

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

26 January 2022

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 the 26th day of January 2022 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 Dennis Wright of Water District Management Company, Inc., the District's Operator; Dick Yale, Christopher Hsu, and David Green of Coats Rose, P.C., the District's Attorney; JoAnn Vasina, an interested party; and Leroy Rose, a resident of the District. Attending the meeting by teleconference were Claudia Redden of Claudia Redden & Associates, LLC; and Troy Bordelon, P.E., of A&S Engineers, Inc. ("A&S"), the District's Engineer;

Director Vasina called the meeting to order.

### **Approval of Minutes**

The Board first considered approval of the minutes of the meetings of 22 December 2021 and 5 January 2022. Directors Zahradnik and Vasina both requested revisions to page 4 of the minutes of 5 January 2022. After discussion, upon a motion duly made by Director Rose and seconded by Director Zahradnik, the Board voted unanimously to approve the minutes of the meetings of 22 December 2021 as written and the minutes of the meeting of 5 January 2022 as amended.

### **Bookkeeper's Report**

Ms. Redden presented the Bookkeeper's Report for the Board's consideration. She commented on the income to the District, summarized the activity in each of the District's accounts, and listed the balance in each account. Ms. Redden discussed the

District's investment information with the Board and reviewed the District's Investment Report, as included in the Bookkeeper's Report. She noted that TexPool had paid an average interest rate of 0.0376% per annum for the reporting period. Ms. Redden then reviewed with the Board the Special Projects Report. A copy of the Special Projects Report is attached hereto as an exhibit to these minutes.

The Board then completed the review of the invoices to the District and the checks prepared in payment thereof. After further discussion, upon a motion duly made by Director Rose and seconded by Director Cruz, the Board voted unanimously to: (1) accept the Bookkeeper's Report; (2) authorize the payment of the District's bills; and (3) approve the Investment Report. Copies of the Bookkeeper's Report and Investment Report are attached to and shall be considered to be 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 called the Board's attention to a summary of the finding of items of work required for the sanitary sewer line segments that were previously surcharged, as detailed in the Engineer's Report.

Mr. Bordelon then recalled that KSS had submitted Pay Estimate No. 4 in the amount of \$101,734.20 in connection with the Sewer Repairs project and that payment of said Pay Estimate No. 4 was approved at the Board's meeting on 5 January 2022. Mr. Bordelon informed the Board that A&S had since received a Notice of Unpaid Account from Core & Main, LP ("Core & Main"), a subcontractor hired by KSS, which contended that there was an unpaid balance of \$63,648.47 that was due to Core & Main from KSS. A copy of the Notice of Unpaid Account is included with the Engineer's Report. He recommended that the District's Bookkeeper withhold payment of Pay Estimate No. 4 until the matter between KSS and Core & Main is resolved.

Request for Service / Taco Bell Restaurant. Mr. Bordelon reported on the request for service from the new Taco Bell restaurant located on Veterans Memorial Boulevard north of Aldine Western Road (the "Restaurant"). He stated that the District's Engineer had issued a comment letter on the plans for the Restaurant to the applicant and was awaiting receipt of a revised set of plans. A copy of the comment letter is included with the Engineer's Report.

Request for Service / Used Car Lot on Veterans Memorial Drive. Mr. Bordelon reported that the District's Engineer had received a request from the applicant for a refund of the balance of the deposit placed with the District in connection with the request for service. He stated that A&S would consult with the District's Operator to determine whether there were any outstanding invoices in connection with this matter.

Inspection of Ground Storage Tank (the "GST"). Mr. Bordelon reported that A&S had received the evaluation report in connection with the 5-year full inspection of the GST at Water Plant No. 1 that was performed in December 2021. He stated that the District's Engineer was reviewing the evaluation report and would prepare a cost estimate for any rehabilitation work on the GST that might be necessary.

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 the design schedule for the City's GRP Conversion Water Line NE Area Group B project, a copy of which is attached hereto as an exhibit to these minutes.

