

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
January 22, 2024

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 January 22, 2024, 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”); Scott Shelnett of Municipal Operations & Consulting, Inc. (“MOC”); Les Griffith of Champions Hydro-Lawn, Inc. (“Champions”); Stephanie Viator of District Data Services; Robin Goin of Bob Leared Interests, Inc.; Deputy Martinez of Harris County Constable’s Office (“HCCO”); 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. She stated that there were three (3) car burglaries in Inverness Estates, Section 8 since the patrol report was generated. He stated that he has also seen people walking unleashed dogs on the security camera footage.

Deputy Martinez 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 considered approval of the minutes of the Board meeting held on December 18, 2023. After discussion, Director Atchison made a motion to approve the minutes of the meeting of December 18, 2023, as amended. Director Thomas seconded the motion, which unanimously carried.

BOOKKEEPING REPORT

The Board reviewed the bookkeeper's report received from District Data Services dated January 22, 2024, a copy of which is attached hereto as Exhibit B. 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.

ADOPT RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH DISTRICT

Ms. Richardson next advised the Board that requirements in the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. She reviewed a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and the attached list of financial institutions, brokers and dealers attached to the Resolution as Exhibit "A", attached hereto as Exhibit C. Ms. Richardson noted that the District's bookkeeper prepared the list and recommended that the Board remove any institutions with which any of the directors has a relationship that could create a conflict of interest. After discussion, Director Atchison made a motion to approve the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District. Director Thomas seconded the motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin presented and reviewed the tax assessor-collector's report dated January 31, 2024, 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 Thomas seconded the motion, which carried unanimously.

ADOPT RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Ms. Richardson next advised the Board that pursuant to Section 33.11 of the Property Tax Code, as amended, the Board is authorized to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the delinquent personal property taxes, penalty and interest due the District on taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent. Ms. Richardson discussed the penalties and presented a Resolution regarding same, which is attached hereto as Exhibit E. After discussion, Director Atchison made a motion to adopt the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes. 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 F. He stated that the most recent service

of the District was completed on December 20, 2023. He stated that Champions would not be out to complete service for another week due to the recent rain.

Mr. Griffith reported that there have been no signs of four-wheeler activity within the past month.

ENGINEER'S REPORT

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

Mr. Aranzales reported on the Water Plant No. 1 Well No. 2. He stated that the water quality samples were received from MOC. He stated that V&S is preparing the required corrosivity design report submittal for the Texas Commission on Environmental Quality (the "TCEQ") due by February 1, 2024.

Mr. Aranzales reported on the design plans for the Willow Creek Trail, Phase 3. He stated that V&S received agency approvals and will put the project on the shelf until the District is ready to proceed.

Mr. Aranzales reported on Water Plant No. 1 Well No. 1 Rehabilitation. He stated that V&S received approval from the TCEQ to proceed with emergency repairs. He presented the construction contract for execution by the President. Mr. Aranzales then reviewed the tentative schedule for the project.

Mr. Aranzales reported on the status of the construction contract with Wright Solutions, LLC for District park rules signage, fencing and surveillance. He stated that the gate lock replacement was received, and he let Wright Solutions know it was in and ready for installation. Mr. Aranzales stated that the contractor is currently addressing punchlist items.

Mr. Aranzales reported on future recreational projects in Albury Trails Estates and Reserve at Inverness. Ms. Richarson stated that she is awaiting a title report for the Hooks property regarding a conservation easement.

The Board next discussed the Inverness Estates Detention Pond C fence modifications. Mr. Aranzales presented a quote in the amount of \$15,300 for fence and vegetation work. He stated that the cost came out to more than what the Board authorized last month. Director Atchison stated that the Board may be able to get away with not modifying the fence and instead could create a barrier with dead trees and vegetation. Mr. Aranzales stated that the quote includes that type of work but he isn't sure what portion of the price is attributable to that. The Board agreed to table the item and see if the grass and vegetation grows.

