

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

25 May 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 25th day of May 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 Claudia Redden of Claudia Redden & Associates, L.L.C., the District's Bookkeeper; 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; Dick Yale, Cole Konopka, 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.

Director Vasina called the meeting to order.

Approval of Minutes

The Board first considered approval of the minutes of the meetings of 27 April 2022 and 4 May 2022. Director Vasina requested that the minutes of 4 May 2022 be revised to include additional information relating to the Board's discussion with representatives of the Central Harris County Regional Water Authority. Mr. Konopka stated that he and Mr. Green would revise the minutes of 4 May 2022 pursuant to the comments in the electronic mail message dated 1 May 2022 from Director Vasina and would present a revised draft of the minutes for approval at the Board's meeting on 1 June 2022. Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 27 April 2022, as written.

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 0.3042% per annum for the reporting period. Ms. Redden then reviewed with the Board the City of Houston Water Bill Calculation for the months of February, March, and April 2022 as included in the Bookkeeper's Report.

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 and seconded, 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. A copy of the Bookkeeper's Report is attached hereto as an exhibit to 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 all work included in the base bid was now complete. Mr. Bordelon called the Board's attention to an exhibit describing the work remaining for the sanitary sewer lines that were previously surcharged (the "Exhibit"). A copy of the Exhibit is included with the Engineer's Report. Mr. Bordelon estimated that the cost to rehabilitate the sanitary sewer lines and manholes listed the Exhibit would likely total at least \$100,000.

Mr. Bordelon then reviewed with the Board a letter dated 24 May 2022 from Allan Negrete, Project Manager for KSS, in which Mr. Negrete requested approval for a price increase on additional work items referenced in the construction contract in view of the volatile market conditions for construction supplies, as follows: (1) from \$24 to \$28 per linear foot for pipe-bursting repair on 8-inch sanitary sewer lines (if needed); (2) from \$1,250 to \$3,500 per linear foot for point repair on 8-inch sanitary sewer lines; and (3) from \$125 to \$145 per square yard for concrete pavement repair (collectively, the "Extra Work Items"). A copy of the letter is attached hereto as an exhibit to these minutes. Mr. Bordelon stated that A&S had received similar requests for price increases from contractors on a majority of the construction contracts being undertaken by other water district client clients of A&S. He expressed his view that the price increase being requested by KSS was reasonable.

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 stated 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 scheduled for maintenance by the end of this month. He stated that A&S would inspect the area after the maintenance is performed by the HCFCD. Mr. Bordelon then reported that the Maple Ridge Place Community Association, Inc. (the "Association") had not responded to the letter dated 24 March 2022 from A&S (the "A&S Letter") requesting that the Association address various deficiencies found in the Maple Ridge Place Detention Pond (the "Deficiencies") during the inspection conducted by A&S in February 2022.

Mr. Hsu submitted for the Board's review and approval a letter from the District to the Association (the "Letter") as prepared by the District's Attorney that requests that the Association address the Deficiencies as described in the A&S Letter. He pointed out to the Board that the Letter references the maintenance responsibilities of the Association as set forth in Sections 1 and 2 of the Detention Pond Drainage System Agreement dated 1 December 2004 between the District and the Association (the "System Agreement"). The Letter, he continued, states that if the Association fails to take action, the District may perform the repairs and maintenance to correct the Deficiencies and that any costs so incurred by the District will be passed on to the Association with a 15% penalty pursuant to the terms of the System Agreement.

Arsenic Remediation System at Water Plant No. 2 (the "Arsenic System"). Mr. Bordelon reported that A&S was awaiting a response from the Texas Commission on Environmental Quality regarding the data testing report for the pilot study on the Arsenic System that was submitted earlier this year.

Drainage Study / Area Adjacent to Veterans Memorial Drive. The Board discussed the status of the District's request for rehabilitation of the roadside drainage ditch along Veterans Memorial Drive (the "Ditch Rehabilitation"). Mr. Bordelon reported that a representative of County Commissioner Precinct 2 ("Precinct 2") had recently informed the District's Engineer that they were working out a schedule for the maintenance of all roadside drainage ditches within Precinct 2 that require rehabilitation. He stated that the District's request for the Ditch Rehabilitation has been added to the queue. Mr. Bordelon noted that the maintenance log for Precinct 2 was backed up and further complicated by the redistricting of the Harris County Commissioner Precincts in late 2021. Precinct 2 is expected to notify A&S when the Ditch Rehabilitation has been scheduled, he told the Board.