Central Harris County Regional Water Authority (the "CHCRWA"). The Board discussed matters relating to the CHCRWA's proposed surface water transmission line project (the "Transmission Line") to provide surface water to Harris County Municipal Utility District No. 33 and Fallbrook Utility District ("Fallbrook UD"). Mr. Bordelon reported that the District's Engineer is awaiting receipt from the CHCRWA of a set of plans for the Transmission Line that incorporates the District's water distribution facilities. He stated that a copy of the draft utility easements and the joint facilities agreement between the CHCRWA and the North Harris County Regional Water Authority were sent to the District's Attorney for review. Mr. Bordelon remarked that at a future meeting of the Board he would present an exhibit showing the extent of the proposed CHCRWA utility easements relative to the existing District-owned utility easements. A discussion ensued regarding the proposed route of the Transmission Line. Director Vasina expressed his view that the CHCRWA should consider either routing its Transmission Line along the eastern side of Veterans Memorial Boulevard or allowing Fallbrook UD to continue to use groundwater.

Memorial Plaques for Former Directors (the "Plaques"). The Board discussed matters relating to the Plaques honoring former Directors Marjorie Guillory and Billy D. Taylor to be installed in the retaining wall on the southwest corner of the intersection of Woodsdale Boulevard and Woodington Drive. Mr. Bordelon reported that he was awaiting a schedule from the manufacturer for the installation of the Plaques.

Potential Capital Improvement Projects at the District's Facilities. Mr. Bordelon reported that the District's Engineer was drafting a list of potential capital improvement projects for review at a future meeting of the Board.

Veterans Memorial Boulevard / Stormwater Drainage. The Board briefly discussed matters relating to stormwater drainage along Veterans Memorial Boulevard in the District. Director Zahradnik expressed his desire for the District's Engineer to study the stormwater drainage along the western side of Veterans Memorial Boulevard and determine whether a drainage channel should be constructed and culverts added in said location.

Inspection of Storm Sewer Outfall Pipes Into Drainage Channels and Roadside Ditches along Veterans Memorial Drive (the "Outfall Inspection"). Mr. Bordelon reported that A&S is scheduling the Outfall Inspection and will present the findings from same at a future meeting of the Board.

Arsenic Remediation System at Water Plant No. 2 (the "Arsenic System"). Mr. Bordelon reported that the pilot study for the proposed Arsenic System had commenced.

Notice of Application for Municipal Setting Designation. Mr. Bordelon called the Board's attention to a letter from Golder Associates, Inc. in connection with an application submitted to the Texas Commission on Environmental Quality for a Municipal Setting Designation ("MSD") for the MOGAS Industries property located at 14330 East Hardy Road in Houston. A copy of the letter is included with the Engineer's Report. Mr. Bordelon remarked that the MSD was unlikely to affect the District. He explained that the notice of the application was distributed to all owners and operators of water wells located within five miles of the proposed MSD site.

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. Mr. Wright stated that the total water accountability rate for the District's wells was 90.3% for the month of December 2021. He noted that the results of the bacteriological tests performed on samples of the District's water indicated that no coliform organisms were present. Mr. Wright then reported that the District's Wastewater Treatment Plant (the "Plant") treated an average flow of 254,000 gallons per day during the month, representing a flow equal to 50.8% of the design capacity for the Plant. Also reviewed was the Arsenic Analysis Report, a copy of which is included with the Operator's Report.

A discussion ensued regarding water usage by certain customers of the District. Director Vasina expressed his concern regarding possible excessive water usage during calendar year 2021 by the Houston National Cemetery and the Jack in the Box restaurant located in the District. Mr. Wright stated that the District's Operator would look into whether water leaks might be a factor in the water usage for those customers.

Automated Mass Notification System. The Board then discussed the status of the automated mass notification system (the "Notification System") for providing information to the District's customers by electronic mail, SMS text messages, or automated telephone calls. Mr. Wright reported that messages were recently sent through the Notification System to approximately 1,140 District customers.

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

### **Termination of Service**

Consideration was then given to the termination of water and sewer service to certain delinquent accounts. The President recognized Mr. Wright, who advised the Board that the requisite notifications had been given to each customer and that each customer was advised of the date, time, and place of the Board meeting which they could attend to discuss termination of service. The Board noted that there were no customers present to protest the utility billings. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the Operator to terminate the water and sewer service to those accounts listed on the termination list.

### **Security Patrol Report**

Director Zahradnik presented a brief report on security-related matters in the District, including a possible incident involving animal cruelty. He then presented the District's Attorney with copies of (1) an electronic mail message from himself to the District's Attorney and Director Rose regarding the Harris County Animal Cruelty Task Force; and (2) an electronic mail message from himself to the District's Attorney and Director Rose regarding Senate Bill 5 (the Safe Outdoor Dogs Act) as approved by the 87th Texas Legislature (3rd Special Session – 2021). Copies of the electronic mail messages are attached hereto.

