HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401
Minutes of Meeting of Board of Directors
September 15, 2025

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 September 15, 2025, 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 Shelnutt 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.; Debbie Shelton of Masterson Advisors, LLC ("Masterson"); Sergeant Martinez and Deputy Ramos of Harris County Constable's Office ("HCCO"); Godfrey Eta, Jean Holten, and Luis Abbott, residents of the District; 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.

AMENDMENT TO DISTRICT'S RATE ORDER

The Board next considered an amendment to the District's Rate Order. Director Fesler stated that the HCCO sent out correspondence informing the District that beginning in October 2026, Harris County will be increasing the salaries of its deputies to align with the salaries of the officers working for the City of Houston. He stated that as a consequence, the District's cost to contract with the HCCO for law enforcement services is set to increase substantially in the next couple of years, and proposed implementing a $10 monthly "security fee" as a separate line item on each resident's water bill in an effort to offset the cost increase. After discussion, Director Massey made a motion to amend the District's Rate Order to include a $10 monthly "security fee" for security services in the District. Director Atchison seconded the motion, which passed unanimously.

PUBLIC COMMENT

The Board next considered comments from the public. Mr. Abbott introduced himself to the Board and stated that he is a member of the Albury Trails Estates Homeowners Association ("ATE HOA"). He requested to see a breakdown of the total tax revenue and expenses separated by development, the District's Capital Improvements Plan, and the District's plan, if any, relative to the proposed extension of Champion Forest Drive. Director Atchison advised that the District has made several improvements in Albury Trails Estates including the recent construction of a new ground storage tank. He noted that the District is currently moving forwarding with a sidewalk extension in Albury Trails Estates around the detention pond. Director Atchison stated that Albury Trails Estates is one of the newest developments in the District and is not in need of many improvements at this time, however the District's facilities serve the entire District so any repairs needed to District facilities also benefit the residents of Albury Trails Estates. Director Atchison next stated that the District has received a request to construct a soundwall in Albury Trails Estates due to the proposed extension of Champion Forest Drive. He stated that the Board looked into the matter and it has been determined that the District does not have the authority to install a soundwall. Mr. Aranzales suggested that the ATE HOA petition Harris County to construct a soundwall simultaneously with the construction of the proposed road.

Mr. Eta reported that the Inverness Estates HOA ("IE HOA") is interested in transferring ownership of the property located on Kerrisdale Road to the District and will work with the District to move forward with the transaction.

APPROVE MINUTES

The Board considered approval of the minutes of the Board meeting held on August 18, 2025. After discussion, Director Atchison made a motion to approve the minutes of the meeting of July 21, 2025, as presented. Director Thomas seconded the motion, which unanimously carried.

BOOKKEEPING REPORT

The Board reviewed the bookkeeper's report prepared by District Data Services dated September 15, 2025, a copy of which is attached hereto as Exhibit B. 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.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Goin presented and reviewed the tax assessor-collector's report dated August 31, 2025, 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 Massey seconded the motion, which carried unanimously.

DELINQUENT TAX REPORT

Ms. Goin next presented the delinquent tax report dated September 15, 2025, by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, LLP, a copy of which is attached hereto as Exhibit D.

TAX RATE RECOMMENDATION

Ms. Shelton next presented an analysis and recommendation regarding the proposed 2025 debt service and maintenance tax rate prepared by Masterson, a copy of which is attached hereto as Exhibit E. After discussion, Director Thomas made a motion to authorize the District's Tax Assessor/Collector to publish notice of a public hearing on the adoption of a combined proposed 2025 tax rate of $0.775 per $100 of assessed valuation, with such hearing to be held on October 20, 2025. Director Atchison seconded said 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.

Mr. Griffith stated that the District is scheduled to be serviced this week.

Mr. Griffith reported that the fallen tree on Kerrisdale Road will be removed this week.

Mr. Aranzales stated that there is some erosion occurring near the inlets at the amenity ponds in Inverness Estates. He presented images of the erosion and requested that the Board authorize Champions to investigate the option and obtain proposals to perform necessary repairs. After discussion, Director Thomas made a motion to authorize Champions to investigate the erosion at issue and appoint Director Fesler to review and approve a proposal to perform the repair. Director Atchison seconded the motion, which passed unanimously.

ENGINEER'S REPORT

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

Mr. Aranzales reported on the contract to repair deficiencies found during the sanitary sewer cleaning and televising for Inverness Estates, Sections 7-9. He stated that V&S received three (3) bids for the project, noting AMAR Contractors, LLC ("AMAR"), is the lowest bidder with a bid totaling $49,881.25 and recommended that the Board award the contract to same. After discussion, Director Thomas made a motion to authorize AMAR to complete the sanitary sewer repairs for $49,881.25. Director Massey seconded the motion, which passed unanimously.

