

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

23 March 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 23rd day of March 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
Luther F. Cowling	Assistant Vice President

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

Also present were 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; Drew Masterson of Masterson Advisors, L.L.C. ("Masterson"), the District's Financial Advisor; 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 was Claudia Redden of Claudia Redden and Associates, L.L.C., the District's Bookkeeper.

Director Vasina called the meeting to order.

Approval of Minutes

The Board first considered approval of the minutes of the meetings of 23 February 2022 and 2 March 2022. Director Zahradnik requested a revision to page 3 of the minutes of 2 March 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 meeting of 23 February 2022 as written and the minutes of the meeting of 2 March 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 0.0632% 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 Cruz and seconded by Director Rose, 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.

Annual Review of Unclaimed Property

Mr. Yale mentioned that the District was required to escheat unclaimed funds, such as uncashed customer refunds, to the Texas Comptroller of Public Accounts after one year (and after three years for unclaimed funds in the District's Tax Account). He explained that checks issued but returned to the District or left uncashed for the period from 1 March 2020 through 28 February 2021 would have to be escheated to the State by 1 July 2022. Ms. Redden stated that she would assemble the necessary information to escheat any unclaimed funds as required.

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.

Mr. Bordelon then reported that KSS had submitted Pay Estimate No. 5 in the amount of \$67,934.70 in connection with the Sewer Repairs project. A copy of Pay Estimate No. 5 is included with the Engineer's Report.

Request for Service / Taco Bell Restaurant. Mr. Bordelon reported on the request for service from the new Taco Bell restaurant located on Veterans Memorial Drive north of Aldine Western Road (the "Restaurant"). He stated that the District's Engineer was awaiting receipt of a revised set of plans for the Restaurant.

Inspection of Storm Sewer Outfall Pipes Into Drainage Channels and Roadside Ditches along Veterans Memorial Drive (the "Outfall Inspection"). The Board discussed matters relating to the Outfall Inspection. Mr. Bordelon reported that the District's Engineer transmitted a request to the Harris County Flood Control District through its online portal to review and address the vegetation near the storm sewer outfalls. He added that A&S transmitted a letter to the Maple Ridge Place Community Association, Inc. requesting that they address the damaged outfall pipes in the Maple Ridge Detention Pond.

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

Drainage Study / Area Adjacent to Veterans Memorial Drive (the "Drainage Study"). Mr. Bordelon reviewed with the Board two aerial photograph exhibits (the "Exhibits") that summarize the drainage patterns for the roadside drainage ditch on the west side of Veterans Memorial Drive (the "Ditch"). Copies of the Exhibits are included with the Engineer's Report. Because of the condition of the Ditch, he told the Board, A&S was unable to determine the drainage pattern for the entire length of the Ditch. Mr. Bordelon stated that the District's Engineer is reviewing copies of the record drawings of the District as requested from Harris County.

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 (the "City"). Mr. Bordelon stated that he had nothing new to report on this matter. He noted that A&S was awaiting receipt of the alignment of the City's proposed surface water line for review.

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 Plant No. 3 site. He then discussed with the Board the responses received from John Hale, E.I.T., of IDS Engineering Group (called "IDS"), design engineer for the CHCRWA, in response to an inquiry from A&S regarding the provision of surface water to Fallbrook UD by the CHCRWA and the location of the Transmission Line. In response to the questions from the District's Engineer, said Mr. Bordelon, Mr. Hale stated the following:

- Is it possible relocated the proposed Transmission Line to be in the public right-of-way or located within easements along the east side of Veterans Memorial Drive? Both locations were considered in the preliminary design. Harris County wants the Transmission Line to be placed in an easement rather than in the right-of-way. The east side of Veterans Memorial Drive was not feasible due to the landscape along the property that would have to be replaced. Additionally, it

would be particularly difficult to obtain a water line easement across this property because it is owned by the federal government.

- Has the CHCRWA obtained underground soil samples at a 10-foot depth along the projected alignment of the Transmission Line through the District to Fallbrook UD? The geotechnical work has not been completed.
- Has the CHCRWA conferred with the City and are they coordinating with the City with regard to the City having to place its water transmission line and acquire a right-of-way along the Transmission Line in order for the City to provide surface water to the Forest Hills Municipal Utility District? The City has not commenced the design of the distribution lines for its future water surface lines. At this time the City is working on the water transmission line for which an alignment has yet to be decided.

Mr. Bordelon remarked that the District's Engineer had notified IDS of the location of quicksand along the proposed location of the Transmission Line in the District. He added that A&S will continue to ensure that IDS is coordinating with the consulting design engineers for the City once the plans are received from either the City or the CHCRWA.

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 confirmed that Crowley Signs & Graphics, Inc. ("Crowley") had received the check for the first of two payments for the purchase and installation of the Plaques. He added that A&S was awaiting receipt of a schedule from Crowley for completion of the work on the Plaques.

Potential Capital Improvement Projects at the District's Facilities. The Board discussed matters relating to the draft Table IV – Cost Summary ("Table IV") that was presented at the Board's meeting on 23 February 2022. Mr. Bordelon reviewed with the Board the updated draft Table IV that includes the prioritized list of capital improvement projects as follows: (1) rehabilitation of the District's Wastewater Treatment Plant (the "Plant Rehabilitation") with an estimated construction cost of \$2,124,000; and (2) improvements to Water Plant No. 2 (the "Water Plant No. 2 Improvements") at an estimated cost of \$3,289,000. A copy of the updated draft Table IV is included with the Engineer's Report. Mr. Bordelon stated that the estimated bond issue requirement to fund the Plant Rehabilitation and Water Plant No. 2 Improvements totals \$6,250,000. Mr. Masterson then presented the Board with a No Growth Cash Flow Analysis (the "Analysis") in connection with the proposed sale of bonds in the principal amount of \$6,250,000 as prepared by Masterson. A copy of the Analysis is attached hereto as an exhibit to these minutes. Mr. Masterson stated that, according to the Analysis, the sale of bonds with a term of 25 years would require the District to levy a debt service tax rate of \$0.57 per \$100 valuation, assuming an interest rate of 4.5% on the bonds. A discussion ensued regarding Table IV and the Analysis. Director Zahradnik proposed

that the Board table this matter until the preliminary valuation of the taxable property in the District for the 2022 tax year (the "Valuation") is received from the Harris County Appraisal District and then determine an appropriate project scope for the sale of the bonds in view of the anticipated increase in the Valuation. The Directors then deferred further discussion regarding the potential sale of bonds to a future meeting of the Board.

