

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
February 21, 2022

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 February 21, 2022, 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
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"); Deputy Martinez and Deputy Beiza of the Harris County Precinct Four Constable's Office ("HCCO"); 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. Deputy Martinez addressed the Board and stated that Deputy Beiza is a new deputy assigned to the District's contract. She then reviewed the Patrol Statistics, a copy of which is attached hereto as Exhibit A. Deputy Martinez discussed various activity within the District over the past month.

Deputy Martinez and Deputy Beiza exited the meeting at this time.

PUBLIC COMMENT

The Board next considered comments from the public. No one present had anything new to report.

APPROVE MINUTES

The Board next considered approval of the minutes of the Board meeting held on January 17, 2022. After discussion, Director Atchison made a motion to approve the minutes of the meeting of January 17, 2022, as written. Director Fesler seconded the motion, which unanimously carried.

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 B. She advised that the total debt service savings are projected to be \$125,766.64, or 3.21% in present value savings. The Board concurred to place all necessary items relative to same on the next agenda for the Board's consideration.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated February 21, 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 Thomas seconded said motion, which carried unanimously.

AMENDMENT TO OPERATING BUDGET

The Board next considered an amendment to the operating budget to account for the increase in the garbage collection price. After discussion, Director Atchison made a motion to approve an amendment to the operating budget, as discussed above. Director Fesler seconded the motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin presented and reviewed the tax assessor-collector's report dated January 31, 2022, 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 Massey seconded the motion, which carried unanimously.

DELINQUENT TAX REPORT

Mr. Ellis next presented the delinquent tax report dated February 21, 2022, by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, LLP, a copy of which is attached hereto as Exhibit E.

CONSIDER EXEMPTIONS FROM TAXATION

Mr. Ellis next outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Sections 11.13 and 11.184 of the Property Tax Code. After discussion, Director Thomas moved that the Resolution Concerning Exemptions from Taxation, attached hereto as Exhibit F, be approved and adopted by the Board and District. Director Atchison 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 January 28, 2022.

Mr. Griffith reported that he spoke with a fencing expert regarding the fencing panels on Albury Trails Estates detention pond D being removed and people accessing the District. The Board discussed that the four-wheeler activity does not affect the detention performance or capacity, but it creates ruts that are difficult to mow. Mr. Griffith stated that he will continue to investigate solutions.

Mr. Griffith next requested that an item be added to the agenda for next month's meeting to consider an adjustment to rates for stormwater features.

ENGINEER'S REPORT

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

Mr. Aranzales reported on the status of approval of plans and specifications and advertisement of bids for the Willow Creek Trail Extension. He stated that V&S submitted plans to the agencies for review.

Mr. Aranzales reported on the status of construction contract with Alsay Incorporated ("Alsay") for Water Well No. 2. He next presented Pay Application No. 1, in the amount of \$75,046.50, and recommended payment of same. After discussion, Director Thomas made a motion to approve payment of Pay Application No. 1, in the amount of \$75,046.50, as discussed above. Director Atchison seconded the motion, which unanimously carried.

Mr. Aranzales reported on the crosswalk at Fanwick Drive and Inverness Crossing Boulevard. He stated that V&S is coordinating a work order with the newly designated Harris County Precinct 3 engineer. He noted that the traffic study is being updated to warrant installation of a crosswalk at Fanwick Drive.

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

The Board next considered approval of water rates for Albury Manor pursuant to the Wholesale Water Supply Agreement. Mr. Aranzales stated that V&S is assembling the 2021 costs for the new rate to become effective April 1, 2022.

