

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
November 18, 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 November 18, 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
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”); Scott Shelnett of Municipal Operations & Consulting, Inc. (“MOC”); Les Griffith of Champions Hydro-Lawn, Inc. (“Champions”); Angela Riley of District Data Services; Robin Goin of Bob Leared Interests, Inc.; Hunter Farrell of McCall Gibson Swedlund Barfoot PLLC (“McCall”); Deputy Martinez of Harris County Constable’s Office (“HCCO”); Godfrey Eta, resident; and Jacquelyn Goodwin 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. Sergeant Martinez reviewed the Patrol Statistics, a copy of which is attached hereto as Exhibit A. She stated that the deputy to be assigned for the evening shift is in phase 3 of training and has not yet been released.

Ms. Goodwin presented correspondence from HCCO regarding the 2026 rate increases for patrol contracts, a copy attached hereto as Exhibit B.

PUBLIC COMMENT

The Board next considered comments from the public. Mr. Eta addressed the Board and stated that he is a new resident in Inverness Estates and is attending the Board meeting for informational purposes.

APPROVE MINUTES

The Board considered approval of the minutes of the Board meeting held on October 21, 2024. After discussion, Director Atchison made a motion to approve the minutes of the meeting

of October 21, 2024, as presented. Director Thomas seconded the motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin presented and reviewed the tax assessor-collector's report dated October 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. Goin next presented the delinquent tax report dated November 18, 2024, by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, LLP, a copy of which is attached hereto as Exhibit D.

REVIEW AND APPROVE AUDIT REPORT FOR FISCAL YEAR ENDING JULY 31, 2023

The Board next considered the approval of an audit report for the fiscal year ended July 31, 2024. Mr. Farrell reviewed the draft audit report and management letter prepared by McCall, attached hereto as Exhibit E. After discussion, Director Atchison 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 Massey seconded the motion, which carried unanimously.

BOOKKEEPING REPORT

The Board reviewed the bookkeeper's report received from District Data Services dated November 18, 2024, a copy of which is attached hereto as Exhibit F. After discussion, Director Thomas made a motion to approve the bookkeeper's report and to authorize payment for the invoices listed therein. Director Atchison seconded said motion, which carried unanimously.

ANNUAL REVIEW OF INVESTMENT POLICY

The Board next considered the annual review of the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order") and the adoption of a Resolution relative thereto. Ms. Goodwin advised that she has no changes to propose at this time and recommended that the current Order remain in effect. After discussion, Director Atchison made a motion to adopt the Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, attached hereto as Exhibit G, and to authorize the President to sign and the Secretary to attest the Resolution on behalf of 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 H.

Mr. Griffith stated that the District was last serviced on October 30, 2024.

Mr. Griffith next recommended cleaning the Albury Trails storm water quality feature and obtaining the renewal permit for same. He stated that he will bring quotes for the cleaning and renewal to next month's meeting.

ENGINEER'S REPORT

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

Mr. Aranzales reported on the blended phosphate water treatment project. He stated that V&S received approval from the Texas Commission on Environmental Quality. Mr. Aranzales then stated that V&S received one bid for the project from Water Services in the amount of \$11,600 and recommended awarding the contract to Water Services. After discussion, Director Thomas made a motion to award the construction contract to Water Services in the amount of \$11,600 for the project. Director Atchison seconded the motion, which unanimously carried.

Mr. Aranzales reported on Water Plant No. 1, Well No. 2. He stated that V&S received approval from the TCEQ to be included with the blended phosphate water treatment project. Mr. Aranzales then stated Alsay replaced some bearings, shafts, and joints at Well No. 2 that were under warranty.

Mr. Aranzales reported on the sanitary sewer cleaning and televising for Inverness Estates, Sections 1, 2 and 4. He stated that V&S received two (2) bids for the project, with the low bid from Allteam Solutions, LLC ("Allteam") in the amount of \$57,308.00, and recommended award of the construction contract to Allteam. After discussion, Director Thomas made a motion to approve award of the construction contract to Allteam Solutions, LLC in the amount of \$57,308.00 for the project. Director Atchison seconded the motion, which unanimously carried.

Mr. Aranzales reported on the status of the construction contract with Wright Solutions, LLC for Inverness Estates Detention Pond Outfall Pipe Repairs. He stated that the project is complete. He then presented Pay Application No. 2, in the amount of \$69,891.00 and recommended payment of same. After discussion, Director Thomas made a motion to approve payment of Pay Application No. 2, in the amount of \$69,891.00, as discussed above. Director Atchison seconded the motion, which unanimously carried.

Mr. Aranzales reported on park and facility maintenance. He stated that the new solar camera was installed. He also stated that the Wixford Lane park gate was reserviced and that the locks on the gate have been reset to correspond with the daylight savings time change. Mr. Aranzales then stated that V&S is waiting on the "Smile You're on Camera" sign to arrive.

Mr. Aranzales reported on the installation of bat houses. He stated that he had not received an update from Eagle Scout Troop 41 on the project.

Mr. Aranzales then reported on the Inverness sidewalk repairs. He stated that V&S submitted a second request to Harris County Precinct 3 regarding the sidewalk depressions following the video results. Mr. Aranzales recommended including same with the televising project for Inverness Estates, Sections 1, 2 and 4. He noted that the sanitary sewer will be inspected and repaired with the Inverness contract. Mr. Shelnuttt stated that two (2) sidewalk panels need to be replaced.

Mr. Aranzales reported on future recreational projects in Albury Trails Estates and Reserve at Inverness. Ms. Goodwin reported that MRPC has sent certified mail to the Hooks family regarding the Board's interest in the Hooks property and has not received a response.

