

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

6 April 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 6th day of April 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 Robin Goin of Bob Leared Interests ("Leared"), the District's Tax Assessor/Collector; Troy Bordelon, 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; Josh Hargrave representing HARCO Insurance Services, Inc. ("HARCO"); Christopher Hsu and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney; JoAnn Vasina, an interested party; and Leroy Rose, a resident of the District.

Director Vasina called the meeting to order.

Proposals for Insurance Coverage

First, the Board reviewed the proposals for insurance coverage (the "Proposals") for the District for the policy term of 1 May 2022 through 1 May 2023 as submitted by HARCO, Arthur J. Gallagher & Co. ("Gallagher"), and McDonald & Wessendorff Insurance, LLC ("MWI"). Mr. Hargrave responded to questions from the Board regarding the HARCO Proposal. He reviewed with the Board the options for the Directors & Officers Liability coverage (the "D & O Coverage") to be underwritten by Chubb Insurance Group, Indian Harbor Insurance Company ("Indian Harbor"), or the Texas Municipal League. The Directors expressed their preference for the D & O Coverage to be underwritten by Indian Harbor with a coverage limit of \$4,000,000 rather than \$3,000,000. After discussion, upon a motion duly made by Director Cruz and seconded by Director Zahradnik, the Board voted unanimously to (1) reject the Gallagher

Proposal; (2) reject the MWI Proposal; (3) accept the HARCO Proposal with the option for the D & O Coverage to be underwritten by Indian Harbor with a coverage limit of \$4,000,000; and (4) authorize execution of the HARCO Proposal. A copy of the HARCO Proposal as accepted by the Board is attached hereto and shall be considered to be a part of these minutes. Also attached hereto are copies of the Gallagher Proposal and the MWI Proposal. Mr. Green noted that the insurance policies being provided to the District under the HARCO Proposal would be forwarded to the District's Attorney at a later date.

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 2021 tax levy was 93.9% collected as of 31 March 2021. She asked for the Board's approval of four checks written on the District's tax account and two wire transfers as follows: the transfer of \$6,617.14 in revenues from the District's tax for maintenance and operations to the General Fund and the transfer of \$20,000 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 Zahradnik and seconded by Director Rose, 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.

Annual Review of Unclaimed Property

Mr. Green 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). After discussion, upon a motion duly made by Director Zahradnik and seconded by Director Rose, the Board voted unanimously to authorize the District's Tax Assessor/Collector to escheat the unclaimed funds as described above to the Comptroller.

Engineer's Report

Next, 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 called the Board's attention to a letter dated 29 March 2022 from Allan Negrete, Project Manager for KSS, in which Mr. Negrete requested (1) an extension of 110 days to the

contract term for the Sewer Repairs in view of the change in rehabilitation method for certain segments of sanitary sewer lines and manufacturing delays being experienced by KSS's subcontractor; and (2) an extension of 47 days to the contract term in view of inclement weather (collectively, the "Extensions"). A copy of the letter is included with the Engineer's Report. Mr. Bordelon recommended that the Board approve the Extensions, which would establish a substantial completion date of 30 April 2022 and a final completion date of 30 May 2022 for the Sewer Repairs project.

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 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 Harris County Flood Control District (the "HCFCD") had informed the District's Engineer that the drainage ditches into which the outfall pipes discharge were due for maintenance by mid-May 2022. He stated that A&S would inspect the area after the maintenance is performed by the HCFCD. Mr. Bordelon then recalled 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 the District's Engineer is reviewing the report on the testing data for the pilot study on the Arsenic System.

Drainage Study / Area Adjacent to Veterans Memorial Drive (the "Drainage Study"). Mr. Bordelon reported that the District's Engineer had reviewed the plans received from Harris County (the "Plans") regarding the drainage patterns for the roadside drainage ditch (the "Ditch") along Veterans Memorial Drive. The Plans confirmed the drainage patterns observed during the site visit for the area north of Morewood Drive, said Mr. Bordelon. However, he continued, the Plans do not reflect the existing conditions of the area near the intersection of Veterans Memorial Drive and Woodsdale Drive and the intersection of Veterans Memorial Drive and Frick Road. Mr. Bordelon stated that the Ditch needs to be dredged and the culverts exposed (collectively "Ditch Dredging"). The Directors expressed their desire for the District's Engineer to present a written request to Harris County Precinct 1 regarding the Ditch 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 (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. 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 informed the Board that John Hale, E.I.T., of IDS Engineering Group, design engineer for the CHCRWA, had requested a videoconference meeting with the District's Engineer and Attorney to discuss the Board's concerns regarding the proposed route for the Transmission Line in the District. Director Vasina then presented Mr. Hsu with a proposed Agreement between the District and the CHCRWA relating to the Transmission Line that he had drafted for review by the District's Attorney (the "Transmission Line Agreement"). Mr. Hsu stated that he would review the draft Transmission Line Agreement with Dick Yale of Coats Rose.

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. Mr. Bordelon reported that the Harris County Traffic Study Department is preparing a study in response to the District's request (the "Traffic Study"). He noted that the Traffic Study was scheduled to be completed in August 2022.

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 remarked that A&S was coordinating with Crowley regarding the fabrication and installation of the Plaques. Mr. Bordelon stated that the work on the Plaques was expected to be completed within two weeks.

Potential Capital Improvement Projects at the District's Facilities. The Board briefly discussed matters relating to the draft Table IV – Cost Summary that was presented at the Board's meeting on 23 March 2022. As discussed at the meeting, said Mr. Bordelon, the District's Engineer will await the receipt of the 2022 assessed valuation of the real property in the District before finalizing the project list for the next sale of bonds by the District.

