

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

December 6, 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 6th day of December, 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 Melissa Yahner, resident of the District; Russell Wolff of Residential Recycling & Refuse of Texas, Inc. ("RR&R"); Sandra Dahlke, Colette Garcia, Pamela Bretherton, and Marilyn Roberts, directors of Harris County Municipal Utility District No. 500 ("HC 500"); Mike Owens and Tom Russell, members of the public; Shannon Waugh of Off Cinco; Marsha Jan of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Rose Montalbano of F. Matuska, Inc.; Truman Edminster and Chau Bao of Edminster Hinshaw Russ and Associates, Inc. ("EHRA"); Michael Ammel of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests ("BLI"); Matt Dustin of RBC Capital Markets ("RBC"); David Beyer of Rialto Studios; and Alia Vinson, Katie Carner, and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Ms. Yahner requested information regarding the legal expenses incurred by the District and HC 500 during calendar year 2017. Ms. Carner explained Ms. Yahner can submit a Public Information Act request to obtain the requested information. Ms. Yahner also inquired about the compensation received by the directors, including reimbursement of expenses and fees of office. Ms. Carner explained the Texas Water Code provisions regarding director fees of office and expense reimbursement.

APPROVE MINUTES

The Board reviewed the minutes of the November 1, 2017, regular meeting. After review and discussion, Director Gentry moved to approve the minutes of the

November 1, 2017, regular meeting. The motion was seconded by Director Markiewicz and passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Montalbano presented the bookkeeper's report, a copy of which is attached, and submitted the bills for the Board's review. After review and discussion, Director Abel moved to approve the bookkeeper's report and the checks presented for payment. Director Markiewicz seconded the motion, which passed unanimously.

The Board discussed plans for future development in the District and the total estimated costs for District facilities to serve the proposed development in town Lake, Section 60.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

Ms. Carner discussed the District's Travel Reimbursement Guidelines in connection with the upcoming Association of Water Board Directors winter conference in Dallas. After review and discussion, Director Gentry moved to authorize payment of up to three per diems, reimbursement of hotel expenses for a maximum of two nights, and reimbursement for reasonable and necessary meals for Board members attending the winter conference, all to be submitted in accordance with the Travel Reimbursement Guidelines. Director Abel seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 7.6% of the District's 2017 taxes had been paid as of November 30, 2017. She also discussed the status of delinquent accounts.

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

GARBAGE COLLECTION AND RECYCLING MATTERS

The Board discussed garbage collection and recycling services in the District. Mr. Wolff presented the Board with a letter from RR&R requesting the Board consider approving an adjustment to the service rate, which would increase the monthly per connection rate by \$0.42, effective January 1, 2018. A copy of the letter is attached. After review and discussion, Director Markiewicz moved to approve the \$0.42 per connection increase. Director Steriti seconded the motion, which carried by a vote of 4-0, with Director Gentry abstaining. Ms. Carner noted the Board will need to approve an

amendment to the garbage collection contract to reflect the revised rate at the next Board meeting.

WEBSITE MATTERS, INCLUDING PROPOSAL FOR WEBSITE MAINTENANCE

Ms. Waugh presented and reviewed a proposal for a new flat rate monthly fee of \$325 for maintenance of the District's website. After review and discussion, the Board concurred to defer consideration of the proposal until the next regular Board meeting.

OPERATION OF DISTRICT FACILITIES

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

Mr. Ammel reviewed an updated rate comparison chart, a copy of which is attached to the operator's report. Director Gentry requested Mr. Ammel include the rate comparison as part of the monthly operator's report and update the numbers when appropriate.

Mr. Ammel noted that water accountability for the month of November was 96%.

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.

ENGINEERING MATTERS

Mr. Edminster 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 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

Mr. Edminster updated the Board on the status of the construction of water, sewer, and drainage facilities to serve Towne Lake, Section 44. He recommended approval of Pay Estimate No. 3 in the amount of \$47,004.75, submitted by D. Grimm, Inc. After review and discussion, Director Steriti moved to approve Pay Estimate No. 3 in the amount of \$47,004.75, as recommended. Director Gentry seconded the motion, which passed unanimously.

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

Mr. Edminster updated the Board on the status of the construction of water, sewer, drainage, and paving facilities to serve Towne Lake, Section 37. He stated that he 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 reviewed a letter from the WHCRWA regarding the increase in ground water pumpage and surface water fees effective January 1, 2018, a copy of which is attached.

REVIEW AND UPDATE EMINENT DOMAIN REPORT TO THE TEXAS
COMPTROLLER

Ms. Carner reported on the requirement to file the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas pursuant to Senate Bill 1812 from the 2015 legislative session. She stated that ABHR has filed the District's Eminent Domain Authority Annual Report for 2017.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

The Board generally discussed development in Towne Lake, including the Developer's planned acquisition of a new tract within the district's boundaries.

DISCUSS MASTER DISTRICT RECREATIONAL AND DETENTION FACILITIES

Ms. Vinson reported on a meeting held with representatives of HC 500, the Towne Lake Community Association ("HOA") and the Heritage Towne Lake Community Association ("the Heritage HOA") regarding general maintenance of the regional detention facilities. In response to a question from the Board, Mr. Edminster updated the Board on the development of a long term asset management plan for the regional detention facilities.

Ms. Vinson updated the Board on the status of wildlife management in the regional detention facilities, including beaver removal and alligator monitoring. She stated that the letter from the District regarding the installation of wildlife signs was delivered to the Board of Directors of HC 500. She also reviewed a letter from the Board of Directors of HC 500 to the Participants regarding the status of wildlife management and the intent of the HOA to install wildlife signs within 90 days. A copy of the letter from HC 500 is attached.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT
CORRESPONDENCE AND PROVISION OF RECORDS

There was no discussion on this matter.

DISCUSS UTILITY RATES AND AMEND RATE ORDER

The Board discussed amending the District's Rate Order to lower the utility rates and eliminate the 10% surcharge to the WHCRWA surface water fees in order to draw down the District's operating reserve. The Board also discussed potentially lowering the tax rate or increasing the District's homestead exemption for the 2018 tax year as alternative methods for drawing down the operating reserve. Mr. Ammel reviewed an analysis of the impact on revenue if the District lowered the utility rates, a copy of which is attached. He also reviewed a rate comparison of the proposed lower rates to other municipal utility districts in the surrounding area, a copy of which is attached. Mr. Dustin then reviewed an analysis of homestead exemption scenarios, a copy of which is attached. Discussion ensued regarding the potential cost of constructing District facilities to serve the proposed tract to be acquired by the Developer. After review and discussion, the Board concurred to defer amending the District's Rate Order, pending review of the presented information.

DISCUSS MEETING SCHEDULE

The Board discussed the January regular meeting. After review and discussion, the Board concurred to hold the regular meeting on January 3, 2017.

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

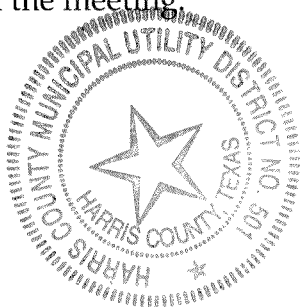
The Board did not convene in executive session.

PUBLIC COMMENTS

There were no additional public comments.

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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