

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
March 28, 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 March 28, 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
Santee Wright, Secretary
Roland Massey, Assistant Vice President/Secretary
Jordan Thomas, Assistant Vice President/Secretary

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

Also present were Andres Aranzales of Vogler and Spencer Engineering, Inc. ("V&S"); 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"); Mike Brazzell, resident; and Kara Richardson 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 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.

APPROVE MINUTES

The Board next considered approval of the minutes of the Board meeting held on February 21, 2022. After discussion, Director Wright made a motion to approve the minutes of the meeting of February 21, 2022, as written. Director Massey seconded the motion, which unanimously carried.

Director Atchison entered the meeting at this time.

PUBLIC COMMENT

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

DISCUSS PROPOSED SALE OF REFUNDING BONDS

The Board next considered the issuance of the District's proposed Unlimited Tax Refunding Bonds, Series 2022 (the "Bonds") to refund portions of the District's outstanding Series 2014 Unlimited Tax Bonds. Ms. Shelton informed the Board that due to recent market conditions, the proposed refunding does not produce the 3% savings required by the City of Houston. She noted that, while the District does not have a viable deal at present, the current market-volatility is hard to predict and could change in the District's favor in the coming weeks. She recommended that the Board proceed with designating an underwriter so that, if the market corrects, the Board will be in a position to proceed with the proposed refunding. She noted that SAMCO Capital Markets has served as the underwriter for the District's past refunding issues and recommended that the Board designate same for the proposed bond issue. After discussion on the matter, Director Massey made a motion to designate SAMCO Capital Markets as the underwriter for the proposed refunding. Director Atchison seconded the motion, which carried unanimously.

The Board next considered the approval of a Preliminary Official Statement ("POS") in connection with the issuance of the Bonds. Ms. Shelton reviewed the draft POS (attached as Exhibit B) and recommended that the Board approve same, contingent upon review and approval of same by the District's consultants. After discussion, Director Massey moved to approve the POS, contingent upon its review and approval by the District's consultants, and to authorize Masterson to finalize the POS in connection with the Bonds. Director Atchison seconded the motion, which carried unanimously.

BOOKKEEPING REPORT

Ms. Viator presented and reviewed the bookkeeper's report dated March 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 Massey seconded said motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin presented and reviewed the tax assessor-collector's report dated February 28, 2022, a copy of which is attached hereto as Exhibit D. The Board discussed the account of Marco's Pizza. The Board then questioned District taxes reflected as delinquent on the report. 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.

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, 2022. 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, 2022. Director Massey 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 E. He stated that Champions last serviced the District on February 24, 2022.

Mr. Griffith reported that four-wheeler activity continues near Albury Trails Estates detention pond D. The Board discussed various options to keep the four-wheelers out of the subject area. Mr. Griffith stated that barriers may impede the flow of water for the adjacent swale and would cost approximately \$147,000 not including labor. He then presented pricing for bollards with cables and bollards with pipe railing. He stated that the Board could consider placing tree trunks on the ground in order to block access. Mr. Griffith stated that he will continue to research options and report to the Board next month.

Mr. Griffith next reported on the repair work for the erosion located at 401 Albury Park Lane. He reviewed various photos and stated that the repair work is complete. Mr. Griffith stated that the homeowner was very pleased with the work performed.

Mr. Griffith next presented an adjustment of rates for stormwater features for monthly inspection and cleaning and annual permit certification for \$8,800 per year, attached as Exhibit F. After discussion, Director Atchison made a motion to authorize Director Fesler to act on behalf of the Board to approve the adjustment of rates for stormwater features, as discussed above, subject to receipt of an executed TEC Form 1295 from Champions. Director Massey seconded the motion, which unanimously carried.

ENGINEER'S REPORT

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

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 and is awaiting comments. He noted that the tentative schedule is to receive bids in May.

Mr. Aranzales reported on the status of the construction contract with Alsay Incorporated ("Alsay") for Water Well No. 2. He stated that Alsay completed the test hole, and he reviewed the tentative construction schedule. Mr. Aranzales next presented Pay Application No. 2, in the amount of \$367,200, and recommended payment of same. After discussion, Director Atchison made a motion to approve payment of Pay Application No. 2, in the amount of \$367,200, as discussed above. Director Massey seconded the motion, which unanimously carried. Mr.

Aranzales noted that Well No. 1 may be shut down temporarily to eliminate methane gas on site and allow for welding of the Well No. 2 casing.