Mr. Aranzales reported on the contract for the sidewalk and sanitary sewer repairs for Inverness Estates, Sections 1, 2 and 4 with AMAR Contractors, LLC. He presented Pay Application No. 1 in the amount of $1,800 in connection with sidewalk repairs on Wixford Lane, and recommended payment of same. After discussion, Director Thomas made a motion to approve Pay Application No. 1 and authorize payment of same in the amount of $1,800. Director Massey seconded the motion, which passed unanimously.

Mr. Aranzales next advised that a sinkhole has formed surrounding a storm sewer manhole off Kerrisdale Road and requested authorization to coordinate with Champions to repair it. After discussion, the Board concurred to authorize V&S to coordinate with Champions regarding repairs to the sinkhole.

Mr. Aranzales reported that the property has been staked on Brave Legion Way for the construction of the fence.

The Board deferred discussion on the status of repairs to the sinkhole and sidewalk located on Wixford Lane as same was discussed earlier in the meeting.

Mr. Aranzales next discussed the status of a potential sidewalk extension in Albury Trails Estates. He next presented the attached exhibit showing the locations of proposed sidewalk extensions, and cost estimates to construct a 4-foot wide or 6-foot wide sidewalk. After discussion, Director Thomas made a motion to approve the construction of a 6-foot-wide sidewalk extension in Albury Trails Estates. Director Thomas seconded the motion, which passed unanimously.

Mr. Aranzales next discussed the proposed acquisition of the 7.509 acre tract owned by IE HOA. He stated that the IE HOA has expressed its interest in conveying the 7.509 acre tract on Kerrisdale Road to the District and will be meeting later this week to make a formal decision on the matter. He presented the attached exhibit showing the location and size of the tract, and requested Board authorization to move forward with the preparation of a survey, and the metes and bounds, and to authorize MRPC to move forward with the preparation of the conveyance documents following confirmation of the IE HOA's decision to move forward with the transaction. After discussion, Director Thomas made a motion to authorize V&S to proceed with the preparation of a survey and metes and bounds of the 7.509 acre tract, and to authorize MRPC to prepare conveyance documents following receipt of approval from the IE HOA. Director Atchison seconded the motion, which passed unanimously.

Director Massey reported that the Eagle Scouts have installed plaques on the bat houses.

Ms. Goin exited the meeting at this time.

<u>OPERATIONS REPORT</u>

Mr. Shelnutt presented and reviewed the operations report for August 2025, a copy of which is attached hereto as <u>Exhibit H.</u> He reported that the District accounted for 93% of the water pumped during the month of July and that the District's facilities operated in compliance with its respective permits during the month.

Mr. Shelnutt next reported that the detention pond bubbler has been installed.

Mr. Shelnutt stated that MOC has completed the fire hydrant survey.

Mr. Shelnutt stated that the issue regarding the submittal of the District's DMR has been resolved.

Mr. Shelnutt reported that a 1-1.5-inch IRR meter was replaced on July 25, 2025.

Mr. Shelnutt advised that the motor to for blower 2 at the Wastewater Treatment Plant short-circuited and there was a soft start. He stated that an insurance claim has been submitted.

Mr. Shelnutt next reported lift pump no. 2 at Lift Station No. 3 is currently in the shop due to a defective cord and seal.

Director Thomas asked about the cause of the District's lower accountability percentage for the month of August. Mr. Shelnutt advised that water well no. 2 was out of service due to an issue with its switch which resulted in lower accountability.

UPDATE FROM TOUCHSTONE DISTRICT SERVICES

The Board next considered an update from Touchstone District Services. Ms. Goodwin presented the Monthly Communications Report dated September 15, and reviewed same with the Board, a copy of which is attached hereto as Exhibit I.

ANNUAL REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER

The Board next considered the annual review and approval of an Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order"), including a revised form of Collateral Security Agreement ("CSA") attached hereto as Exhibit J. Ms. Goodwin presented and discussed the attached Order and CSA form with the Board. After discussion, Director Atchison moved to approve the Order and CSA form and authorize the President to sign and the Secretary to attest on behalf of the Board and the District. Director Massey seconded the motion, which passed unanimously.

REVIEW OF ARBITRAGE ANALYSIS REPORT PREPARED BY MUNICIPAL RISK MANAGEMENT GROUP, L.L.C.

The Board next considered review of an arbitrage analysis report prepared by Municipal Risk Management Group, L.L.C., attached hereto as Exhibit K. Ms. Goodwin reviewed the annual maintenance for arbitrage analysis report with the Board. After discussion, Director Atchison made a motion to approve the attached report and for Arbitrage Compliance Specialists to continue their evergreen contract obligations to perform calculations of outstanding bonds. Director Thomas 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