

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
October 18, 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 October 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
Santee Wright, Secretary
Roland Massey, Assistant Vice President/Secretary
Jordan Thomas, Assistant Vice President/Secretary

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

Also present were Andres Aranzales of Vogler and Spencer Engineering, Inc. ("V&S"); Lonnie Wright and 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"); Debbie Shelton of Masterson Advisors LLC ("Masterson"); Corporal Martinez and Deputy Rodriguez of the Harris County Precinct Four Constable's Office ("HCCO"); Dane Turner of Best Trash; Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Mike Brazzell, resident; and Blake Ellis 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. Corporal Martinez and Deputy Rodriguez then reviewed the Patrol Statistics, a copy of which is attached hereto as Exhibit A. Corporal Martinez discussed various activity within the District over 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 meetings held on August 27, 2021 and September 20, 2021. After discussion, Director Atchison made a motion to approve the minutes of the meetings of August 27, 2021 and September 20, 2021, as written. Director Massey seconded the motion, which unanimously carried.

PUBLIC HEARING

The Board next conducted a public hearing relative to the District's proposed 2021 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 2021 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 2021 debt service tax and maintenance tax. Ms. Richardson noted that the District published notice of a debt service tax rate of \$0.71 per \$100 of assessed valuation and a maintenance tax rate of \$0.27 per \$100 of assessed valuation. After discussion, Director Thomas made a motion to levy a 2021 debt service tax of \$0.71 per \$100 of valuation and a 2021 maintenance tax of \$0.27 per \$100 of valuation and to adopt the Order Levying Taxes, attached hereto as Exhibit B. Director Massey seconded the motion, which carried unanimously.

CLOSING MATTERS IN CONNECTION \$3,000,000 UNLIMITED TAX BONDS, SERIES 2021 (THE "BONDS")

The Board next considered the review and approval of a closing letter by the District's financial advisor in connection with the District's \$3,000,000 Unlimited Tax Bonds, Series 2021 (the "Bonds") and authorize distribution of funds in accordance with same. After discussion, Director Atchison moved to approve the closing memorandum and to authorize the distribution of funds. Director Thomas seconded the motion, which unanimously carried.

The Board next considered review, execution and filing of Internal Revenue Service reporting form 8038-G relative to the District's Bonds. After discussion, Director Atchison moved to approve the reporting form and to authorize the President of the Board to execute same on behalf of the Board and District. Director Thomas seconded the motion, which carried unanimously.

Mr. Ellis next presented and reviewed correspondence from MRPC, attached hereto as Exhibit C, as bond counsel, regarding the expenditure and investment of the bond proceeds and Internal Revenue Service restrictions on same.

The Board next considered the approval and execution of various closing documents and the authorization for Bond Counsel to approve the closing on the sale of the Bonds on behalf of the District. Mr. Ellis presented and reviewed various closing documents with the Board, including the No-Litigation Certificate, the District's Receipt, and the Federal Tax Certificate and advised that the closing is scheduled for Wednesday, October 20, 2021, at 10:00 a.m. After discussion, Director Atchison made a motion to approve the above-referenced documents, to authorize the President and Secretary to execute same on behalf of the Board and District, to authorize the disbursement of funds in accordance with the closing memo prepared by Masterson, and to authorize MRPC to deliver same, as appropriate, upon the closing of the Bonds. Director Thomas seconded the motion, which carried unanimously.

Mr. Ellis next presented and reviewed with the Board an Amendment to the Second Amended and Restated District Information Form in connection with the issuance of the Series 2021 Tax Rate and Bonds. After discussion, Director Atchison moved to approve the amendment and that the Board members present be authorized to execute same. Director Thomas seconded said motion, which unanimously carried.

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, 2021. Mr. Jenkins reviewed the draft audit report and management letter prepared by McCall, attached hereto as Exhibit D. After discussion, Director Thomas 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 Atchison seconded the motion, which carried unanimously.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated September 20, 2021, a copy of which is attached hereto as Exhibit E. After discussion, Director Thomas made a motion to approve the bookkeeper's report and to authorize payment for the invoices listed therein. Director Massey seconded said motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin presented and reviewed the tax assessor-collector's report dated September 30, 2021, a copy of which is attached hereto as Exhibit F. 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.

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 G. He stated that Champions last serviced the District on October 5, 2021.

Mr. Griffith reported that there was one (1) minor four-wheeler activity within the past month but no other issues to report.

ENGINEER'S REPORT

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

Mr. Aranzales reported on the review of bids and award of construction contract for Water Well No. 2. He stated that bids for the project are due on November 11, 2021.

Mr. Aranzales next reported on the well production issues and the construction of a new water well. He stated that Dowdell Public Utility District requested an updated agreement for the emergency interconnect and will forward to MRPC for review.

