

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

January 3, 2018

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 3rd day of January, 2018, 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 and DeBra Edwards, residents of the District; Richard Garrison, Nancy Garrison, and Tom Russell, members of the public; Fran Matuska of F. Matuska, Inc.; Truman Edminster and Amy Downhour 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 and Loren Morales of RBC Capital Markets ("RBC"); and Katie Carner and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Ms. Yahner inquired how the District will pay for utilities to serve the proposed tract of land within the boundaries of the District that may be acquired from Lonestar College by the Developer and the timeline for development. Director Gentry stated that the Board is still investigating the cost of the proposed new section and how to pay for any necessary District utility construction.

Ms. Yahner inquired how the erosion control for the regional detention facilities will be funded. Ms. Carner discussed the maintenance agreement between Harris County Municipal Utility District No. 500 ("HC 500"), as Master District, and the Towne Lake Community Association (the "HOA"). She stated this matter was discussed at a recent meeting between the HOA, the Heritage Homeowners Association, and HC 500 representatives and is part of the development of a long term asset management plan.

Ms. Yahner inquired whether the Board receives the draft minutes from the HC 500 meetings and stated she believes it is important for the Board to be aware of what occurs at the HC 500 meetings, like the addition of early completion incentives to

landscape construction contracts for HC 500. Ms. Carner stated that directors who request the draft minutes receive them. Ms. Yahner and Ms. Edwards inquired about the process for preparation and review of landscape construction contracts. Ms. Carner reviewed the construction contract preparation and review process.

APPROVE MINUTES

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

2018 DIRECTORS ELECTION

Ms. Carner discussed procedures related to the 2018 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2018 Directors Election Period. Following review and discussion, Director Markiewicz moved to adopt a Resolution Designating an Agent of the Secretary of the Board During the 2018 Directors Election Period appointing Jennifer Ramirez as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Steriti seconded the motion, which was approved by unanimous vote.

Ms. Carner reported on requirements to post a Notice of Deadline to File Applications for Place on the Ballot for the 2018 Directors Election. Following discussion, Director Markiewicz moved to authorize the Secretary's agent to post the notice as required. Director Steriti seconded the motion, which was approved by unanimous vote.

Ms. Carner discussed exemptions from using electronic voting systems during the 2018 Directors Election. She stated that the basis of the District's exemption is there were less than 250 voters in the 2016 Directors election. Following discussion, Director Markiewicz moved to authorize the Secretary's agent to publish Notice of Exemption in a newspaper of general circulation. Director Steriti seconded the motion, which was approved by unanimous vote.

The Board discussed pay for election officials during the 2018 Directors Election. Following discussion, Director Markiewicz moved to set the pay for election officials at \$15.00 per hour. Director Steriti seconded the motion, which was approved by unanimous vote.

Ms. Edwards addressed the Board regarding the importance of selecting election officials who are impartial and knowledgeable about the federal Voting Rights Act. She also stated she supports the use of electronic voting machines. Discussion ensued.

Ms. Edwards stated she would like the Board to increase awareness of the 2018 Directors Election, including regarding procedures for residents to update their address on Harris County's list of registered voters. The Board discussed adding information to the District's website regarding the 2018 Directors Election, including translation requirements for same. After review and discussion, the Board concurred to add the Notice of Candidate Filing Period, including all required translations, to the District's website.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Matuska 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 Steriti moved to approve the bookkeeper's report and the checks presented for payment. Director Abel seconded the motion, which passed unanimously.

ACCEPT ANNUAL DISCLOSURE STATEMENTS OF THE BOOKKEEPER AND INVESTMENT OFFICER

The Board next considered accepting the annual disclosure statements of the bookkeeper and investment officer. Following review, Director Markiewicz moved to accept the annual disclosure statements of the bookkeeper and investment officer. Director Gentry seconded the motion, which was approved by unanimous vote.

REVIEW LIST OF LOCAL GOVERNMENT OFFICERS

Ms. Carner reviewed the List of Local Government Officers and stated no update to the list was required.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Carner reported on the District's compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 69.7% of the District's 2017 taxes had been paid as of December 31, 2017. She also discussed the status of delinquent accounts. In response to a question from the Board, Ms. McLaughlin explained BLI's procedures for handling pre-payment of property taxes.

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.

GARBAGE COLLECTION AND RECYCLING MATTERS, INCLUDING APPROVE AMENDMENT TO AGREEMENT FOR RECYCLE AND SOLID WASTE COLLECTION AND DISPOSAL SERVICES

The Board discussed garbage collection and recycling services in the District. Director Gentry requested that the Board reconsider its vote from the last meeting approving the requested increase to the current service rate pursuant to the contract with Residential Recycling & Refuse of Texas, Inc. ("RR&R") due to additional service issues that occurred since the last meeting. Discussion ensued. After review and discussion, Director Gentry moved to (1) rescind approval of the \$0.42 per connection increase and defer further consideration of an increase for six months; (2) authorize ABHR to send a letter to RR&R regarding the ongoing service issues and the Board's decision to rescind approval of the rate increase; and (3) direct the District's bookkeeper to hold check no. 2709, pending receipt of a revised invoice from RR&R. Director Markiewicz seconded the motion, which passed unanimously.

