

MINUTES OF REGULAR MEETING
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
HARRIS COUNTY, TEXAS

3 November 2021

THE STATE OF TEXAS §
COUNTY OF HARRIS §

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 11 (the "District") met in regular session, open to the public at 5:00 p.m. on Wednesday, the 3rd day of November 2021, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Kenneth D. Vasina	President/Investment Officer
Cynthia Ann Cruz	Vice President
Tammy B. Rose	Secretary/Treasurer
Marvin L. Zahradnik	Assistant Secretary/Treasurer
[Vacant]	Assistant Vice President

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

Also present were Robin Goin of Bob Leared Interests ("Leared"), the District's Tax Assessor/Collector; Drew Masterson representing Masterson Advisors, LLC ("Masterson"), the District's Financial Advisor; Troy Bordelon, P.E., of A&S Engineers, Inc. ("A&S"), the District's Engineer; Dick Yale, Cole Konopka and David Green of Coats Rose, P.C., the District's Attorney; JoAnn Vasina; and Leroy Rose, a resident of the District. Attending the meeting by teleconference was Dennis Wright of Water District Management Company, Inc., the District's Operator.

Director Vasina called the meeting to order.

Tax Assessor/Collector's Report

Ms. Goin presented the Tax Assessor/Collector's Report for the Board's consideration. She reported that the District's 2020 tax levy was 97% collected as of 31 October 2021. She asked for the Board's approval of five checks written on the District's tax account and two transfers by wire as follows: the transfer of \$3,046.75 in revenues from the District's tax for maintenance and operations to the General Fund and the transfer of \$5,000 to the Debt Service Fund. Ms. Goin then called the Board's attention to the list of Top Delinquent Taxpayers, a copy of which is included in the Tax Assessor/Collector's Report.

After discussion, upon a motion duly made by Director Rose and seconded by Director Cruz, the Board voted unanimously to: (1) accept the Tax Assessor/Collector's Report; and (2) authorize the disbursements from the District's Tax Account as listed therein. A copy of the Tax Assessor/Collector's Report is attached hereto as an exhibit to these minutes.

History of Acreage and Tax Values / Commercial and Undeveloped Property

Director Vasina presented the District's Attorney with a set of tables denoting the acreage and tax valuation of commercial and undeveloped property in the District during the period of 1 January 2016 through 1 January 2020 (the "Valuation Tables"). A copy of the Valuation Tables is attached hereto as an exhibit to these minutes.

Hearing on Proposed Tax Rate

The Board then convened a public hearing to discuss the proposed tax rate for the 2021 tax year (the "Tax Rate"). The Directors noted that there were no taxpayers of the District in attendance who desired to address the Board regarding the Tax Rate.

Adopt Order Levying Taxes

Next, the Directors reviewed an ORDER LEVYING TAXES as prepared by Coats Rose, P.C., the District's Attorney. Then, upon a motion duly made and seconded, the Board voted unanimously to adopt a debt service tax rate of \$0.455 per \$100 of assessed valuation. The Board then, upon a motion duly made by Director Rose and seconded by Director Zahradnik, voted unanimously to adopt a maintenance tax rate of \$0.240 per \$100 of assessed valuation and to adopt the ORDER LEVYING TAXES, a copy of which is attached hereto and shall be considered a part of these minutes.

Amendment to Information Form

The Board then considered Amendment Number 55 to the District's Information Form (the "Amendment") that states the District's most recent tax rate and will be filed with the Texas Commission on Environmental Quality (the "Commission") and in the Official Public Records of Real Property of Harris County, Texas. After discussion, upon a motion duly made by Director Rose and seconded by Director Zahradnik, the Board voted unanimously to approve the Amendment and to authorize filing of same. A copy of the Amendment as approved is attached hereto and shall be considered part of these minutes.

Engineer's Report

Then Mr. Bordelon presented the Engineer's Report, a copy of which is attached hereto as an exhibit.

Rehabilitation of Sanitary Sewer Lines in Woodgate Subdivision, Sections 1 and 2 (the "Sewer Repairs"). Mr. Bordelon reported on the status of the contract with King Solution Services LLC ("KSS") for the Sewer Repairs. He stated that KSS was mobilizing to repair the sanitary sewer line segment between manholes Nos. 14 and 61 via the open cut method next week. Because of the depth of the sanitary sewer line, he continued, larger equipment is needed to complete the work.