Mr. Aranzales reported on the crosswalk at Fanwick Drive and Inverness Crossing Boulevard. He stated that V&S received the traffic study results from Harris County and that, based on the study, the County has determined that the additional crosswalk is not warranted.

Mr. Aranzales reported on the Albury Manor Inlet Erosion. He then presented Pay Application No. 1 and Final, in the amount of \$12,680, and recommended payment of same. After discussion, Director Atchison made a motion to approve payment of Pay Application No. 1 and Final, in the amount of \$12,680, as discussed above. Director Massey seconded the motion, which unanimously carried.

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

Mr. Aranzales next reported on the approval of water rates for Albury Manor pursuant to the Wholesale Water Supply Agreement. He reviewed the attached analysis and stated that V&S updated the cost analysis for the Albury Manor interconnect to include the water production, variable costs and fixed costs. The Board noted that there is no rate increase from the North Harris County Regional Water Authority this year. Mr. Aranzales recommended that the District increase Albury Manor's water rate to \$6.90 per 1,000 gallons of water, effective April 1, 2022. After discussion, Director Atchison made a motion to approve an increase in the Albury Manor water rate to \$6.90 per 1,000 gallons of water, effective April 1, 2022. Director Massey seconded the motion, which unanimously carried.

RESOLUTION REGARDING DEVELOPMENT DESIGNATION OF DISTRICT

Ms. Richardson next discussed certain statutory requirements which set limitations on the amount by which certain municipal utility districts can increase property taxes without triggering mandatory elections to approve such increases. In connection therewith, Ms. Richardson presented a Resolution designating the District as a Developed District pursuant to Section 49.23602 of the Texas Water Code, attached hereto as Exhibit H, and noted that the District's engineer had certified such designation. After discussion, Director Atchison made a motion to approve the Resolution and authorize the President and Secretary to execute same on behalf of the Board and the District. Director Wright 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. Ms. Richardson presented the Special Warranty Deeds and reviewed same with the Board. After discussion, Director Atchison made a motion to approve the Special Warranty Deeds from Willow Creek Development Company, Ltd. to the District, and to authorize the President to execute same on behalf of the Board and the District. Director Wright seconded the motion, which unanimously carried.

OPERATIONS REPORT

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

Mr. Shelnut next requested that the Board authorize MOC to turn over six (6) delinquent accounts totaling \$1,665.56 to Collections Unlimited ("CU"), as shown on the list attached to the Operator's Report. He also presented an updated Agreement with CU and requested approval of same. After discussion, Director Atchison made a motion to authorize Director Fesler to approve the updated Agreement with CU on behalf of the Board and the District, subject to receipt of an executed TEC Form 1295 from CU, and to authorize MOC to turn over the six (6) subject accounts to CU, as set out above. Director Massey seconded the motion, which passed unanimously.

Mr. Shelnut reported that MOC is waiting on parts for the repairs to the Flygt 5 horsepower chlorine mixer motor.

Mr. Shelnut reported that MOC is waiting on parts for the replacement of three hundred ninety-two (392) end points.

Mr. Shelnut reported that a recent accuracy test completed on all large meters reflected that two (2) two-inch meters need to be replaced at a cost of \$1,600 each. After discussion, Director Atchison made a motion to approve replacement of two (2) two-inch meters at a cost of \$1,600 each. Director Massey seconded the motion, which unanimously carried.

Mr. Shelnut next reported that K-3BMI is requesting a price increase from \$0.055 per gallon to \$0.07 per gallon. He stated that he has not yet received an executed TEC Form 1295 from K-3BMI. The Board concurred to defer action on the matter and add an item to the agenda for next month's meeting to consider same.

Mr. Shelnut next presented the flushing valve survey and reviewed the results with the Board. He stated that the estimated repairs total approximately \$15,350 and noted that the survey gives a cost to replace missing reflectors for \$787.50, and a cost to paint the hydrants for \$5,780. The Board noted that hydrants were painted three (3) years ago. The Board agreed to inspect the hydrants and see if painting is warranted. After discussion, Director Atchison made a motion to approve the fire hydrant repairs for \$15,350 and replace the missing reflectors for \$787.50. Director Massey seconded the motion, which unanimously carried.

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 28, 2022

- A. Patrol Report
- B. Preliminary Official Statement
- C. Bookkeeper's Report
- D. Tax Assessor-Collector Report
- E. Detention and Drainage Facilities Report
- F. Proposal from Champions for Albury Trails Estates Detention Basin D
- G. Champions Adjustment of Rates
- H. Engineer's Report
- I. Resolution Declaring Development Status of District
- J. Operations Report