After further discussion, upon a motion duly made by Director Cowling and seconded by Director Zahradnik, the Board voted unanimously to (1) accept the Engineer's Report; (2) approve the Extension to the contract for the Sewer Repairs; and (3) authorize the District's Engineer to draft a letter to Harris County Precinct 1 detailing the condition of the Ditch and requesting the Ditch Dredging.

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.

Morewood Lift Station. The Board discussed the construction by Wright Solutions, LLC ("Wright") 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. Wright informed the Board that, according to Harris County, construction of a stormwater detention facility on the lift station site would be required if the Driveway was paved or was constructed of crushed rock. He stated that Wright could instead construct a concrete apron that would extend from the roadway to a point 6 inches past the gate at the lift station site (the "Apron") at an approximate cost of \$14,000. Mr. Wright stated that limiting the project to constructing the Apron (and not paving or placing crushed rock on the path between the gate and the wet well) would alleviate the requirement for the stormwater detention facility.

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. Mr. Wright reviewed with the Board the Delivery Results Report regarding the text, voice, and electronic mail messages sent to the District's customers through the Notification System during March 2022. A copy of the Delivery Results Report is included with the Operator's Report.

Annual Emergency Preparedness Training. Mr. Wright reported that WDM had commenced the Training for its personnel in advance of Hurricane Season, which will begin on 1 June 2022.

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 he recently met with Fr. C. Orso, the pastor of the Church, and informed him that the District's Operator plans to begin charging 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 (the "Church Rate") as established in the Service Agreement (but which rate has not previously been applied to the Church's service account by WDM). He stated that Fr. Orso had requested that the Board consider phasing in the Church Rate in increments over several years (the "Incremental Increase"). Mr. Wright said that he requested Fr. Orso to present his request for the Incremental Increase in person at a meeting of the Board or to the District in writing.

Houston National Cemetery (the "Cemetery") /U.S. Department of Veterans Affairs (the "DVA"). The Board then discussed matters relating to the water usage by the Cemetery. Mr. Green stated that he had not been able to locate a copy of a letter

agreement or Agreement for Out-of-District Service between the District and the DVA for water service to the Cemetery. He pointed out to the Board that, pursuant to Section 3.01.E of the District's Consolidated Rate Order, the Cemetery is billed for water usage at a rate of \$6,000 per 1,000 gallons of water (the "Cemetery Rate"). A discussion ensued regarding the Cemetery Rate. On instructions from the Board, Mr. Wright stated that he would prepare a comparison of several potential rates that could be charged to the Cemetery for water service. The Directors then expressed their desire for the District's Attorney to prepare an Agreement for Out-of-District Service between the District and the DVA that was similar to the Service Agreement for the Church.

After further discussion, upon a motion duly made by Director Rose and seconded by Director Cowling, the Board voted unanimously to (1) accept the Operator's Report; and (2) authorize the District's Operator to notify Wright to proceed with construction of the Apron at the Morewood Lift Station as described above.

Security Patrol Report

Director Vasina reviewed with the Board the Security Patrol Report for the month of March 2021 as prepared by the Harris County Sheriff's Office. A copy of the Security Patrol Report is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made by Director Rose and seconded by Director Cowling, the Board voted unanimously to accept the Security Patrol Report.

Review of District's Investment Policy

The Directors then reviewed the District's investment strategies, pursuant to the requirements of the Public Funds Investment Act. The Board reviewed the strategies for each of the District's accounts. The Board also reviewed the List of Authorized Brokers included as Exhibit "A" to the RESOLUTION EVIDENCING REVIEW OF INVESTMENT POLICY AND INVESTMENT STRATEGIES. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto as an exhibit to these minutes.

Attorney's Report

Mr. Hsu presented the Attorney's Report.

Water Rate Adjustment / City of Houston. The Board discussed matters relating to the water rates charged by the City pursuant to the GRP Contract between the District and the City. Mr. Hsu distributed to the Board copies of a memorandum dated 6 April 2022 from Coats Rose regarding the water rates charged by the City pursuant to the GRP Contract, a copy of which is attached hereto as an exhibit to these minutes. Mr. Hsu stated that effective 1 April 2022 the base contract rate charged by the City for the purchase of treated water increased to \$3.91 per 1,000 gallons. Accordingly, he continued, the groundwater pumpage fee (the "Pumpage Fee") that the District pays to the City under the GRP Contract would be \$1.17 per 1,000 gallons. Mr. Hsu remarked

that the District's Consolidated Rate Order assesses a fee to the District's customers equal to the Pumpage Fee, plus an additional 10% (the "City Fee"). Accordingly, he continued, the amount charged to the District's Customers for the City Fee would increase to \$1.29 per 1,000 gallons effective 1 April 2022.

Harris County / Commissioners Court Precincts. Mr. Green distributed to the Directors copies of a map that denotes the current boundaries of the Commissioners Court Precincts in Harris County. A copy of the map 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 6 April 2022
Attachments

1. Accepted Insurance Proposal from HARCO Insurance Services, Inc.;
2. Proposal from Arthur J. Gallagher & Co.;
3. Proposal from McDonald & Wessendorff Insurance, LLC;
4. Tax Assessor/Collector's Report;
5. Engineer's Report;
6. Operator's Report;
7. Security Patrol Report;
8. Resolution Evidencing Review of Investment Policy;
9. Coats Rose memo / City Water Rates; and
10. Map of Commissioners Court Precincts.