Mr. Bordelon then reported that KSS was unable to televise the sanitary sewer line segments between manholes Nos. 8-14 and manholes Nos. 3-5 due to the sanitary sewer lines holding water. All other sanitary sewer lines were televised successfully, he continued, and A&S is working with the contractor to address the deficiencies that were found during the inspection. Following completion of the open cut repairs to the sanitary sewer line between manholes Nos. 14 and 61, he told the Board, the contractor should be able to televise the sanitary sewer line segments between manholes Nos. 8 and 14. Mr. Bordelon remarked that KSS will survey the sanitary sewer line segments between manholes Nos. 3 and 5 to determine whether the issue is caused by the manholes sinking or with the sanitary sewer line segments themselves.

Request for Service / Used Car Lot on Veterans Memorial Drive. Mr. Bordelon reported that the District's Engineer and Operator had reviewed the plans for a mobile office to be located on the used car lot at 10495 Veterans Memorial Drive. He added that A&S was awaiting the submittal of a copy of the full plan set and detail on the proposed screen chain link fence for final review.

Emergency Preparedness Plan (the "EPP"). Mr. Bordelon reported on the preparation of the revised EPP pursuant to the 28 May 2021 Affected Utility Compliance letter from the Commission. He stated that A&S would notify the Board when the revised EPP has been submitted to the Commission.

Emergency Response Plan (the "ERP"). Mr. Bordelon reported on the status of the ERP to be certified to the U.S. Environmental Protection Agency by 28 December 2021 pursuant to the requirements of the America's Water Infrastructure Act. He stated that preparation of the ERP was in progress.

List of Items Needing Repair or Replacement. Mr. Bordelon reviewed with the Board the draft Facility Evaluation Report as prepared by the District's Engineer (the "Evaluation Report"). A copy of the Evaluation Report is included with the Engineer's Report. He called the Board's attention to the list of improvements, repairs, and items needing attention at the Water Plants and Wastewater Treatment Plant that could be handled by the District's Operator, as presented on page 10 of the Evaluation Report (collectively, the "Improvements"). Mr. Wright stated that he would prioritize the Improvements and present cost estimates for same at a future meeting of the Board. A discussion then ensued regarding the possible acquisition of three auxiliary generators for use at the District's facilities.

Renewal of Stormwater Quality Permit (the "SWQ Permit"). Mr. Bordelon reported that the SWQ Permit for the Maple Ridge Place Detention Pond was approved for renewal. He stated that the expiration date for the renewed SWQ Permit is 15 October 2022.

Inspection of Ground Storage Tank (the "GST"). Mr. Bordelon informed the Board that the District's Engineer and Operator are coordinating to schedule the 5-year full inspection of the GST at Water Plant No. 1 (the "GST Inspection"). Mr. Wright remarked that the GST Inspection would take place sometime after the Thanksgiving holiday.

Water Supply and Groundwater Reduction Plan Wholesale Agreement (the "GRP Agreement"). The Board discussed matters relating to the GRP Agreement dated 5 March 2003 between the District and the City of Houston (the "City"). Mr. Bordelon reviewed with the Board electronic mail messages between the District's Engineer and Veronica Osegueda of the City's Public Works and Engineering Department regarding the projected schedule for the District to receive surface water from the City, copies of which are included with the Engineer's Report. According to Ms. Osegueda, he told the Board, the City intends to begin providing surface water to the District after 2025. Mr. Bordelon remarked that the City intends to provide surface water to the District either by extending its 66-inch water line along Green Road to go just south of Beltway 8 or extending its 108-inch water line that is now under construction. He distributed to the Board copies of the preliminary Overview Map prepared by the City denoting the proposed GRP Conversion Water Lines in Northeast Area Group B (the "Map"). A copy of the Map is attached hereto.

Mr. Bordelon then reported that the District's Engineer is reviewing plans submitted by the Central Harris County Regional Water Authority (the "CHCRWA") in connection with the CHCRWA's project to provide surface water to Harris County Municipal Utility District No. 33 ("HCMUD 33") and Fallbrook Utility District ("Fallbrook UD"). He stated that a portion of the CHCRWA's water transmission line to serve HCMUD 33 and Fallbrook UD would be located within the boundaries of the District.

Traffic Issues in Woodgate Subdivision, Section 3 ("Section 3"). The Board discussed matters relating to traffic issues in Section 3. Director Zahradnik pointed out to the Board that the two entrances to Section 3 are located at the intersections of (1) Veterans Memorial Drive and Beltwood Road; and (2) Veterans Memorial Drive and Marshwood Road. During times of heavy traffic on Veterans Memorial Drive, he told the Board, it is impossible for motorists leaving Section 3 on Beltwood Road or Marshwood Road to make a left turn onto the northbound lane of Veterans Memorial Drive. After discussion, Mr. Bordelon stated that he would inquire with Harris County about the possibility of a traffic light being placed at the intersection of Veterans Memorial Drive and Marshwood Road.