Director Fesler stated that he has received positive feedback from residents regarding the use of the walking trails. He reported that a resident brought to his attention that there are no benches on one side of the trail and asked whether the District would consider adding some benches along that side of the trail. Mr. Aranzales and Director Wright noted that the Board had initially decided against installing benches along that side of the trail, as it borders resident homes, so as not to encourage people to congregate behind the properties. After discussion, Director Massey made a motion to approve the purchase and installation of additional benches at a cost not to exceed \$12,000. Director Atchinson seconded the motion, which unanimously carried. Mr. Aranzales stated that he will bring a map of possible locations for installation of the benches to next month's meeting.

Director Atchison stated that he emailed Mr. Aranzales regarding the gate near the pool area in Albury Trails. He stated that the gate shut and is locked and now cannot be opened. Director Atchison requested that V&S inspect the gate to ensure it is functioning properly.

The Board next considered a discussion regarding the potential acquisition of property from the Inverness Estates Property Owners Association ("IPOA") for the development of park and recreational facilities. Ms. Goodwin presented a copy of the correspondence sent to the IPOA on November 12, 2024, regarding the request for the conveyance of certain tracts owned by the POA.

OPERATIONS REPORT

Mr. Shelnuttt presented and reviewed the operations report for October 2024, a copy of which is attached hereto as Exhibit J. He reported that the District accounted for 97% of the water pumped during the month of October and that the District's facilities operated in compliance with its respective permits during the month.

Mr. Shelnuttt reported that lift station no. 3 lift pump has been repaired and reinstalled.

Director Thomas asked about a charge on October 2nd at the WWTP. Mr. Shelnuttt agreed to research the matter.

Director Atchison asked about an unusually high meter read. Mr. Shelnuttt stated that he spoke with Accurate Meter who advised that the resolution is off. He stated that the multiplier on the account was incorrect. Director Atchison requested that MOC distribute an information sheet

advising residents on how to download the app for the water meters in order to see individual water usage information.

AMENDMENT TO DISTRICT'S RATE ORDER

The Board next deferred consideration of an amendment to the District's Rate Order.

REVIEW AND APPROVE RESOLUTION AUTHORIZING USE OF SURPLUS CONSTRUCTION FUNDS

The Board next considered the review and approval of a Resolution Authorizing Application the Use of Surplus Construction Funds to fund the Blended Phosphate Water Treatment project and the Sanitary Sewer Cleaning and Televising for the approximate amount of \$11,600.00 and \$57,308.00, respectively. After discussion, Director Thomas made a motion to approve a Resolution Authorizing Use of Surplus Construction Funds, 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 REVIEW AND APPROVAL OF INTERLOCAL AGREEMENT WITH HARRIS COUNTY PUBLIC HEALTH REGARDING PARTICIPATION IN HCPH WASTEWATER BASED EPIDEMIOLOGY PROGRAM

The Board next considered the review and approval of an Interlocal Agreement with Harris County Public Health regarding participation in the Wastewater Based Epidemiology Program. The Board agreed that it would not be interested in participating in the HCPH Wastewater Based Epidemiology program.

DISCUSS CATASTROPHIC EQUIPMENT FAILURES AND LIABILITY

The Board next discussed catastrophic equipment failures and the liability relative to same. Ms. Goodwin explained that MRPC contacted the District's insurance carrier to inquire about coverage to third-party property in the event of a catastrophic failure of a District facility that causes damage to such property. She reported that the District's insurance policy covers the legal costs associated with defending the District against property damage claims or other claims related to such issues but will not cover the actual costs of the property damage unless a court held the District liable for same. She explained that the Texas Tort Claims Act absolves governmental entities from most torts resulting property damage so a court would bar most liability claims thereby precluding the payment of insurance proceeds to third-parties sustaining property damage.

COVERED APPLICATIONS AND PROHIBITED TECHNOLOGY POLICY

The Board next considered review and adoption of a Covered Applications and Prohibited Technology Policy. Ms. Goodwin advised the Board that in 2022, the Texas Legislature passed a law banning TikTok and other prohibited applications designated by the Governor from being downloaded, used or accessed on any publicly owned devices and networks over concerns of the Chinese Communist Party's ability to use these applications for surveilling Texans. She stated that the bill also requires that all governmental entities adopt a policy for the prohibition of covered applications and certain technologies. The Board requested that MRPC research whether the

Facebook application is prohibited. After discussion, Director Wright made a motion to adopt the Covered Applications and Prohibited Technology Policy, and to authorize the President and Secretary to execute same on behalf of the Board and the District. Director Atchison seconded said motion, which unanimously carried.

UPDATE FROM TOUCHSTONE DISTRICT SERVICES

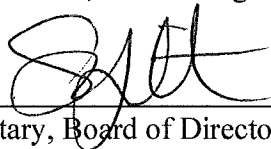
The Board next considered an update from Touchstone District Services. Ms. Goodwin presented the Monthly Communications Report dated November 18, 2024, and reviewed same with the Board, a copy of which is attached hereto as Exhibit K. Director Wright mentioned sending a notification regarding the trash pickup.

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
November 18, 2024

- A. Patrol Report
- B. Correspondence from HCCO
- C. Tax Assessor Collector's Report
- D. Delinquent Tax Report
- E. Draft Audit
- F. Bookkeeper's Report
- G. Resolution Regarding Review of Investment Policy
- H. Detention and Drainage Facilities Report
- I. Engineer's Report
- J. Operations Report and related handouts
- K. Touchstone Communications Report