

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

October 5, 2016

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 501 (the "District") met in regular session, open to the public, on the 5th day of October, 2016, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

James Harkrider	President
Sandy Steriti	Vice President
Henry F. Abel, Jr.	Secretary
George Gentry	Assistant Secretary
Amy Markiewicz	Assistant Vice President

and all of the above were present, except Director Abel, thus constituting a quorum.

Also present at the meeting were Fran Matuska of F. Matuska, Inc.; Truman Edminster and Amy Swackhamer of Edminster Hinshaw Russ and Associates, Inc. ("EHRA"); Mike Ammel of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests; Kent Puckett and Karla Efigenio of The Caldwell Companies; Matt Dustin, Loren Morales, and Misael Flores of RBC Capital Markets; Andrew Kaluza, Hans Vonmeier, and Jerrell Wolff of Residential Recycling and Refuse of Texas ("Residential Recycling"); Lee Markiewicz, DeBra Edwards, Renee Russell-Head, Amanda Postigan, and Melissa Yahner, residents of the District; Alia Vinson, Katie Carner, and Linda Sotirake of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board reviewed the minutes of the September 7, 2016, meeting. Director Steriti moved to approve the minutes of the September 7, 2016, meeting as submitted. The motion was seconded by Director Gentry and passed by unanimous vote.

PUBLIC COMMENTS

Ms. Yahner and Mr. Markiewicz requested that the Board consider lowering the District's tax rate. Ms. Yahner also requested that the District grant a general homestead exemption.

Ms. Yahner commented on recent articles related to Municipal Utility Districts.

GARBAGE COLLECTION AND RECYCLING

Mr. Vonmeier discussed the ongoing service issues and garbage and recycling collection procedures. He reported that cameras are being installed on the garbage trucks. Discussion ensued regarding garbage and recycling collection.

IN-DISTRICT MEETINGS

The Board discussed scheduling an in-district meeting at the Lake House in early 2017.

TOWN HALL MEETING

The Board discussed scheduling the town hall meeting for November 10, 2016, at 7:00 p.m., at the Lake House. After discussion, the Board concurred to request ABHR to prepare an invitation for the town hall to be included in the October utility bills and posted to the District's website.

BOOKKEEPER'S REPORT

Ms. Matuska then presented the bookkeeper's report and submitted the bills for the Board's review. Upon a motion made by Director Steriti and seconded by Director Markiewicz, the Board voted unanimously to approve the bookkeeper's report and the checks presented for payment. A copy of the bookkeeper's report is attached.

ANNUAL REVIEW OF DISTRICT'S INVESTMENT POLICY

The Board reviewed the District's Investment Policy to determine if any amendments were necessary. After discussion, the Board determined to make no amendments at this time. Upon a motion made by Director Gentry and seconded by Director Markiewicz, the Board voted unanimously to adopt a Resolution Regarding Annual Review of Investment Policy.

REVIEW, REVISE AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

The Board then considered adopting a resolution that approves a list of authorized depository institutions and a list of qualified broker/dealers with whom the District may engage in investment transactions. Upon a motion made by Director Gentry and seconded by Director Markiewicz, the Board voted unanimously to adopt the Resolution Adopting a List of Authorized Depository Institutions and a List of

Qualified Broker/Dealers with Whom Harris County Municipal Utility District No. 501 May Engage in Investment Transactions.

TAX REPORT

Ms. McLaughlin presented the monthly tax report and stated that 99.575% of the District's 2015 taxes had been paid as of September 30, 2016. Following review and discussion, Director Markiewicz moved to approve the tax report. Director Gentry seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

Ms. McLaughlin presented a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, LLP, a copy of which is attached.

SET PUBLIC HEARING DATE AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING DISTRICT ADOPTION OF TAX RATE

The Board considered setting a public hearing date and authorizing notice of a public hearing regarding the District's adoption of a 2016 tax rate. Mr. Dustin presented a cash flow analysis, a copy of which is attached, and recommended that the Board levy a 2016 tax rate of \$0.285 per \$100 of assessed valuation to provide for the District's debt service requirements, \$0.91 per \$100 of assessed valuation to provide for the District's contract tax requirements, and \$0.205 per \$100 of assessed valuation to provide for maintenance and operations. The Board also discussed the necessity of maintaining sufficient funds in the District's operating account and indicated their intent to levy a 2016 tax rate to provide for maintenance and operations. Discussion ensued regarding the tax rate. Director Gentry moved to authorize publication of the proposed 2016 tax rate of \$1.40 and set the public hearing for November 2, 2016, at 12:30 p.m. The motion was seconded by Director Markiewicz and carried unanimously.

The Board concurred to hold a special meeting on October 19, 2016, at 10:00 a.m. to further discuss the proposed 2016 tax rate.

WEBSITE MATTERS

There was no discussion on this matter.

OPERATIONS REPORT

Mr. Ammel presented an operator's report from EDP, a copy of which is attached.

Mr. Ammel reviewed a revised water and sewer rate comparison between the District, nearby municipal utility districts, and the City of Houston. Discussion ensued. The Board concurred to ask EDP to update the rate comparison each spring.

CONDUCT HEARING ON TERMINATION OF WATER AND SEWER SERVICE

Mr. Ammel submitted a list of delinquent accounts to the Board for termination of utility service. He stated that the accounts in question have been given written notification of the opportunity to appear, either in person or in writing, at the Board meeting to contest, explain, or correct the charges, services, or disconnection. Mr. Ammel noted that the accounts listed have neither attended the Board meeting nor contacted his office or the District to contest or explain the charges. After discussion, Director Markiewicz moved that the District's operator be authorized to proceed with termination of utility service to the accounts pursuant to the provisions of the District's Rate Order. The motion was seconded by Director Gentry and carried unanimously.

