

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
November 16, 2020

The Board of Directors of Harris County Municipal Utility District No. 401 met by teleconference on November 16, 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
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 Shelnutt 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"); Sergeant Hight of the Harris County Precinct Four Constable's Office ("HCCO"); Shannon Waugh of Off Cinco; Roland Massey, resident; 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 meeting held on October 19, 2020. After discussion, Director Thomas made a motion to approve the minutes of the meeting of October 19, 2020, as presented. Director Fesler 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 October 2020 Patrol Statistics, a copy of which is attached hereto as Exhibit A. He reminded the Board to let residents know to lock their parked vehicles at night.

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 Thomas made a motion

to approve the bookkeeper's report and to authorize payment for the invoices listed therein. Director Atchison seconded said motion, which carried unanimously.

ANNUAL REVIEW OF INVESTMENT POLICY

The Board next considered the annual review of the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order") and the adoption of a Resolution relative thereto. Ms. Richardson advised that she has no changes to propose at this time and recommended that the current Order remain in effect. After discussion, Director Thomas made a motion to adopt the Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, attached hereto as Exhibit C, and to authorize the President to sign and the Secretary to attest the Resolution on behalf of the Board and District. Director Atchison seconded the motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin next presented and reviewed the tax assessor-collector's report dated October 31, 2020, a copy of which is attached hereto as Exhibit D. The Board requested that Ms. Goin send an email to 2920 Venture, Ltd. regarding the payment of taxes. 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.

DELINQUENT TAX REPORT

Ms. Richardson next presented the delinquent tax report dated November 16, 2020, by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, LLP, a copy of which is attached hereto as Exhibit E.

DEVELOPER'S REPORTS

The Board next considered the developer's report. Mr. Shelnutt stated that MOC was contacted by a builder in Albury Trails regarding setting up water service.

FACILITY SITE MAINTENANCE

Mr. Griffith presented and reviewed a detention and drainage facilities report from Champions dated November 16, 2020, a copy of which is attached hereto as Exhibit F. He stated that oversee and fertilization was completed on October 31, 2020.

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 received comments from the City of Houston requesting the preparation of a twenty-foot (20') foot water line easement within the District's property. Ms.

Richardson stated that she discussed this request from the City with V&S and explained to the Board that the District does not need an easement since it already owns the property in fee. Mr. Aranzales acknowledged that the request does not make sense given the ownership of the land but noted that the City has made the same request previously in other districts. Ms. Richardson stated that it was the Board's decision on whether or not to proceed with the preparation of the easements, noting that the easements will need to be surveyed by V&S, sent for title and drafted by MRPC. After discussion, the Board concurred not to move forward with the preparation of the easements since it would require the District to spend money that was unnecessary since the District already owns the property. Mr. Aranzales then stated that V&S anticipates bidding the project in December after agency approvals and requested authorization to advertise for bids. After discussion, Director Atchison made a motion to authorize V&S to advertise for bids upon approvals from the City of Houston. Director Wright seconded the motion, which unanimously carried.

Mr. Aranzales next reported on Water Well No. 2. He stated that V&S submitted design plans to the review agencies. He noted that a supplemental one hundred fifty foot (150') sanitary control easement will eventually need to be prepared. Mr. Vogler discussed the prohibition of certain activities within sanitary control easements, as designated by the Texas Commission on Environmental Quality ("TCEQ"), including the placement of underground chemical tanks, the operation of feedlots or dumps, and other similar activities. Ms. Richardson recommended that the District send the sanitary control easement information and exhibit to the Inverness Estates Property Owners Association ("POA") to let them know that a portion of the proposed easement affects part of the POA property. After discussion, Director Thomas made a motion to authorize MRPC to send the easement information and exhibit to the POA, as discussed above. Director Wright seconded the motion, which unanimously carried.