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 John Hale, E.I.T., of IDS Engineering Group, design engineer for the CHCRWA, is updating the drawings to revise the width of the water line easements for the Transmission Line from 30 feet to 20 feet as discussed at the Board's meeting on 4 May 2022. A discussion ensued regarding the construction of the portion of the Transmission Line that will be within the boundaries of the District. Director Vasina expressed his view that the CHCRWA should provide the District with an instrument that would release the District from any responsibility and liability in connection with the construction of the Transmission Line within the District. Mr. Konopka noted that the District would not be liable for any portion of the Transmission Line that was constructed within a City right-of-way. After further discussion, the Board directed Mr. Konopka to ask the CHCRWA to provide the District with a written statement setting forth the reasons that the CHCRWA will not enter into a written agreement with the District regarding the construction of the Transmission Line.

Water Line Easement along Veterans Memorial Drive. Mr. Bordelon discussed with the Board the research performed by the District's Engineer regarding the possible existence of a water line easement on the west side of Veterans Memorial Drive, north of T C Jester Boulevard. He stated that A&S received and reviewed the legal descriptions for the area north of the intersection of T C Jester Boulevard and Veterans Memorial Drive. He called the Board's attention to an exhibit in the Engineer's Report that depicts the location of the existing water line easements in said area. Mr. Bordelon noted that there is an existing 15-foot water line easement located west of Veterans Memorial Drive. However, he continued, the alignment of the water line easement does not extend to the edge of the property and does not abut the right-of-way. Additionally, he told the Board, there is a discrepancy in the legal description referring to the water line easement as both a sanitary sewer easement and a water line easement. Mr. Bordelon stated that this water line easement may have been absorbed when the right-of-way along T C Jester Boulevard was expanded.

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 District's Engineer was awaiting an update from Harris County Commissioner Precinct 1 in connection with the study to be prepared by the Harris County Traffic Study Department.

Potential Capital Improvement Projects at the District's Facilities. The Board discussed matters relating to the draft Table IV – Cost Summary that was presented at the Board's meeting on 23 March 2022. Mr. Bordelon stated that he had discussed with

Anthea Moran of Masterson Advisors, LLC, the District's Financial Advisor, the capital improvement projects being considered by the Board for inclusion in the next sale of bonds by the District. He noted that Ms. Moran had advised the District's Engineer to increase the projected interest rate for the sale of the bonds in Table IV from 4.5% to 6%. He added that 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.

Request for Service and Annexation / 1.94-acre tract on Aldine Western Road.

Mr. Bordelon reviewed with the Board the Application for Service submitted by Late Model Investments, LLC (called "LMI") for service to a 1.94-acre tract located at 1930 Aldine Western Road (the "LMI Tract"), outside the boundaries of the District. A copy of the Application for Service is included with the Engineer's Report. He stated that the proposed development in the LMI Tract would consist of light manufacturing and would require water capacity in the amount of 2,000 gallons per day ("gpd") and wastewater treatment capacity in the amount of 2,000 gpd. After discussion, the Directors expressed their interest in the possible annexation of the LMI Tract. Mr. Bordelon stated that LMI would need to place a deposit of \$7,500 with the District to cover the cost of the Feasibility Study to be performed by the District's Engineer. If the Board later decides to proceed with the annexation of the LMI Tract, he continued, LMI would be required to place a deposit of \$25,000 with the District to cover the cost of the engineering and legal fees in connection with the annexation process.