APPROVE PAYMENT SERVICES AGREEMENT

Mr. Ammel reviewed the Payment Services Agreement with First Billing with the Board. Following discussion, Director Markiewicz moved to approve the Payment Services Agreement. Director Gentry seconded the motion, which carried unanimously.

ENGINEER'S REPORT

Ms. Swackhamer presented an engineer's report from EHRA, a copy of which is attached, and reviewed it with the Board.

SUBMERGED STORM SEWER AGREEMENTS

There was no discussion on this matter.

APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISEMENT FOR BIDS

The Board deferred approval of plans and specifications and authorizing advertisement for bids for the following construction projects: (1) water, sewer, and drainage facilities to serve Towne Lake, Section 44; and (2) water, sewer, and drainage facilities to serve Towne Lake, Section 41.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE TOWNE LAKE, SECTION 37

Ms. Swackhamer updated the Board on the status of the construction of water, sewer, drainage and paving facilities to serve Towne Lake, Section 37. She stated that

she had no pay estimates from CNS Construction for the Board's approval.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE TOWNE LAKE, SECTION 32, PARTIAL REPLAT NO. 1

Ms. Swackhamer updated the Board on the status of the construction of water, sewer, drainage and paving facilities to serve Towne Lake, Section 32, partial replat no. 1. She recommended approval of Pay Estimate No. 4 and Final in the amount of \$33,788.92, submitted by Jaho, Inc. Ms. Swackhamer then recommended that the Board accept the project. Following discussion, Director Steriti moved to approve Pay Estimate No. 4 and Final in the amount of \$33,788.92 and accept the project, as recommended. Director Markiewicz seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE TOWNE LAKE, SECTION 15, PARTIAL REPLAT NO. 2, PARTIAL REPLAT NO. 1

Ms. Swackhamer updated the Board on the status of the construction of water, sewer, and drainage facilities to serve Towne Lake, Section 15, Partial Replat No. 2, Partial Replat No. 1. She recommended approval of Change Order No. 2 in the amount of \$3,750.00, resulting in an increase in the amount of the project, submitted by Lischka Utilities LLC. Following discussion, Director Steriti moved to approve Change Order No. 2 in the amount of \$3,750.00, as recommended. Director Markiewicz seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR CLEARING AND GRUBBING TO SERVE TOWNE LAKE, SECTION 41

Ms. Swackhamer updated the Board on the status of the clearing and grubbing to serve Towne Lake, Section 41. She stated that she had no pay estimates from K&K Tree and Tractor Service for the Board's approval.

BOND APPLICATION NO. 3

Ms. Swackhamer reported that the bond application has been submitted to the Texas Commission on Environmental Quality ("TCEQ") and the application has been declared administratively complete. She noted that the bond application has been removed from expedited review by the TCEQ.

REQUESTS FOR CAPACITY RESERVATION TO HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 500 (MASTER) AND REQUESTS FOR UTILITY COMMITMENTS

There was no discussion on this matter.

ACCEPT CONVEYANCE OR ASSIGNMENT OF DEEDS AND EASEMENTS; APPROVE ABANDONMENT OF EASEMENTS; ACCEPT UTILITY DEED

The Board considered accepting conveyance of a storm sewer easement from the Towne Lake Community Association. After discussion, Director Steriti moved to accept conveyance of the storm sewer easement from the Towne Lake Community Association. Director Markiewicz seconded the motion, which carried unanimously.

RECEIVE REPORT ON THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

There was no discussion on this matter.

REPORT ON DEVELOPMENT

Mr. Puckett updated the Board on development in Towne Lake.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

There was no discussion on this matter.

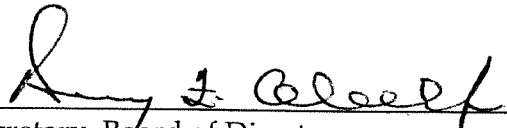
AUTHORIZE EXECUTION OF GENERAL CERTIFICATE IN CONNECTION WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 500 ("MASTER DISTRICT") BOND SALE

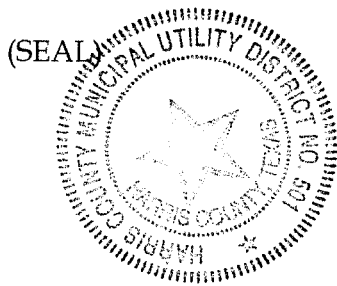
The Board then considered authorizing execution of the General Certificate in connection with the Master District's Series 2016 Contract Revenue Bonds (Road Facilities). Following review and discussion, Director Gentry made a motion to authorize execution of the General Certificate in connection with the Master District's Series 2016 Contract Revenue Bonds (Road Facilities). Director Markiewicz seconded the motion, which passed unanimously.

AUTHORIZE EXECUTION OF RESOLUTION TO COMPLY WITH THE SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 IN CONNECTION WITH MASTER DISTRICT'S BOND SALE

The Board considered authorizing execution of the Resolution to Comply with the Securities and Exchange Commission Rule 15c2-12, whereby the District agrees to provide current financial information on an annual basis. Following review and discussion, Director Gentry moved to authorize execution of the Resolution to Comply with the Securities and Exchange Commission Rule 15c2-12 in connection with the Master District's Series 2016 Contract Revenue Bonds (Road Facilities). Director Markiewicz seconded the motion, which passed unanimously.

There being no further business to come before the Board, the Board concurred to adjourn the meeting.


Secretary, Board of Directors



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