

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

October 4, 2017

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 4th day of October, 2017, 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 Lee Markiewicz, DeBra Edwards, and Melissa Yahner, residents of the District; Colette Garcia, Saundra Dahlke, and Marilyn Roberts, directors of Harris County Municipal Utility District No. 500 ("HC 500"); Tom Russell, member of the public; Rose Montalbano 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 of The Caldwell Companies; Matt Dustin and Loren Morales of RBC Capital Markets ("RBC"); and Alia Vinson, Katie Carner, and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Mr. Markiewicz requested that the District adopt a lower tax rate for 2017. He commended the performance of the District's drainage and detention facilities during Hurricane Harvey.

APPROVE MINUTES

The Board reviewed the minutes of the September 6, 2017, regular meeting. After review and discussion, Director Abel moved to approve the minutes of the September 6, 2017, regular meeting. The motion was seconded by Director Markiewicz and passed by unanimous vote.

BOOKKEEPER'S REPORT

Ms. Montalbano presented the bookkeeper's report, a copy of which is attached, and submitted the bills for the Board's review.

The Board discussed moving available funds to TexPool to achieve higher interest rate earnings.

After review and discussion, Director Markiewicz moved to (1) approve the bookkeeper's report and the checks presented for payment; and (2) authorize the District's bookkeeper to move available funds to TexPool. Director Gentry seconded the motion, which passed unanimously.

The Board considered authorizing attendance at the Association of Water Board Directors ("AWBD") fall seminar on October 25, 2017. After review and discussion, Director Harkrider moved to authorize any interested director to attend the AWBD fall seminar. Director Markiewicz seconded the motion, which passed unanimously.

TAX REPORT

Ms. McLaughlin presented the monthly tax report and stated that 99.3% of the District's 2016 taxes had been paid as of September 30, 2017. She also discussed the status of delinquent accounts. The Board discussed the procedures for collecting delinquent taxes.

Following review and discussion, Director Steriti moved to approve the tax report. Director Markiewicz seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

DISCUSS 2017 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Mr. Dustin presented a cash flow analysis, a copy of which is attached, and recommended that the Board levy a 2017 total tax rate of \$1.29, comprised of \$0.255 per \$100 of assessed valuation to provide for the District's debt service requirements, \$0.985 per \$100 of assessed valuation to provide for the District's contract tax requirements, and \$0.05 per \$100 of assessed valuation to provide for maintenance and operations.

Discussion ensued regarding the District's certified taxable value, projected future growth in the District, and the projected amount of future debt to be issued by HC 500, as Master District. Director Gentry stated that he would have recommended a tax rate of \$1.33 based on his own preliminary analysis. He stated he would revise his analysis based upon the information provided today by RBC.

The Board then considered setting a public hearing date and authorizing notice of a public hearing regarding the District's adoption of a 2017 tax rate. Director Abel moved to authorize publication of the proposed maximum 2017 tax rate of \$1.33 and set the public hearing for November 1, 2017, at 11:00 a.m. at the offices of ABHR. The motion was seconded by Director Gentry. Upon the vote being called, the motion passed by a vote of 4-1, with Director Markiewicz opposed.

The Board concurred to hold a special meeting on October 12, 2017, at 3:00 p.m. to further discuss the proposed 2017 tax rate.

ADOPT RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT ("HCAD")

The Board considered nominating a candidate for Board of Director Election for HCAD. After review and discussion, Director Gentry moved to adopt the Resolution Nominating Candidate for Board of Direction Election for HCAD reflecting the District's nomination of Glenn Peters and direct that the Resolution be filed appropriately and retained in the District's official records. Director Steriti seconded the motion, which passed unanimously.

GARBAGE COLLECTION AND RECYCLING

The Board discussed garbage collection and recycling services in the District and reviewed resident correspondence regarding garbage service issues. Ms. Carner reviewed a draft letter documenting service issues and overall disappointment with the service received from Residential Refuse & Recycling of Texas, Inc. ("RR&R") since the beginning of the contract. After review and discussion, Director Markiewicz moved to authorize ABHR to send the letter to RR&R, as written. Director Gentry seconded the motion, which passed unanimously.