Sanitary Sewer Lift Stations / Disposable Wipes. Mr. Bordelon discussed with the Board matters relating to the operation of the District's Lift Stations and the problems being experienced with so-called disposable or flushable wipes in the wastewater flow (the "Wipes"). He discussed with the Board two options regarding the Wipes, as follows: (1) undertake an educational program, including the distribution of brochures to the District's customers, that explains how the wipes may clog or jam the lift pumps in the Lift Stations; or (2) replace all of the lift pumps in the Lift Stations with lift pumps that have vortex impellers. He explained that the lift pumps with vortex impellers would not clog as often as the standard lift pumps. Mr. Bordelon noted that only the Morewood Lift Station is currently equipped with lift pumps with vortex impellers. He informed the Board that a possible disadvantage of replacing the lift pumps as described above would be the cost. After discussion, the Board directed the District's Operator to continue to distribute messages to the District's customers asking them to refrain from placing the Wipes in the District's wastewater collection system.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; (2) approve the price increase for the Extra Work Items for the Sewer Rehabilitation as described above; (3) authorize Director Vasina to execute the Letter and authorize the District's Attorney to transmit same to the Association; and (4) authorize the District's Engineer to prepare the Feasibility Study for service to the LMI Tract, subject to receipt of the \$7,500 deposit from LMI. A copy of the executed Letter is attached hereto and shall be considered to be part of these minutes.

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 90.6% for the month of April 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 266,000 gallons per day during the month, representing a flow equal to 53.2% 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 Service to Out-of-District Customers / Tax Exempt Entities. The Directors discussed matters relating to the St. John Neumann Catholic Church (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. Konopka reported that the Church had reportedly engaged an attorney in connection with their objection to the rate being charged to the Church for water service pursuant to the Service Agreement and the District's Consolidated Rate Order as amended on 4 May 2022. Director Vasina proposed that the District offer to (1) bill the Church for water service at a rate that is equal to 1.5 times the rate charged to similar but taxable facilities within the District for the remaining months of calendar year 2022 (the "Initial Rate"); and (2) defer until January 2023 billing 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 "Full Rate").

After discussion, during which Director Zahradnik stated that he would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 in favor of authorizing the District's Attorney to present the Church with the proposal regarding the Initial Rate and the Full Rate.

Then, after review, upon a motion duly made and seconded, 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 his recent conversation with Deputy Francisco Avila of the Harris County Sheriff's Office regarding a certain residence on Woodwild Drive that was reportedly operating as a group residential facility.

Status of Request to District Consultants for Insurance Certificates

Mr. Konopka stated that Coats Rose had received insurance certificates from all of the District's consultants. Copies of the certificates are attached as an exhibit to these minutes.

Amendment To General Engineering Agreement

Next, Mr. Konopka submitted for the Board's review and approval an Amendment To General Engineering Agreement between the District and A&S (the "Amendment"). He explained that the Amendment would incorporate into the General Engineering Agreement dated 29 January 2013 the Schedule for Hourly Rates and Reimbursable Costs (the "Rate Schedule") that is attached as Exhibit "A" to the Amendment. The Amendment states that the Rate Schedule was effective as of 22 April 2022, he told the Board.

After discussion, upon a motion duly made and seconded, the Board unanimously to approve the Amendment and authorize Director Vasina to execute same. A copy of the Amendment as approved by the Board is attached hereto and shall be considered to be part of these minutes.

Attorney's Report

Mr. Konopka presented the Attorney's Report.

House Bill 3693 Compliance / Electricity Consumption. Mr. Konopka informed the Board that Chapter 2265 of the Texas Government Code requires Texas political subdivisions to record and make available their utility usage and costs pursuant to House Bill 3693 ("HB 3693") as approved by the 80th Texas Legislature in 2007. He then submitted for the Board's review the HB 3693 Report for the District for calendar year 2021 as prepared by Public Power Pool. A copy of the HB 3693 Report is attached hereto as an exhibit to these minutes.

City of Houston / GRP Agreement. Mr. Konopka reviewed with the Board a letter dated 11 May 2022 from Chris Dupree of the Houston Public Works Department regarding the renewal by the Harris-Galveston Subsidence District of the Water Well Permits for the District's Water Wells Nos. 1 and 2 (the "Well Permits") pursuant to the GRP Agreement. A copy of the letter is attached hereto as an exhibit to these minutes.

According to the letter, he told the Board, the City was due \$4,200 from the District for the cost to renew the District's Well Permits.

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 25 May 2022
Attachments

1. Bookkeeper's Report;
2. Engineer's Report;
3. Letter from King Solution Services LLC;
4. Letter from the District to the Maple Ridge Place Community Association;
5. Operator's Report;
6. Insurance Certificates for the District's consultants;
7. Amendment To General Engineering Agreement;
8. HB 3693 Report; and
9. Letter from City of Houston Public Works Department with Water Well Permits.