After discussion, upon a motion duly made by Director Rose and seconded by Director Cruz, the Board voted unanimously to accept the Engineer's Report.

Operator's Report

Mr. Wright presented the Operator's Report, a copy of which is attached hereto as an exhibit to these minutes. He reviewed with the Board the condition of the District's facilities.

Arsenic Remediation System (the "Arsenic System"). Mr. Wright reported on the status of the Arsenic System.

Water Interconnections. Mr. Wright reported that the water interconnections between the District and Forest Hills Municipal Utility District ("Forest Hills MUD"), Fallbrook UD, and HCMUD 33 were all closed at this time. He noted that the District currently owes Forest Hills MUD 131,000 gallons of water.

After review, upon a motion duly made by Director Rose and seconded by Director Zahradnik, the Board voted unanimously to accept the Operator's Report.

Series 2021 Refunding Bonds

Next, the Board discussed the proposed sale of the District's Series 2021 Refunding Bonds (the "Refunding Bonds"). Mr. Masterson reviewed with the Board a set of schedules (the "Refunding Analysis") prepared by the District's Financial Advisor with regard to the proposed refunding of portions of the District's Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2015 (the "Series 2015 Bonds"). A copy of the Refunding Analysis is attached hereto and shall be considered to be part of these minutes. He stated that in today's market, the estimated total gross savings to be achieved through the sale of the Refunding Bonds would be approximately \$235,288, and the net present value savings would be approximately 6.48%. Mr. Masterson submitted the draft Preliminary Official Statement for the Board's consideration. He said that the guidelines for an offering document for the issuance of municipal bonds were that the offering document should have no material misstatements and no material omissions. He noted that the consultants of the District were responsible for certain sections of the document; however, He stressed that the Board had the primary responsibility for the offering document. Mr. Masterson stated that the aggregate principal amount of the portions of the Series 2015 Bonds to be refunded would total \$2,700,000 as of this date.

Mr. Masterson then explained that SAMCO Capital Markets, Inc. ("SAMCO") would serve as the underwriter for this negotiated sale of bonds. He submitted for the Board's review and approval the letter dated 8 September from SAMCO (the "Rule G-17 Letter") regarding certain disclosures relating to the sale of the Refunding Bonds as required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 as set forth in MSRB Notice 2012-25. After discussion, upon a motion duly made by Director Rose and seconded by Director Cruz, the Board voted unanimously to authorize Director Vasina to execute the Rule G-17 Letter, a copy of which is attached hereto as an exhibit.

Then Mr. Masterson presented the Board with a letter dated 3 November 2021 from Masterson regarding the Financial Advisory Fee to be charged to the District by Masterson for services rendered in connection with the sale of the Series 2021 Refunding Bonds. A copy of the letter is attached hereto as an exhibit to these minutes.

Mr. Masterson recommended that the District have The Bank of New York Mellon Trust Company, N.A., serve as the Paying Agent/Registrar for the Refunding Bonds. He then mentioned that the District would have to have a securities counsel for the Refunding Bonds, and he noted that the securities counsel would issue an opinion on the transaction. He also noted that the District could have a special tax counsel for the transaction. He then recommended that: (1) McCall, Parkhurst & Horton, L.L.P., serve as the securities counsel for the issue; and (2) McCall, Parkhurst & Horton, L.L.P. serve as the special tax counsel for the issue. He stressed that all fees would be paid by the District and that all fees were accounted for in calculating the savings to the District by virtue of the Refunding Bonds.

Mr. Masterson informed the Board that the Refunding Bonds are expected to receive an insured rating of "AA" from Standard and Poor's Global Rating Services and an insured rating of "A2" from Moody's Investors Services ("Moody's") based on the issuance of a financial guaranty insurance policy at the time of delivery of the Refunding Bonds. He added that Moody's has assigned an underlying credit rating of "Baa1" to the District.

Then Mr. Konopka presented for the Board's review and approval the following documents: (1) an Order Adopting Preliminary Official Statement and Authorizing Distribution Thereof; (2) a Resolution Regarding Delegation of Authority for the Sale of Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2021 (the "Delegation Resolution"); (3) a Resolution Adopting Authorization and Execution of Official Statement and Ratifying Distribution of Preliminary Official Statement (the "Official Statement Resolution"); and (4) a Resolution Authorizing the Issuance of Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2021; Authorizing the Redemption Prior to Maturity of Certain Outstanding Bonds; Authorizing the Current Refunding of Certain Outstanding Bonds; and Containing Other Matters Related Thereto (the "Bond Resolution").