WEBSITE MATTERS

There was no discussion on this matter.

OPERATIONS REPORT

Mr. Ammel stated that the invitation for the October 28, 2017, e-waste and shredding event for District residents was distributed in the September utility bills. Ms. Carner stated the invitation is on the District's website.

Mr. Ammel presented an operator's report from EDP, a copy of which is attached. He reported on the installation of three residential taps and meters.

Mr. Ammel stated he has received information, including cost estimates for electronic meter installation from two vendors thus far and noted that he will provide the information to Directors Markiewicz and Gentry for their review.

Mr. Ammel noted that water accountability for the month of September was 85.8% and that EDP is investigating possible causes for the below average water accountability.

After review and discussion, Director Steriti moved to approve the operator's report. Director Abel seconded the motion, which passed unanimously.

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 Steriti moved that the District's operator be authorized to proceed with termination of utility service to the delinquent accounts pursuant to the provisions of the District's Rate Order. The motion was seconded by Director Abel 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.

Ms. Swackhamer stated that EHRA conducted a survey of erosion on the banks of the regional detention facilities along with the Towne Lake Community Association ("HOA"), and EHRA is coordinating erosion control measures with the HOA. In response to a question from Director Gentry, Ms. Swackhamer stated that EHRA is still collecting information necessary to develop on a long-term asset maintenance plan.

Mr. Edminster updated the Board on the status of the grade separation at Union Pacific Railroad and intersection improvements at Highway 290 project.

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 construction of the 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 44

Ms. Swackhamer updated the Board on the status of the construction of water, sewer, drainage, and paving facilities to serve Towne Lake, Section 44. She recommended approval of Pay Estimate No. 1 in the amount of \$355,340.64 and Change Order No. 1 to increase the amount of the contract by \$7,844.60, submitted by D. Grimm, Inc. The Board determined that Change Order No. 1 is beneficial to the District. After review and discussion, Director Abel moved to approve Pay Estimate No. 1 in the amount of \$355,340.64 and Change Order No. 1 to increase the contract in the amount of \$7,844.60, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Markiewicz seconded the motion, which passed unanimously.

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.

WATER, SEWER, AND DRAINAGE FACILITIES IN TOWNE LAKE, SECTION 27

There was no discussion on this matter.

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.

APPROVE CONTRACT WITH STORM WATER SOLUTIONS, L.P.

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.

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

The Board discussed an invitation to attend the WHCRWA Annual Town Hall Meeting on October 26, 2017. Ms. Vinson noted the Board previously authorized interested directors to attend WHCRWA events.

REPORT ON DEVELOPMENT

Mr. Puckett reported on development in Towne Lake.

DISCUSS MASTER DISTRICT RECREATIONAL AND DETENTION FACILITIES

Ms. Vinson updated the Board on the status of wildlife management in HC 500, as Master District, detention facilities, including beaver removal. She also reported on an unconfirmed sighting of an alligator in the regional detention facilities. She stated that A All Animal Control has been notified and has indicated that they are patrolling the lake as contracted for by HC 500, as Master District.

DISCUSS IN-DISTRICT MEETING SCHEDULE

The Board deferred discussion on this item.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT
CORRESPONDENCE AND PROVISION OF RECORDS

There was no discussion on this matter.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS
GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH
ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A
SETTLEMENT OFFER

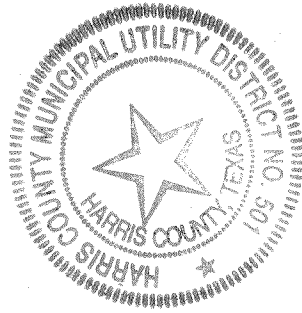
The Board did not convene in executive session.

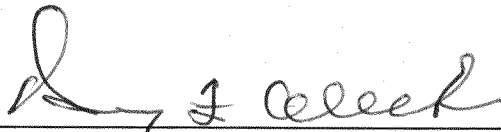
PUBLIC COMMENTS

Ms. Yahner stated she recommends that the District adopt a total 2017 tax rate of \$1.25. She requested Director Gentry provide his tax rate analysis to the public at the special meeting scheduled on October 12, 2017.

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

(SEAL)




Secretary, Board of Directors

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