### **Attorney's Report**

Mr. Yale presented the Attorney's Report.

Security Service Contract. Mr. Yale reviewed with the Board a copy of the Security Service Contract with Harris County (the "County") for the term of 1 March 2022 through 30 September 2022 (the "Contract") as executed earlier this month by Director Vasina. A copy of the Contract is attached hereto as an exhibit to these minutes. Mr. Yale pointed out to the Board that the term of the Contract was for seven months because the County is changing its fiscal year schedule. He called the Board's attention to a letter from the County's Office of Management and Budget, a copy of which is attached hereto. The County's next fiscal year will start on 1 March 2022, he explained, and conclude on 30 September 2022. Thereafter, he continued, the County's fiscal years will commence on 1 October and conclude on 30 September of the following year. Mr. Yale stated that to remain aligned with the County's budget timeline, the Contract term has changed to follow the County's fiscal year schedule. The monthly rate to be charged to the District under the Contract for the for the term of 1 March through 30 September 2022 will remain the same as for the current Contract term, said Mr. Yale, and the total amount due to the County under the Contract is pro-rated to reflect the seven-month Contract term.

Proposal for Arbitrage Compliance Program. Mr. Yale reviewed with the Board the proposal (the "ACSI Proposal") submitted by Arbitrage Compliance Specialists, Inc., for the arbitrage compliance and project fund yield restriction compliance program that addresses requirements of the U.S. Treasury Department and the U.S. Internal Revenue Service with regard to the District's Series 2021 Refunding Bonds. Mr. Yale stated that the estimated cost for the initial analysis under the ACSI Proposal is \$450. After discussion, upon a motion duly made by Director Rose and seconded by Director Cruz, the Board voted unanimously to accept the ACSI Proposal and to authorize Director Vasina to execute same. A copy of the ACSI Proposal as accepted by the Board is attached hereto and shall be considered to be part of these minutes.

Memorandum Regarding City of Houston and CHCRWA Water Line Projects. Mr. Yale reviewed with the Board a memorandum from the District's Attorney regarding the rights of the District with regard to the possible construction by the City and the CHCRWA of surface water transmission lines within the boundaries of the District. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Yale remarked that the Texas Special District Local Law specifically grants the CHCRWA broad authority to construct water infrastructure inside and outside of its designated boundaries. He continued that the law states that the CHCRWA may, by use of easements, acquire land to fulfill its intended "purposes, powers, and duties." Mr. Yale explained that the CHCRWA's "powers and duties" include acquiring and developing "surface water and groundwater supplies from sources inside and outside the boundaries of the authority" for purposes of distributing, selling, and delivering water to people both inside and outside the CHCRWA's boundaries. He added that the CHCRWA is given the authority to exercise eminent domain by condemnation, obtaining easements, or any other means necessary to acquire land within and outside of its territory for the purpose of pumping, storing, treating, or transporting water.

With regard to the City, for potential overlapping water transmission line projects undertaken by the City and the CHCRWA, Mr. Yale told the Board that the law requires the CHCRWA to strive to cooperate with the City to develop an efficient surface water distribution system.

Possible Appointment of Director. The Board discussed matters relating to the possible appointment of a Director of the District to fulfill the unexpired term that concludes in May 2023. Director Cruz stated that District resident Luther Cowling was interested in serving as a Director. Mr. Yale discussed with the Board the requirements for an individual to serve as a Director. After discussion, the Directors expressed their desire for Mr. Cowling to attend the Board's meeting on 2 February 2022.

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

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Secretary, Board of Directors

SEAL

Harris County Municipal Utility District No. 11  
Meeting of 26 January 2022  
Attachments

1. Bookkeeper's Report;
2. Special Projects Report;
3. Engineer's Report;
4. Design Schedule / GRP Conversion Water Line NE Area Group B;
5. Operator's Report;
6. Two Emails from Director Zahradnik;
7. Security Service Contract;
8. Letter from Harris County Office;
9. Engagement Letter / Arbitrage Compliance Specialists, Inc.; and
10. Coats Rose memo / water line easements.