

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

23 February 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 Wednesday, the 23rd day of February 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 Ratcliff	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 Claudia Redden of Claudia Redden & Associates, Inc., the District's Bookkeeper; Drew Masterson of Masterson Advisors LLC ("Masterson"), the District's Financial Advisor; Troy Bordelon, P.E., and Hala Abdo, P.E., of A&S Engineers, Inc. ("A&S"), the District's Engineer; Dennis Wright of Water District Management Company, Inc. ("WDM"), the District's Operator; JoAnn Vasina, an interested party; David Quin, representing the Public Power Pool; Luther Cowling and Leroy Rose, residents of the District; and Dick Yale, Christopher Hsu, and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

Director Vasina called the meeting to order.

### **Appointment of Director**

The Board first considered the items listed on the agenda pertaining to the appointment of a new Director to the Board. Mr. Yale presented an ORDER APPOINTING DIRECTOR for the Board's review. He noted that the Order stipulates that Luther F. Cowling has agreed to serve as a Director of the District to fulfill the unexpired term that concludes in May 2023. Upon a motion duly made by Director Rose and seconded by Director Zahradnik, the Board voted unanimously to adopt the Order, a copy of which is attached hereto and shall be considered to be a part of these minutes. Director Cowling then presented his Oath of Office, Statement of Officer, and Affidavit for Director for the Board's review and approval. Upon a motion duly made and

seconded, the Board voted unanimously to approve the referenced documents as presented, copies of which are attached hereto. Director Cowling then presented the District's Attorney with his Statement of Director regarding the disclosure of his address and telephone number, a copy of which is attached hereto as an exhibit to these minutes.

Mr. Yale noted that Director Cowling would need to complete the required Texas Open Government training within 90 days (24 May 2022).

### **Election of Officers**

The Directors next considered the need to reconstitute the Board of Directors, pursuant to the requirements of Section 49.054(b), Texas Water Code. After discussion, upon a motion duly made by Director Zahradnik and seconded by Director Cruz, the Board voted unanimously to elect the Directors to the offices indicated:

Kenneth D. Vasina	President/Investment Officer
Cynthia A. Ratcliff	Vice President
Tammy B. Rose	Secretary/Treasurer
Marvin L. Zahradnik	Assistant Secretary/Treasurer
Luther F. Cowling	Assistant Vice President

Then, upon a motion duly made by Director Rose and seconded by Director Zahradnik, the Board voted unanimously to authorize Coats Rose to prepare a revised District Registration Form and file same with the Texas Commission on Environmental Quality (the "Commission").

### **Travel Allowance for Attendance at Board of Directors Meetings**

Then the Board discussed the travel allowance (the "Allowance") that is paid to a Director for driving to attend a meeting of the Board at the offices of Coats Rose. The Directors expressed their desire to increase the Allowance from \$15 to \$25. After discussion, upon a motion duly made by Director Cruz and seconded by Director Zahradnik, the Board voted unanimously to approve an Allowance of \$25.

### **Resolution Concerning Tax Exemptions for 2022**

Next, the Board considered the 2022 residence homestead exemptions for the District. Mr. Masterson submitted to and reviewed with the Board the 2022 Over 65 or Disabled Exemption Analysis (the "Analysis") as prepared by Masterson regarding the exemption for persons who are disabled or who are sixty-five years of age or older (the "Exemption"). A copy the Analysis is attached hereto as an exhibit. The Board discussed with Mr. Masterson the possibility of increasing the Exemption from \$30,000 to \$35,000 or \$40,000.

After further discussion, upon a motion duly made by Director Rose and seconded by Director Cowling, the Board voted unanimously to grant the following exemptions for 2022 and to adopt a RESOLUTION CONCERNING EXEMPTION OF RESIDENCE HOMESTEADS FROM TAXATION: (1) a \$40,000 exemption for individuals who are disabled or sixty-five years of age or older; and (2) no general residential homestead exemption. A copy of the Resolution is attached hereto and shall be considered to be part of these minutes.

## **Approval of Minutes**

The Board next considered approval of the minutes of the meetings of 26 January 2022 and 2 February 2022. Director Zahradnik requested a revision to page 3 of the minutes of 26 January 2022. After discussion, upon a motion duly made by Director Zahradnik and seconded by Director Cruz, the Board voted unanimously to approve the minutes of the meetings of 26 January 2022 as amended and the minutes of the meeting of 2 February 2022 as written.

## **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 informed the Board that KSS was working on the pipe bursting and site restoration at this time.

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.

Request for Service / Used Car Lot on Veterans Memorial Drive. Mr. Bordelon discussed the 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 the District's Engineer and Operator had completed all work on this development and had no outstanding items. Mr. Bordelon then requested that the Board authorize the release of the balance of the deposit to the application (the "Deposit Refund").

