rates for Harris County projects. Director Solis seconded the motion, which carried unanimously.

AMENDMENT TO DISTRICT'S RATE ORDER

The Board next considered an amendment to the District's Rate Order. Ms. Richardson reviewed the proposed amendment to the Rate Order, attached hereto as Exhibit G, and explained that it will provide for reduced water rates for water used by customers to fill their swimming pools. She stated that she added Section 3.13(a)(ii) which states that a customer constructing a swimming pool is subject to a one-time reduction in their water bill for water used for initially filling the swimming pool, as evidenced by proof of inspection and documentation evidencing the volume capacity of the swimming pool by the District's Operator. She stated that all North Harris County Regional Water Authority fees would still be applied. Ms. Richardson asked the Board if it would like to include reductions for customers refilling their pools after re-surfacing. The Board concurred to add language for subsequent fillings by contacting the District's Operator. After discussion, Director Atchison made a motion to approve an amendment to the District's Rate Order, as discussed above, dated March 15, 2021 and effective January 1, 2021, and to authorize the President and Secretary to execute same on behalf of the Board and the District. Director Fesler seconded the motion, which unanimously carried.

DISCUSS NEWSLETTER FOR DISTRICT CUSTOMERS

The Board next discussed a newsletter for District customers. Director Wright asked if the newsletter should be distributed on a quarterly basis. Ms. Richardson stated that she has other district clients that do a newsletter on a quarterly basis. She stated that MOC and Touchstone may be able to help facilitate the preparation of a newsletter. Mr. Wright stated that he has districts that distribute newsletters but that MOC does not physically prepare the newsletters. He stated that he would be happy to provide a template for specific information to include in the newsletter. Ms. Richardson suggested that MRPC could obtain proposals for the preparation of a newsletter from various companies that provide such service. The Board concurred that Touchstone attend the meeting next month to discuss what services Touchstone can provide in regard to a newsletter.

OPERATIONS REPORT

Mr. Shelnett presented and reviewed the operations report for February 2021, 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 February and that the District's facilities operated in compliance with its respective permits during the month.

Mr. Shelnett next reviewed the high-water usage listing and pre-cut off list for the period of February 8, 2021 through March 8, 2021. Director Atchison asked about correspondence from

Judge Lina Hidalgo regarding water termination. Ms. Richardson stated that the correspondence from Judge Lina Hidalgo is a recommendation and not a requirement.

The Board next discussed how to handle customer appeals related to damages sustained during Winter Storm Uri. Mr. Wright recommended that the Board allow MOC to coordinate with customers for adjustments and payment plans by using the policy previously approved by the Board, and that MOC would bring any special circumstances requested by customers to the Board for approval. The Board concurred with Mr. Wright's recommendation to allow MOC to coordinate initially with customers using the current Board policy on handling customer requests.

Mr. Shelnett next requested that the Board authorize MOC to turn four (4) delinquent accounts totaling \$392.92 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 four (4) subject accounts to CU, as set out above. Director Wright seconded the motion, which passed unanimously.

Mr. Shelnett next reviewed the attached handout of calls received by MOC beginning on February 14, 2021 through February 22, 2021, including hold time and average talk times. Director Atchison thanked MOC for its hard work during Winter Storm Uri.

Director Wright next asked whether the North Harris County Regional Water Authority would be issuing a discount for customers affected by Winter Storm Uri. Ms. Richardson stated that she has not heard of any discounts or credits being offered by the NHCRWA.

Director Atchison asked about the status of the lift pump with a vortex impeller. Mr. Shelnett stated that the lift pump has been ordered and has an approximate eight (8) week lead time.

DISCUSS PURCHASE OF LAPTOPS FOR DISTRICT USE

The Board next discussed the purchase of laptops for District use. Director Wright stated that she priced an iPad Pro 12.9, 256 GB, with a screen protector and keyboard folio at a cost of approximately \$1,500. Director Fesler and Director Wright stated that they would each like a device for use for District-related business. After discussion, Director Fesler made a motion to authorize Director Wright to purchase two (2) iPad Pros 12.9, 256 GB, with a screen protector and keyboard folio, at a cost not to exceed \$1,500 each. Director Wright seconded the motion, which unanimously carried.

All consultants and members of the public, except the Board of Directors and Ms. Richardson, disconnected from the teleconference at this time.

EXECUTIVE SESSION

The Board next recessed into Executive Session at 7:55 p.m. to discuss real property matters pursuant to §551.072, Texas Government Code. The Board returned from executive session at 8:00 p.m.

RECONVENE IN OPEN SESSION

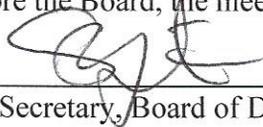
The Board deferred action regarding real property matters pursuant to §551.072, Texas Government Code.

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
March 15, 2021

- A. Tax Assessor-Collector Report
- B. Patrol Report
- C. Bookkeeper's Report
- D. Refunding Effects
- E. Detention and Drainage Facilities Report
- F. Engineer's Report
- G. Draft Rate Order
- H. Operations Report