

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

November 2, 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 2nd day of November, 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, 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 and Eric Thiry of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests; Karla Efigenio of The Caldwell Companies; Matt Dustin and Loren Morales of RBC Capital Markets; Lee Markiewicz, DeBra Edwards, Renee Russell-Head, Drew Roberson, Syed Shah, Joanne Quintero, Julie Kudlaceh, Victoria Torkay, and Melissa Yahner, residents of the District; Colette Garcia, director of Harris County Municipal Utility District No. 500; Alia Vinson, Katie Carner, and Linda Sotirake of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board reviewed the minutes of the October 5 and 19, 2016, meetings. Director Steriti moved to approve the minutes of the October 5 and 19, 2016, meetings as submitted. The motion was seconded by Director Markiewicz and passed by unanimous vote.

IN-DISTRICT MEETINGS

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

TOWN HALL MEETING

The Board discussed the town hall meeting on November 10, 2016, at 7:00 p.m., at the Lake House. The Board discussed the format for the town hall meeting.

BOOKKEEPER'S REPORT

Ms. Matuska then presented the bookkeeper's report and the quarterly investment report, and submitted the bills for the Board's review. Ms. Matuska then presented and reviewed a Resolution authorizing online access to the District's accounts with BBVA Compass. Upon a motion made by Director Gentry and seconded by Director Markiewicz, the Board voted unanimously to (1) approve the bookkeeper's report, the quarterly investment report, and the checks presented for payment, and (2) adopt the Resolution and direct that it be filed appropriately and maintained in the District's records. A copy of the bookkeeper's report is attached.

UNLIMITED TA BONDS, SERIES 2016

The Board concurred to defer discussion of this agenda item.

TAX REPORT

Ms. McLaughlin presented the monthly tax report and stated that 99.539% of the District's 2015 taxes had been paid as of October 31, 2016. Following review and discussion, Director Markiewicz moved to approve the tax report. Director Steriti seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

Ms. McLaughlin discussed the delinquent tax accounts.

HOLD PUBLIC HEARING REGARDING DISTRICT 2016 TAX RATE

The Board held a public hearing regarding the 2016 tax rate. Ms. Vinson discussed the rollback tax rate. Mr. Dustin discussed the three components of the tax rate.

In response to a question from Ms. Torkay regarding who calculates the District's tax rate, Mr. Dustin stated that there is a team at RBC that works on the tax rate recommendations.

Mr. Markiewicz requested that the Board consider lowering the District's tax rate and recommended using reserve funds in the operating account in order to further lower the tax rate.

Ms. Yahner requested that the Board consider lowering the District's tax rate.

ADOPT ORDER LEVYING TAXES FOR 2016

Director Gentry recommended that the Board levy a 2016 tax rate of \$1.38 composed of \$0.28 per \$100 of assessed valuation to provide for the District's debt service requirements, \$0.90 per \$100 of assessed valuation to provide for the District's contract tax requirements, and \$0.20 per \$100 of assessed valuation to provide for maintenance and operations.

Director Markiewicz recommended that the Board levy a 2016 tax rate of \$1.305 composed of \$0.28 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 \$0.115 per \$100 of assessed valuation to provide for maintenance and operations.

Following discussion, Director Markiewicz moved to adopt the Order Levying Taxes for 2016, which reflects a tax rate of \$1.305 per \$100 assessed valuation, which is composed of a \$0.91 contract tax component for the calendar year ending December 31, 2017, \$0.28 debt service tax component for the calendar year ending December 31, 2017 and a \$0.115 maintenance and operation tax component for the fiscal year ending March 31, 2017. Director Harkrider seconded the motion, which failed with Directors Gentry, Steriti, and Abel voting against the motion.

