

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
February 19, 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 February 19, 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 and Deputy Moore 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 introduced Deputy Moore as one of the new patrol officers for the District. She then reviewed the Patrol Statistics, a copy of which is attached hereto as Exhibit A. The Board advised Deputy Martinez that the commercial property located on FM 2920 is not located within the District. She stated that she will advise the officers at the next officers' meeting.

Deputy Martinez and Deputy Moore 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 January 22, 2024. After discussion, Director Atchison made a motion to approve the minutes of the meeting of January 22, 2024, as presented. Director Thomas seconded the motion, which unanimously carried.

BOOKKEEPING REPORT

The Board reviewed the bookkeeper's report received from District Data Services dated February 19, 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 Thomas seconded said 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 C. 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.

DELINQUENT TAX REPORT

Ms. Richardson next presented the delinquent tax report dated February 19, 2024, by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, LLP, a copy of which is attached hereto as Exhibit D.

CONSIDER EXEMPTIONS FROM TAXATION

Ms. Richardson 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 Atchison moved that the Resolution Concerning Exemptions from Taxation, attached hereto as Exhibit E, be approved and adopted by the Board and District. 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 February 14, 2024.

Mr. Griffith stated that the rye grass is coming in nicely. He noted that he advised the mowers not to mow the vegetation by the fence adjacent to the Sugarberry neighborhood and to let it grow.

Mr. Griffith reported that he noticed that a District sign was down by the fence at Reserve at Inverness and is unsure where it came from. Director Atchison suggested that the gate be left open at the Reserve at Inverness to allow people to walk through that area.

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 submitted the required corrosivity design report to the Texas Commission on Environmental Quality (the "TCEQ") and is awaiting approval.

Mr. Aranzales reported on the status of the construction contract with C&C Water Services for the Water Plant No. 1 Well No. 1 Rehabilitation. He stated that the arrival of the pump and column assembly is scheduled for February 29, 2024. He noted that the well is expected to be back online by the end of March.

Mr. Aranzales reported on the Willow Creek trespassing solutions. He stated that V&S met with the Board on site to discuss the scope of work. Mr. Aranzales stated that he reached out to Wright Solutions for a quote and has not yet received a response.

Mr. Aranzales reported on future recreational projects in Albury Trails Estates and Reserve at Inverness. He stated that V&S overlaid the conservation easement over the Hooks tract and confirmed that it would not affect the placement of a trail on the property.

Mr. Aranzales stated that he heard from the Harris County Flood Control District that desilting will occur from FM 2920 to the Sugarberry neighborhood and is scheduled for a year.

The Board then requested that Ms. Richardson contact the Hooks family regarding the potential donation of the property to the District for development into a park and/or trails. Mr. Aranzales stated that he will send an exhibit to MRPC for review.

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 2023 expense information.

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 February 2024, a copy of which is attached hereto as Exhibit H. 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. Shelnett next requested that the Board authorize MOC to turn over two (2) delinquent accounts totaling \$309.81 to Collections Unlimited ("CU"), as shown on the list attached to the Operator's Report. After discussion, Director Atchison made a motion to authorize MOC to turn over the two (2) subject accounts to CU as set out above. Director Thomas seconded the motion, which passed unanimously.

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

Mr. Shelnett reported that the chart recorder at the WWTP stopped working and a new unit was ordered on January 26, 2024.

Mr. Shelnett reported a defective modem was replaced on the SCADA system at Lift Station no. 1 on December 29, 2023.

Mr. Shelnett reported that MOC replaced a two-inch (2") HOA water meter and a one and a half-inch (1.5") HOA water meter on December 12, 2023.

Mr. Shelnett reported that Water Well 1 was pulled for repair on November 27, 2023. He stated that the equipment has been ordered and should arrive by March 1, 2024.

Mr. Shelnett reported that a large number of electronic meter displays have black screens and are unreadable. He stated that the list of meter displays will be forwarded to Accurate Meter for the needed replacements. He noted that the meters are still under warranty.

Director Atchison stated that the District had the former engineer perform a flushing plan and asked whether MOC uses it, especially given the recent water quality issues in the District. Mr. Shelnett stated that MOC received a call from a customer located on Dutchfore a couple of weeks ago, so MOC went to flush the water which ended up stirring up some sediment for others. He stated that the customer then called back ten (10) days later and he had MOC flush again closer to the Water Plant. Mr. Shelnett stated that MOC can review the flushing plan to determine if there is information there that could help with the current issue. Director Atchison asked how often MOC is planning to flush. Mr. Shelnett stated that MOC can perform the flushing quarterly. Director Atchison stated that he has heard that people are having to change water filters every couple of months when they typically should last around six (6) months. Mr. Aranzales requested a copy of the plan to review as well. Mr. Shelnett stated that MOC has not been using the flushing plan since the District has not had a lot of water to spare.

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, 2024. Ms. Richardson 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, 2025. She noted that the premium increased by \$1,983 due to an increase in property values and that Gallagher has provided MRPC with an executed Form 1295 for the proposal. After discussion, Director Atchison 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 Thomas seconded the motion, which carried unanimously.

CONSIDER PROPOSAL FROM TOUCHSTONE DISTRICT SERVICES

The Board next deferred consideration of a proposal from Touchstone District Services for website development and maintenance. Director Wright stated that she and Director Atchison have a call with Touchstone District Services tomorrow to discuss the matter.

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
February 19, 2024

- A. Patrol Report
- B. Bookkeeper's Report
- C. Tax Assessor-Collector Report
- D. Delinquent Tax Report
- E. Resolution Concerning Exemptions from Taxation
- F. Detention and Drainage Facilities Report
- G. Engineer's Report
- H. Operations Report and related handouts