WEBSITE MATTERS, INCLUDING PROPOSAL FOR WEBSITE MAINTENANCE

The Board discussed the proposal from Off Cinco for a new flat rate monthly fee of \$325 for maintenance of the District's website. After review and discussion, Director Steriti moved to approve the proposal for maintenance of the District's website in the amount of \$325 per month. Director Markiewicz seconded the motion, which passed by unanimous vote.

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 three residential taps and meters.

Mr. Ammel reviewed cost estimates for installation and maintenance of electronic meters, as reflected in his report. Discussion ensued regarding retrofitting the existing meters versus replacing them with electronic meters.

Mr. Ammel reported that EDP filed an unauthorized discharge report with the Texas Commission on Environmental Quality and Harris County for an excursion caused by a leak in a sanitary sewer bypass hose along Towne Lake Parkway.

Director Gentry reported that certain traffic signs along Greenhouse Road are facing the incorrect direction. Mr. Ammel stated Camino Services is on site and will correct the problem.

After review and discussion, Director Abel moved to approve the operator's report. Director Gentry 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 Abel 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 Gentry and carried unanimously.

ENGINEERING MATTERS

Ms. Downhour requested the Board clarify the scope of work for the requested report regarding the potential cost of constructing District facilities to serve the proposed tract within the boundaries of the District that may be acquired from Lonestar College by the Developer. The Board requested EHRA provide a current cost estimate for construction of District facilities for the proposed tract, as well as information regarding availability of surplus bond funds, including possible surplus funds generated by actual costs coming in lower than the cost estimates. Mr. Edminster noted that the land plan for the proposed tract is subject to change, so EHRA will attach the current land plan to the cost estimates that EHRA will provide.

Ms. Downhour 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

Ms. Downhour updated the Board on the status of the construction of water,

sewer, and drainage facilities to serve Towne Lake, Section 44. She stated that she had no pay estimates from D. Grimm, Inc. for the Board's approval.

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

Ms. Downhour updated the Board on the status of the construction of water, sewer, drainage, and paving facilities to serve Towne Lake, Section 37. She recommended approval of Pay Estimate No. 9 and Final in the amount of \$96,321.78, submitted by CNS Construction, Inc. She then recommended that the Board accept the project. After review and discussion, Director Steriti moved to approve Pay Estimate No. 9 and Final in the amount of \$96,321.78 and accept the project, as recommended. Director Gentry seconded the motion, which passed unanimously.

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

Ms. Downhour reported that Towne Lake, Section 44 will need 93 equivalent single-family connections ("ESFCs") for water and sewer capacity in the Master District facilities. Following discussion, Director Steriti moved to request 93 ESFCs for water and sewer capacity from the Master District. Director Gentry seconded the motion, which carried unanimously.

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 considered adopting a Resolution Nominating a Candidate to Serve as Director on the Board of Directors of the West Harris County Regional Water Authority

for Precinct No. 5. After review and discussion, the Board deferred action on this matter, pending further review of potential candidate qualifications.

Ms. Carner stated that the District is required to submit a water usage reporting form to the WHCRWA by March 1, 2018. The Board considering authorizing EDP to submit the water usage reporting form to the WHCRWA on behalf of the District. Following discussion, Director Steriti moved to authorize EDP to submit the water usage reporting form to the WHCRWA. Director Abel seconded the motion, which carried unanimously.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT, INCLUDING ACQUISITION OF NEW TRACT WITHIN THE DISTRICT

Ms. Downhour generally discussed development in Towne Lake.

DISCUSS MASTER DISTRICT RECREATIONAL AND DETENTION FACILITIES

The Board discussed maintenance of the Master District detention facilities. Director Gentry requested a standing agenda item be added specifically for lake maintenance.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

The Board reviewed a notice from the Harris County Appraisal District ("HCAD") regarding the results of the 2018 Board of Directors Election for HCAD, a copy of which is attached.

DISCUSS UTILITY RATES AND TAX RATES AND AMEND RATE ORDER

The Board tabled discussion on this agenda item.

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. Edwards stated she agrees with the Board's decision to defer any increase to the current service rate pursuant to the contract with RR&R, given the continued service issues. She also requested the Board carefully consider qualifications when selecting election officials for the May 2018 directors election.

Ms. Yahner stated that she does not want the Board to nominate the incumbent candidate for the Board of Directors Election for the WHCRWA and stated that the Board should nominate a candidate who agrees to be more involved in meeting with District residents and representing the District's concerns.

Ms. Yahner requested the Board add an agenda item specifically to discuss lake maintenance.

Ms. Yahner stated she appreciates the Board actively asking questions and responding to resident concerns.

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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