Inspection of Ground Storage Tank (the "GST"). Mr. Bordelon reported that A&S had reviewed 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 there was no action to be recommended at this time with regard to the GST, other than for the District's Operator to continue to perform routine inspections of the GST as required by the Commission.

Inspection of Storm Sewer Outfall Pipes Into Drainage Channels and Roadside Ditches along Veterans Memorial Drive (the "Outfall Inspection"). Mr. Bordelon reported on the Outfall Inspection that was recently performed by the District's Engineer. He called the Board's attention to (1) photographs of the outfalls; (2) an aerial view of the roadside drainage ditches along Veterans Memorial Drive (3) a survey drawing denoting the location of the outfalls; and (4) photographs of the outfalls and culvert in the Maple Ridge Detention Pond, copies of which are included with the Engineer's Report. A discussion ensued regarding the Outfall Inspection. Mr. Bordelon stated that the District's Engineer would ask the Harris County Flood Control District to clean out the vegetation in the drainage channels. The Board directed the District's Engineer to determine the destination of the storm water flow from the culvert located north of Woodsdale Boulevard. Mr. Bordelon then pointed out to the Board that the outfall pipes in the Maple Ridge Detention Pond were deformed. Director Zahradnik remarked that the outfall pipes were likely deformed by the mowing contractor who maintains the Detention Pond. Mr. Bordelon stated that he would send a letter to the Maple Ridge Place Community Association, Inc. (the "Association"), requesting that the Association undertake repairs to the damaged outfall pipes in the Detention Pond.

Arsenic Remediation System at Water Plant No. 2 (the "Arsenic System"). Mr. Bordelon reported on the pilot study for the proposed Arsenic System. He stated that all of the data for the pilot study was compiled and testing was completed. The District's Engineer is awaiting a copy of the final report on the pilot study from Tonka Water, he told the Board.

Proposed Drainage Study / Area Adjacent to Veterans Memorial Boulevard (the "Drainage Study"). Mr. Bordelon reported that A&S was drafting a letter to Harris County regarding the desired dredging and clean-up of the drainage ditches along Veterans Memorial Boulevard (the "Dredging"). He stated that the Drainage Study was being deferred pending the completion of the Dredging.

Water Supply and Groundwater Reduction Plan Wholesale Agreement (the "GRP Agreement"). The Board briefly discussed matters relating to the GRP Agreement dated 5 March 2003 between the District and the City of Houston. Mr. Bordelon stated that he had nothing new to report on this matter.

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 he would bring to a future meeting of the Board a full-size copy of the survey map of the District that denotes the location of the CHCRWA's proposed utility easements relative to the District's existing utility easements. As directed at the Board's meeting on 2 February 2022, he continued, A&S transmitted an electronic mail message to the consulting design engineer for the CHCRWA requesting the following

information: (1) whether it was necessary to convert Fallbrook UD to surface water to meet the requirements of the Harris-Galveston Subsidence District; (2) the possibility for Fallbrook UD to be serviced without installing the Transmission Line through the District as currently designed; and (3) whether it would be possible for the CHCRWA to relocate the Transmission Line to be in the right-of-way or located within easements along the east side of Veterans Memorial Boulevard. Mr. Bordelon stated that the CHCRWA design engineer was working with the attorney for the CHCRWA to determine the response to the inquiries as described above.

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 A&S had received an invoice in the amount of \$2,200 from Crowley Signs & Graphics, Inc. ("Crowley") for the purchase and installation of the Plaques. He stated that Crowley was requiring the payment of 50% of the invoice amount prior to commencing work on the Plaques.

Potential Capital Improvement Projects at the District's Facilities. Mr. Bordelon called the Board's attention to the draft Table IV – Cost Summary ("Table IV") that includes all projects previously presented in the facility evaluation report. A copy of the draft Table IV is included with the Engineer's Report. He stated that the costs in the draft Table IV were updated to reflect current market conditions. Mr. Bordelon then reviewed and discussed with the Board a summary of project scope for all of the items listed in the draft Table IV (the "Summary of Projects"). A copy of the Summary of Projects is included with the Engineer's Report. A discussion ensued regarding the draft Table IV and the Summary of Projects. The Board directed Mr. Bordelon to prioritize the projects in the draft Table IV that need to be undertaken in the next two years.

Traffic Issues in Woodgate Subdivision, Section 3 ("Section 3"). The Board briefly discussed matters relating to traffic issues in Section 3, including the District's request for the installation of a traffic light at the intersection of Veterans Memorial Drive and Marshwood Road. In response to a question from Director Zahradnik, Ms. Abdo stated that, to date, the District's Engineer had not received an update regarding the formal traffic study to be conducted by the Harris County Engineering Department.

After discussion, upon a motion duly made by Director Cruz and seconded by Director Zahradnik, the Board voted unanimously to (1) accept the Engineer's Report; (2) authorize the release of the Deposit Refund; and (3) authorize the payment of \$1,100 to Crowley.