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 (the "Intersection"). Mr. Bordelon reported that the Harris County Traffic Study Department (the "HCTSD") is preparing a study in response to the District's request (the "Traffic Study"). He informed that Board that because of the redistricting of the Commissioner Precincts in Harris County, the Intersection is now located in Harris County Commissioner Precinct No. 1 ("Precinct 1"). If approvals are received to proceed with the Traffic Study, he continued, the HCTSD will convey the Traffic Study to Precinct 1. Mr. Bordelon stated that it would likely take at least 120 days for the HCTSD to perform the Traffic Study and inform the District if any action was warranted.

After discussion, upon a motion duly made by Director Zahradnik and seconded by Director Cowling, the Board voted unanimously to (1) accept the Engineer's Report; and (2) authorize payment of Pay Estimate No. 5 to KSS.

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 92.1% for the month of February 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 257,000 gallons per day during the month, representing a flow equal to 51.4% 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. Director Zahradnik commented on the frequency of delivery of CO2 cylinders (the "Cylinders") to the Water Plant No. 2 site. Mr. Wright stated that he would consult with Airgas USA, LLC to confirm whether larger Cylinders were available that would reduce the number of deliveries.

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. In response to a question from Director Cruz, Mr. Wright stated that messages in both English and Spanish could be transmitted through the Notification System.

Lift Station No. 3 / Lift Pump No. 2 (the "Lift Pump"). Mr. Wright discussed with the Board the condition of the Lift Pump. He recommended that the Lift Pump be repaired at an estimated cost of \$4,567. He noted that replacing the Lift Pump with a new unit would cost approximately \$15,000.

St. John Neumann Catholic Church (the "Church"). The Directors 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 "Service Agreement"). Mr. Wright reported that the Church was constructing a monument on a 5-acre tract of land that the Church purchased approximately four years ago. He then informed the Board that pursuant to the Service Agreement, the District was to charge the Church for water service at a rate that is equal to three times the rate charged to similar but taxable facilities within the District pursuant to the terms of the District's Consolidated Rate Order (the "Church Rate"). Mr. Wright stated that over the years WDM has not billed the Church according to the Church Rate but would do so moving forward. He stated that he plans to personally meet with the priest at the Church to discuss the implementation of the Church Rate. Director Zahradnik observed that according to the Service Agreement dated 26 January 2000, the water demand capacity for the Church was not to substantially exceed 7,000 gallons per day.

Houston National Cemetery (the "Cemetery") /U.S. Department of Veterans Affairs. The Board then discussed matters relating to the water usage by the Cemetery. Mr. Wright remarked that the typical monthly water usage by the Cemetery totals approximately 100,000 gallons. He stated that the management of the Cemetery was not aware of any apparent leaks in the water lines in the Cemetery tract.

Morewood Lift Station. The Board discussed 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. Mr. Bordelon informed the Board that Harris County, following its review of the construction drawings for the Driveway, had determined that construction of the Driveway as designed by the District would require the construction of a stormwater detention facility on the lift station site. He continued that he would ask Harris County if the detention facility would still be required if the portion of the Driveway between the gate and the wet well was replaced with crushed rock.

After further discussion, upon a motion duly made by Director Rose and seconded by Director Zahradnik, the Board voted unanimously to (1) accept the Operator's Report; and (2) authorize the District's Operator to proceed with repairs to the Lift Pump.

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.

Creation of the District / 15 March 1972

Director Vasina observed that 15 March 2022 marked the 50th anniversary of the creation of the District by the State of Texas pursuant to Article XVI, Section 59 of the Texas Constitution.

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.

Identity Theft Prevention Program / Annual Review

The Board then discussed the District's Identity Theft Prevention Program that was adopted 28 April 2009 and was effective 1 May 2009. Mr. Yale presented letters from Bob Leared Interests ("Leared"), the District's Tax Assessor/Collector, and WDM stating that both Leared and WDM had implemented procedures and controls that provide the security of accounts as required under the District's Identity Theft Program and under the Identity Theft Rules adopted by the Federal Trade Commission. He stated that, based on the reports, it appeared that no "red flags" had been raised during the past year and that all of the procedures were working smoothly for Leared and WDM. Copies of the letters are attached hereto as exhibits to these minutes.

Attorney's Report

Mr. Yale presented the Attorney's Report.

Open Government Training. Mr. Yale reviewed with the Board copies of the Certificates of Course Completion as issued to Director Cowling upon completion of the Texas Open Government training that is required of newly elected or appointed Directors. Copies of the Certificates of Course Completion are attached hereto as exhibits 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 23 March 2022
Attachments

1. Bookkeeper's Report;
2. Special Projects Report;
3. Engineer's Report;
4. No Growth Cash Flow Analysis;
5. Operator's Report;
6. Red Flag Report from Bob Leared Interests;
7. Red Flag Report from Water District Management Company, Inc.; and
8. Certificates of Course Completion / Luther Cowling.