Following additional discussion, Director Gentry moved to adopt the Order Levying Taxes for 2016, which reflects a tax rate of \$1.38 per \$100 assessed valuation, which is composed of a \$0.90 contract tax component for the calendar year ending December 31, 2017, \$0.28 debt service tax component for the calendar year ending December 31, 2017 and a \$0.20 maintenance and operation tax component for the fiscal year ending March 31, 2017. Director Abel seconded the motion, which carried by a vote of three for the motion, with Directors Harkrider and Markiewicz voting against the motion.

APPROVE AMENDMENT TO THE DISTRICT INFORMATION FORM

The Board next considered approving the Amendment to Information Form to reflect the District's 2016 tax rate. After discussion, Director Gentry moved that the Amendment to the District's Information Form be approved and filed with the TCEQ and with Harris County as required by law. Director Abel seconded the motion, which carried unanimously.

GARBAGE COLLECTION AND RECYCLING

Directors Markiewicz and Gentry discussed the ongoing service issues with garbage and recycling collection, including poor responsiveness to customer requests.

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 reported that Ms. Daniela Bombonatti has requested a bill adjustment for water use between July 11, 2016 and August 9, 2016, because of an irrigation system leak. He also reported that S.J. Louis Construction is requesting that the Board waive a late fee in the amount of \$239.08.

Mr. Ammel reported that the West Harris County Regional Water Authority is anticipated to increase the surface water fees and groundwater reduction plan fees by \$0.20 effective January 1, 2017

Following review and discussion, Director Abel moved to (1) approve the District operator's report; (2) authorize the District operator to offer a billing adjustment to Ms. Daniela Bombonatti pursuant to the District's leak adjustment credit policy; and (3) deny the request from S.J. Louis Construction. The motion, which was seconded by Director Markiewicz, passed unanimously.

Discussion ensued regarding the convenience fees for the use of credit cards, debit cards, or ACH debit to pay utility bills.

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 Abel 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 Markiewicz and 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 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 Pay Estimate No. 3 in the amount of \$3,675.00 and Pay Estimate No. 4 and Final in the amount of \$2,191.07, submitted by Jaho, Inc. Ms. Swackhamer then recommended that the Board accept the project. Following discussion, Director Steriti moved to approve Pay Estimate No. 3 in the amount of \$3,675.00 and Pay Estimate No. 4 and Final in the amount of \$2,191.07 and accept the project, as recommended. Director Gentry 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.

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

There was no discussion on this matter.

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

Ms. Vinson reported that the WHCRWA will be holding a town hall meeting on November 3, 2016, at 6:00 p.m. at the Fry Road Municipal Utility District Administration Building located at 20111 Saums Road, Katy, Texas 77449. Following discussion, Director Abel moved to authorize any interested director to attend the town hall meeting. Director Steriti seconded the motion which carried unanimously.

REPORT ON DEVELOPMENT

Ms. Swackhamer updated the Board on development in Towne Lake. The Board requested that Ms. Swackhamer coordinate with the Towne Lake Community Association regarding the status of new portions of Cypress-North Houston and Towne lake Parkway.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

There was no discussion on this matter.

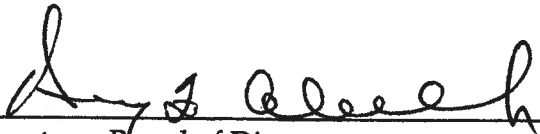
PUBLIC COMMENTS

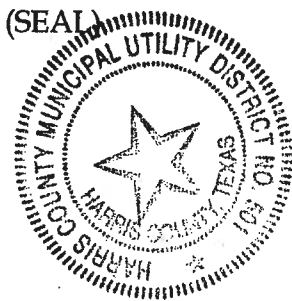
Mr. Markiewicz requested information regarding the District charging a convenience fee for the use of credit cards, debit cards, and ACH debit for utility bill payments.

Ms. Yahner noted that Harris County Municipal Utility District No. 502 ("MUD 502") meets at the developer's office. Ms. Vinson stated that MUD 502 is represented by another law firm.

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

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


Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
bookkeeper's report.....	2
tax assessor/collector's report	2
operator's report from EDP.....	4
engineer's report from EHRA	5