Director Atchison then asked how much money is left in the surplus park bond funds. Ms. Viator stated that approximately \$110,000 remains. Director Atchison suggested building a small pond around the Hooks property using surplus funds. Mr. Aranzales then discussed the potential budget for same. The Board agreed to table the item for now.

REVIEW AND APPROVAL OF RESOLUTION AUTHORIZING USE OF SURPLUS CONSTRUCTION FUNDS

The Board next deferred consideration of the review and approval of a Resolution Authorizing Use of Surplus Construction Funds until next month's meeting.

OPERATIONS REPORT

Mr. Shelnutt presented and reviewed the operations report for December 2023, a copy of which is attached hereto as Exhibit H. He reported that the District accounted for 96% of the water pumped during the month of December and that the District's facilities operated in compliance with its respective permits during the month.

Mr. Shelnutt reported that the new lift pump no. 2 at the WWTP was replaced on November 30, 2023.

Mr. Shelnutt reported that the 2,000 gallon diesel tank at the WWTP was replaced on December 8, 2023.

Mr. Shelnutt reported that the bar screen controller was replaced and reprogrammed on November 17, 2023.

Mr. Shelnutt reported that the venting regulator at the Water Plant was repaired on November 27, 2023.

Mr. Shelnutt reported that Water Well 1 was pulled for repair on November 27, 2023.

Mr. Shelnutt reported that two flow meter displays were replaced at the WWTP on November 30, 2023.

Mr. Shelnutt reported that a fire hydrant seat was repaired on December 28, 2023.

Mr. Shelnutt reported that a chart recorder stopped on January 19, 2023 and a temporary board was installed. He stated that a quote for repair is pending.

Mr. Shelnutt stated that MOC received some concerns from residents regarding the water quality. He stated that MOC pulled some samples and did not find any issues with clarity at the Water Plant so the issues may be in the water distribution system. Mr. Shelnutt stated that MOC completed some flushing on December 11th and 12th and that could possibly relate to the issue. Director Atchison stated that he and Director Wright had water quality issues within the past month but no other Directors noticed anything. Mr. Shelnutt stated that the issues are being noted through the District's Facebook group. He then presented the water quality sampling that was conducted which reflects all in compliance.

ITEMS FOR FUTURE AGENDAS

The Board next considered items for future agendas. The Board requested that an item be added to the agenda for the next meeting to consider a discussion regarding website design and maintenance. Director Wright stated that she would reach out to Mr. Willett for a proposal.

Director Wright reported that Mr. Willett of Touchstone District Services recommended sending out text reminders about the heavy rain and street flooding. The Board also agreed that a text reminder about taxes would be great too.

SUPPLEMENTAL AGENDA

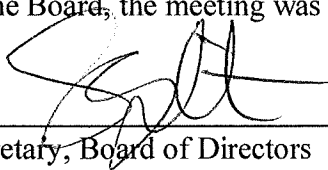
The Board next considered an update on the May 4, 2024, Directors Election matters. Ms. Richardson presented the attached Memorandum prepared by MRPC and stated that the District has three (3) director terms expiring in May 2024. She stated that the deadline to submit a candidate application for a place on the ballot is 5:00 p.m. on February 16, 2024. She further noted that if the District receives more candidate applications than there are expiring board positions, the District must hold an election.

Ms. Richardson next reported that the Harris County Clerk has determined that she will not provide joint election services for municipal utility districts and other special purpose districts for the election on May 4, 2024. Accordingly, districts with contested director positions will need to conduct their elections independently and identify polling locations and identify eligible election officials. prior to ordering such elections.

The Board then agreed to hold a special election within the next two (2) weeks to call the election.

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
January 22, 2024

- A. Patrol Report
- B. Bookkeeper's Report
- C. Resolution Adopting List of Qualified Brokers
- D. Tax Assessor-Collector Report
- E. Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- F. Detention and Drainage Facilities Report
- G. Engineer's Report
- H. Operations Report and related handouts