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 V&S is awaiting Harris County to conduct the post-construction inspection. He then presented the TDLR Owner Agent Designation Form for signature. Mr. Aranzales 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 complete. Mr. Aranzales presented Pay Estimate No. 1 and Final in the amount of \$8,198.69 and recommended that the Board approve payment of same. He also presented a proposal for maintenance in the amount of \$300 per month and stated that MRPC is reviewing the certificate of insurance. After discussion, Director Atchison made a motion to approve payment of Pay Estimate No. 1 and Final, and the proposal for maintenance in the amount of \$300, as set out above. Director Wright seconded the motion, which carried unanimously.

Mr. Aranzales next reported on the status of construction contract with Texas Fence for the Inverness/Albury Trails fencing. He reported that V&S is submitting the contracts for signature. He also noted that the contractor anticipates mobilizing on November 18, 2020.

Mr. Aranzales next reported on the well production issues and the construction of a new water well. He stated that V&S is currently in the process of preparing revised numbers for the

cost summary for same. Ms. Richardson reminded the Board that pursuant to the District's last bond application report, the TCEQ approved \$8,490,000 in bonds, approximately \$4,000,000 of which was approved for the expansion of the wastewater treatment plant, but the Board decided not to move forward with the project and never sold the Bonds approved for that project. She stated that the TCEQ order is valid for one year after the date of issuance which will mean that it is scheduled to expire on January 1, 2021. She stated that the TCEQ will grant up to two (2) additional years upon request of the District, and she recommended that the District include such request with the proposed application for change in scope previously approved by the Board.

The Board considered approval of an Application to the TCEQ for Extension of Commission Approved Bond Issue and Authorizing Application to Commission for Approval of Change in Scope of Project relative to the Series 2020 Bonds. After discussion, Director Thomas made a motion to authorize MRPC and V&S to submit an Application to the TCEQ for Extension of Commission Approved Bond Issue and Authorizing Application to Commission for Approval of Change in Scope of Project to redirect the funds allocated to the expansion of the wastewater treatment plant to the construction of a new water well, the construction of the water main loop, and the rehabilitation of the water plant and to authorize the President and Secretary to execute the Resolution Authorizing the Application to the TCEQ on behalf of the Board and the District. Director Atchison seconded the motion, which unanimously carried.

OPERATIONS REPORT

Mr. Shelnett presented and reviewed the operations report for October 2020, a copy of which is attached hereto as Exhibit H. He reported that the District accounted for 95% of the water pumped during the month of October and that the District's facilities operated in compliance with its respective permits during the month.

The Board requested that the item regarding the electric gate at the WWTP be removed from the agenda.

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 Touchstone District Services ("Touchstone") has finalized the contract and Director Fesler has executed same. She stated that MOC has been authorized to complete the information transfer.

Ms. Richardson recommended that the Board designate two (2) Board members to serve as the liaison between the Board and Touchstone regarding District matters. After discussion, Director Atchison made a motion to designate Directors Thomas and Wright to serve as the liaison between the Board and Touchstone to approve items as needed. Director Solis seconded the motion, which unanimously carried.

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

The Board next considered review of an arbitrage analysis report prepared by Municipal Risk Management Group, L.L.C. Ms. Richardson reviewed the report with the Board and presented engagement letters from Arbitrage Compliance Specialists, Inc. (“ACS”) relative to the District’s Series 2015 Unlimited Tax Bonds and Series 2016 Unlimited Tax Refunding Bonds for the Board’s approval. She then presented an executed TEC Form 1295 from ACS. After discussion, Director Atchison made a motion to approve the engagement letters and to authorize the President to execute same on behalf of the Board and District. Director Fesler seconded said motion, which unanimously carried.

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 and requested that the item be removed from the agenda at this time.

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.

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Secretary, Board of Directors

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
November 16, 2020

- A. Patrol Report
- B. Bookkeeper's Report
- C. Resolution Regarding Review of Investment Policy
- D. Tax Assessor-Collector Report
- E. Delinquent Tax Report
- F. Detention and Drainage Facilities Report
- G. Engineer's Report
- H. Operations Report