Mr. Aranzales reported on the Hendricks Group feasibility study for the potential annexation of property into the District. He stated that the final feasibility study was provided to The Hendricks Group for review.

Mr. Aranzales reported on the crosswalk at Fanwick Drive and Inverness Crossing Boulevard. He stated that Harris County Precinct 4 is updating the traffic study to warrant an additional crosswalk at Fanwick Drive.

Mr. Aranzales reviewed an exhibit and preliminary cost estimate for the Willow Creek trail extension with a cost for base items at \$426,415.00 and optional/additional items at \$78,275.00. The Board agreed to remove the item from the agenda for next month's meeting.

Mr. Aranzales next reported that V&S received approval from the TCEQ relative to the update to the Emergency Preparedness Plan.

OPERATIONS REPORT

Mr. Shelnutt presented and reviewed the operations report for September 2021, a copy of which is attached hereto as Exhibit I. He reported that the District accounted for 95% of the water pumped during the month of September and that the District's facilities operated in compliance with its respective permits during the month.

Mr. Shelnutt reviewed the action list attached to the operations report. He stated that MOC is checking with the insurance company regarding the deductible for the repair to the Water Plant generator for a faulty control board. The Board discussed filing an insurance claim for same and concurred not to pursue an insurance claim for the repair.

STATUS OF TRANSFER OF SOLID WASTE COLLECTION AND RECYCLING SERVICES

The Board next considered the status of the transfer of solid waste collection and recycling services. The Board discussed a revised trash pickup schedule for holidays and noted that the other issues have been resolved. The Board noted that the large bin was removed, and all other bins removed by Texas Pride. The Board then discussed deducting payment for two (2) missed collection days by Texas Pride through the end of the contract. After discussion, Director Atchison made a motion to approve a pro-rated payment for missed collection days on September 25 and 29 by Texas Pride. Director Wright seconded the motion, which unanimously carried.

CONSIDER STATUS OF AGREEMENT WITH INVERNESS POA RELATIVE TO WATER MAIN LOOP EASEMENT

The Board next considered the status of an Agreement with the Inverness Property Owners Association ("POA") relative to the water main loop easement. The Board discussed that the POA would like the District to pay for the grate repairs around the pool area for approximately \$6,000 rather than planting the vegetation along the water main loop trail. The Board discussed the costs

of planting in detail. After discussion, Director Atchison made a motion to approve a Letter Agreement with the POA relative to the grate repairs around the pool area for \$6,000, and to authorize the President to execute same on behalf of the Board and the District. Director Thomas seconded the motion, which unanimously carried.

CONSIDER APPROVAL OF INTERIM WATER SUPPLY AGREEMENT WITH DOWDELL PUBLIC UTILITY DISTRICT

The Board next considered approval of an Interim Water Supply Agreement with Dowdell Public Utility District ("Dowdell"). Mr. Ellis discussed the provisions of the Agreement with the Board. After discussion, Director Atchison made a motion to approve an Interim Water Supply Agreement with Dowdell, and to authorize the President and Secretary to execute same on behalf of the Board and the District, pending review and approval by MRPC. Director Massey seconded the motion, which unanimously carried.

CONSIDER MATTERS RELATING TO MAY 7, 2022 DIRECTOR ELECTION

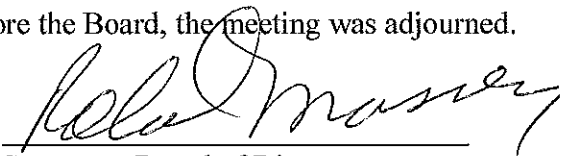
The Board next considered matters relating to the May 7, 2022 Director Election and authorizing participation in a joint election with Harris County. Mr. Ellis reported that it has been determined that the Harris County Elections Administration will offer joint election services for the Uniform Election to be held on Saturday, May 7, 2022. After discussion, Director Atchison made a motion to approve participation in the joint election with Harris County. Director Thomas seconded the motion, which unanimously carried.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas. The Board next discussed maintenance and fishing at the detention ponds in the District and asked who the contact person is for the catch and release signs. The Board determined that the POA maintains the catch and release signs and the District owns the detention ponds.

ADJOURN

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

Asst. 
Secretary, Board of Directors

ATTACHMENTS TO MINUTES OF BOARD OF DIRECTORS
October 18, 2021

- A. Patrol Report
- B. Order Levying Taxes
- C. Correspondence from MRPC
- D. Draft Audit
- E. Bookkeeper's Report
- F. Tax Assessor-Collector Report
- G. Detention and Drainage Facilities Report
- H. Engineer's Report
- I. Operations Report