DISCUSS EROSION LOCATED ON CERTAIN RESIDENTIAL PROPERTY IN THE DISTRICT

The Board next considered a discussion regarding erosion located on certain residential property in the District. Mr. Aranzales stated that V&S met with Champions and the resident from Albury Manor that shares a property with Albury Trails Estates to inspect the inlet structure and erosion solutions. He stated that V&S recommends stabilizing the soil around the inlet with a five-

inch (5”) slope paving as a permanent solution. Mr. Griffith then presented a proposal in the amount of \$12,680 for the repair work. After discussion, Director Thomas made a motion to approve the proposal from Champions in the amount of \$12,680 to complete the repairs, as set out above. Director Atchison seconded the motion, which unanimously carried.

APPROVAL OF SPECIAL WARRANTY DEEDS FROM WILLOW CREEK DEVELOPMENT COMPANY, LTD. TO THE DISTRICT

The Board next considered the approval of Special Warranty Deeds from Willow Creek Development, Ltd. to the District until next month’s meeting. Mr. Ellis stated that MRPC ran title on the two (2) subject drainage reserves that remain in WCDC’s name which reflected that these reserves are still encumbered by a payment bond that has not been released. He stated that MRPC is coordinating with WCDC to resolve the matter prior to drafting the deeds.

OPERATIONS REPORT

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

Mr. Wright reported that the Flygt 5 horsepower chloring mixer motor shorted and will need to be rebuilt for \$8,200 or replaced for \$22,300. After discussion, Director Atchison made a motion to approve rebuilding the chlorine mixer motor for \$8,200. Director Thomas seconded the motion, which unanimously carried.

The Board next considered review of Professional Services Agreement with MOC for operation services. Mr. Wright presented the Fourth Amendment to Professional Services Agreement between the District and MOC and the amended rate schedule and reviewed same with the Board, a copy attached hereto as Exhibit J. After discussion, Director Thomas made a motion to approve the Fourth Amendment to Professional Services Agreement between the District and MOC, and to authorize the President and Secretary to execute same on behalf of the Board and the District. Director Atchison seconded the motion, which unanimously carried.

CONSIDER PROPOSALS FOR RENEWAL OF INSURANCE COVERAGE

The Board next considered proposals relative to the renewal of the District’s insurance coverage for term expiring March 31, 2022. Mr. Ellis reviewed the renewal proposal received from Gallagher relative to property, comprehensive boiler and machinery, commercial general liability and hired car and non-ownership automobile liability, pollution liability, directors and officers liability, umbrella, public employee blanket crime, directors position schedule bond, tax assessor/collector bond, worker’s compensation, and business travel coverage scheduled to expire on March 31, 2023. He noted that the premium increased by \$901 due to an increase in property values and that Gallagher has provided MRPC with an executed Form 1295 for the proposal. After discussion, Director Fesler made a motion to approve the renewal proposals from Gallagher for the coverage’s set out above, and to authorize the President to execute same on behalf of the Board and District. Director Atchison 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 2016A Bonds. Mr. Ellis reviewed the report with the Board, a copy of which is attached hereto as Exhibit K. There was no action to be taken by the Board.

REVIEW AND APPROVAL OF PROPOSED FEE INCREASE FROM MRPC

The Board next considered the review and approval of a fee increase by MRPC. Mr. Ellis reviewed the proposed MRPC Rates with the Board and noted that the increase will become effective March 1, 2022, attached hereto as Exhibit L. After discussion, Director Thomas made a motion to approve the fee increases from MRPC as set out above, effective March 1, 2022. Director Atchison seconded the motion, which unanimously carried.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas. The Board concurred to add an item to the next agenda to consider an adjustment to rates for stormwater features from Champions.

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
February 21, 2022

- A. Patrol Report
- B. Refunding Numbers from Masterson
- C. Bookkeeper's Report
- D. Tax Assessor-Collector Report
- E. Delinquent Tax Report
- F. Resolution Concerning Exemptions from Taxation
- G. Detention and Drainage Facilities Report
- H. Engineer's Report
- I. Operations Report
- J. Fourth Amendment to Professional Services Agreement with MOC and Amended Rate Schedule
- K. Arbitrage Rebate Report from ACS, Inc.
- L. Proposed Fee Increase from MRPC