Mr. Konopka explained that the sale of the proposed Refunding Bonds would rely on the authority of Government Code, Section 1207.007 which allows the Board to delegate authority to an individual director of the District to approve the terms of the Refunding Bonds within parameters established by the full Board. He explained further that the Delegation Resolution: (1) delegates to Director Vasina, and in his absence any member of the Board, authority to approve the terms of the Refunding Bonds and to take all actions necessary, including the approval and execution of documents and other actions, to effect the sale of the Refunding Bonds; (2) sets the maximum principal amount of the Refunding Bonds at \$10,000,000; (3) sets a maximum net effective interest rate of 2% above the highest average interest rate reported by the Daily Bond

Buyer in its weekly "20-Bond Index" during the one-month period next preceding the date of sale of the Refunding Bonds; and (4) establishes a minimum net present value savings to be achieved through issuance of the Refunding Bonds of 5.0%. Mr. Masterson noted that the Refunding Bonds would be marketed at the time determined to be most advantageous to the District, immediately after which Director Vasina would be asked to execute the bond sale documents.

After further discussion, upon a motion duly made by Director Rose and seconded by Director Cruz, the Board voted unanimously to: (1) approve SAMCO Capital Markets, Inc. as the underwriter for the Refunding Bonds; (2) approve the Order Adopting Preliminary Official Statement and Authorizing Distribution Thereof; (3) adopt the Delegation Resolution; (4) adopt the Official Statement Resolution; (5) approve the Bond Resolution; and (6) approve all necessary documents and actions related to the sale of the Refunding Bonds and to authorize all Directors and/or consultants to execute all documents and instruments, complete all matters, and take all necessary actions relating to the issuance, approval by the Attorney General, sale, delivery, and closing of the Refunding Bonds. Copies of the aforementioned documents can be found in the official transcript of proceedings for the Refunding Bonds.

Proposed Letter Agreement for Services of Special Tax Counsel

Then Mr. Konopka submitted to and reviewed with the Board the proposed Letter Agreement between the District and McCall, Parkhurst & Horton L.L.P. ("McCall Parkhurst") for services of Special Tax Counsel in connection with the proposed sale of the District's Series 2021 Refunding Bonds. The fee payable to McCall Parkhurst for its services as Special Tax Counsel, said Mr. Konopka, would be an amount equal to the greater of (1) \$6,500; or (2) an amount equal to the sum of (a) the principal amount of the refunding bonds (up to and including \$10,000,000) multiplied by 0.2%; and (b) the principal amount of the refunding bonds over \$10,000,000 multiplied by 0.1%. He noted that McCall Parkhurst would also bill the District for any additional services provided, as well as actual expenses incurred by McCall Parkhurst that were not considered part of the compensation described above.

After discussion, upon a motion duly made by Director Rose and seconded by Director Cruz, the Board voted unanimously to approve the Letter Agreement and to authorize Director Vasina to execute same. An executed Letter Agreement is attached hereto and shall be considered to be part of these minutes.

Resolution Regarding Approval of Contingent Fee Contracts

Consideration was then given to adopting a RESOLUTION REGARDING APPROVAL OF CONTINGENT FEE CONTRACTS. By adopting the Resolution, said Mr. Konopka, the Board would confirm that: (1) the public notice required under Government Code, Section 2254.1036 (a)(1) had been accomplished; (2) the Board had approved the Letter Agreement at an open meeting of the Board; (3) the Board had found that there is a substantial need for the legal services to be provided to the District

by McCall Parkhurst that are to be paid on a contingent fee basis; and (4) the Board had determined that the services required for the issuance of bonds or other public securities, to be paid for based on a contingent fee, cannot be performed by supporting personnel of the District nor are they obtainable under a contract providing only for the payment of hourly fees without regard to the outcome of the matter.

After discussion, upon a motion duly made by Director Rose and seconded by Director Cruz, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto as an exhibit to these minutes.

There being no further business to come before the Board, the meeting was adjourned.

Secretary, Board of Directors

SEAL

Harris County Municipal Utility District No. 11
Meeting of 3 November 2021
Attachments

1. Tax Assessor/Collector's Report;
2. Valuation Tables / commercial and undeveloped property;
3. ORDER LEVYING TAXES;
4. Amendment Number 55 to the District's Information Form
5. Engineer's Report;
6. Map / City of Houston Conversion Water Lines Northeast Group B (Preliminary);
7. Operator's Report;
8. Refunding Analysis;
9. Rule G-17 Letter;
10. Letter from Masterson Advisors, LLC;
11. Letter Agreement / McCall, Parkhurst & Horton L.L.P.; and
12. RESOLUTION REGARDING APPROVAL OF CONTINGENT FEE CONTRACTS.