## **Power Supply Issues / Public Power Pool**

The Directors discussed matters pertaining to the aggregate purchase of electricity under the auspices of the Public Power Pool ("P3"), including P3's upcoming procurement of electric power supply for the period beginning 1 January 2023 (the

"Procurement"). Mr. Quinn distributed to the Board copies of the Procurement Proposal for Electric Power Supply Beginning 1 January 2023 as prepared by P3 and a presentation regarding same (the "P3 Presentation), copies of which are attached hereto as exhibits to these minutes. Mr. Quin reviewed the P3 Presentation in detail and responded to questions from the Board regarding the Procurement. Mr. Yale remarked that the District's Bookkeeper would need to confirm that the ESI numbers for the District's electric service accounts as presented in the Procurement Proposal were accurate. Mr. Yale mentioned that the District would continue its P3 membership through the Procurement cycle and contract period unless the Board voted to provide notice to P3 of its intent to withdraw from P3 on or before 15 April 2022.

After discussion, upon a motion duly made by Director Cruz and seconded by Director Zahradnik, the Board voted unanimously in favor of the District continuing its P3 membership. Mr. Quin then departed from the meeting.

## **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 96% for the month of January 2022. 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 269,000 gallons per day during the month, representing a flow equal to 53.8% 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.

Water Usage by Certain Customers. The Board discussed matters relating to water usage during calendar year 2021 by the Houston National Cemetery (the "Cemetery") and the Jack in the Box restaurant located in the District (the "JITB Restaurant"). Mr. Wright reported that WDM investigated the water usage by the Cemetery and the JITB Restaurant and confirmed that although the water usage by said customers during 2021 was significant, neither the Cemetery nor the JITB Restaurant had contacted WDM regarding their respective water usage or to report a leak. He commented further that the JITB Restaurant and the Cemetery are current on the payment of their respective bills for water service.

Morewood Lift Station. Mr. Wright reported on the construction by Wright Solutions, LLC of a driveway from the entrance of the Morewood Lift Station site to the wet well (the "Driveway") as authorized at the Board's meeting on 2 February 2022. He remarked that the construction drawings for the Driveway will be submitted to Harris County once the review of same by A&S is complete.

St. John Neumann Catholic Church (the "Church"). The Board discussed matters relating to the Church, to which the District provides water and wastewater service pursuant to the Agreement for Out-of-District Service dated 26 October 1978, as

amended (the "Church Agreement"). Director Zahradnik informed the Board that he had recently observed possible construction activity in the tract in which the Church is located. He remarked that the District would need to be notified if new construction at the Church would result in an increase in the water and wastewater treatment demand by the Church that would exceed the capacity that was referenced in the Church Agreement. The Board then directed the District's Attorney to investigate this matter and determine if the provisions of the Church Agreement limit the monthly quantity of water that could be used by the Church.

After further discussion, upon a motion duly made by Director Rose and seconded by Director Cruz, 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.

### **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.

## Security Patrol Report

Director Zahradnik presented a brief report on security-related matters in the District, including his recent conversations with Deputy Francisco Avila of the Harris County Sheriff's Office.

## Attorney's Report

Mr. Yale presented the Attorney's Report.

Directors and Officers Liability Insurance Policy for the District (the "D&O Policy"). Mr. Yale reviewed with the Board a letter dated 9 February 2022 from Corrie Aday of HARCO Insurance Services, Inc. ("HARCO"), the District's Insurance Agent, regarding the status of the D&O Policy that is currently being provided by Chubb Insurance Group ("Chubb"). A copy of the letter is attached hereto as an exhibit to these minutes. According to Ms. Aday, said Mr. Yale, Chubb is making certain changes to all of their D&O Policies on the respective renewal dates in 2022. Effective 1 May 2022 (the renewal date for the District's D&O Policy), said Mr. Yale, Chubb will no longer provide defense coverage for breach of contract under the District's D&O Policy. He then called the Board's attention to certain exclusions and an endorsement to the D&O Policy that would be effective on 1 May 2022, as detailed in the letter. Mr. Yale noted that HARCO is attempting to find other carriers for the D&O Policy.

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 23 February 2022  
Attachments

1. ORDER APPOINTING DIRECTOR;
2. Oath of Office and Statement of Officer;
3. Affidavit For Director;
4. Statement of Director;
5. 2022 Over 65 or Disabled Exemption Analysis;
6. RESOLUTION CONCERNING EXEMPTION OF RESIDENCE HOMESTEADS FROM TAXATION;
7. Engineer's Report;
8. P3 Presentation;
9. P3 Procurement Proposal;
10. Operator's Report;
11. Bookkeeper's Report;
12. Special Projects Report; and
13. Letter from HARCO Insurance Services, Inc.