

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

February 7, 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 7th day of February, 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, except Director Markiewicz, thus constituting a quorum.

Also present at the meeting were Melissa Yahner, Hank Miller, and DeBra Edwards, residents of the District; Tom Russell, member of the public; Marilyn Roberts, Colette Garcia, and Sandra Dahlke, directors of Harris County Municipal Utility District No. 500 ("HC 500"); Marsha Jan of McCall Gibson Swedlund Barfoot PLLC; Fran Matuska and Rose Montalbano 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; Loren Morales of RBC Capital Markets ("RBC"); and Alia Vinson, Katie Carner, and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Ms. Yahner inquired about signs regarding the potential presence of alligators in the regional detention facilities. Ms. Vinson stated that matter would be discussed under agenda item no. 23.

Ms. Yahner inquired whether the District has received resumes for potential election officials. Ms. Vinson stated that matter would be discussed under agenda item no. 3.

Ms. Yahner inquired whether the District has received a resume from Karla Cannon, a candidate for the Board of Directors for the West Harris County Regional Water Authority ("WHCRWA") and whether any additional resumes for other

candidates are available. Ms. Vinson stated that matter would be covered under agenda item no..

Ms. Yahner stated she believes the Board needs to request additional information regarding the tract within the boundaries of the District that may be acquired from Lonestar College by the Developer, including possible land use and schedule for developer reimbursement.

Ms. Yahner inquired about the District's 2018 estimated value and the number of taxpayers who protested the assessed values of their properties in 2017. Ms. Vinson stated that matter will be covered under agenda item no. 7.

Ms. Yahner stated she wants the District to grant a 10% residential homestead tax exemption.

Ms. Yahner reported on a water leak she observed on January 23, 2018, at 10502 Texas Sage Way. She stated the affected resident was directed by EDP to write a letter to the Board regarding the resident's high water bill. Ms. Yahner stated she believes the Board should take action on the resident's high water bill without requiring the resident to write a letter. Ms. Vinson discussed the Board's leak adjustment credit policy, including the requirement to provide a written request to the Board. Mr. Ammel stated he would investigate the account.

#### APPROVE MINUTES

The Board reviewed the minutes of the January 3, 2018, regular meeting. After review and discussion, Director Gentry moved to approve the minutes of the January 3, 2018, regular meeting. The motion was seconded by Director Abel and passed by unanimous vote.

#### 2018 DIRECTORS ELECTION

##### ORDER CALLING DIRECTORS ELECTION

Ms. Carner discussed the Order Calling Directors Election. The Board considered the appointment of election officials for the 2018 Directors Election and reviewed potential election officials who either express interest in the position or previously have served as election officials in Harris County elections. After discussion, the Board concurred to appoint a Presiding Judge and an Alternate Presiding Judge who have election experience but did not work in the District's 2016 Directors Election. The Board discussed setting the early voting hours and location for voting. Ms. Carner stated that if the Board utilizes the Lake House as the polling location, the Towne Lake Community Association (the "HOA") will require the District to pay for private security in the amount of

\$25 an hour after 3 p.m.. Ms. Carner stated that the HOA will provide a letter to the District stating the Lake House will remain open to the public while the polls are open and for one hour before and afterward. The Board concurred to utilize the Lake House as the polling location.

After review and discussion, Director Gentry moved to adopt the Order Calling Directors Election, subject to final review by Director Markiewicz. Director Steriti seconded the motion, which passed by unanimous vote.

#### AUTHORIZE NOTICE OF ELECTION

Ms. Carner discussed that Notice of Election may be required to be posted or published and provided to the County Clerk and Voter Registrar of Harris County. After review and discussion, Director Steriti moved to authorize the Secretary's agent to post or publish and provide to the County Clerk and Voter Registrar Notice of Election, if required. Director Abel seconded the motion, which 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. Director Gentry requested the bookkeeper add a summary page for the current and estimated projected reserve amounts for the operating fund, debt service fund, and contract tax fund. Ms. Montalbano then reviewed the District's quarterly investment report. 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.

#### BUDGET

Ms. Matuska reviewed with the Board the proposed District budget for the fiscal year ending March 31, 2019, and the proposed budget for HC 500, as Master District. Ms. Vinson stated that the Master District is considering either continuing to include WHRCWA surface fees in the connection fee, which would result in an increase in the connection fee for the participant districts, or charging the participant districts WHCRWA surface water fees based on actual usage, which would result in a reduction to the connection fee. She reported that the Board of Directors of HC 500 is expected to schedule a budget workshop with two representatives of the participant districts to discuss the Master District budget. After discussion, Director Harkrider moved to authorize Directors Markiewicz and Gentry to attend the Master District budget workshop and defer any action on adopting the District's budget for the fiscal year end March 31, 2019, pending further review and comment by the District's directors and

consultants and the finalization of the Master District budget. Director Steriti seconded the motion, which passed by unanimous vote.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT SUMMER CONFERENCE

The Board considered approving reimbursement to the directors for eligible expenses incurred in attending the AWBD winter conference and authorizing attendance of any interested directors at the AWBD summer conference. After discussion, Director Steriti moved to approve reimbursement of the eligible AWBD winter conference expenses and to authorize attendance of the Board members at the AWBD summer conference. The motion was seconded by Director Gentry and carried by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 95.0% of the District's 2017 taxes had been paid as of January 31, 2018. She also discussed the status of delinquent accounts. Ms. McLaughlin stated that the District has an estimated value of approximately \$530,000,000 as of November 1, 2017.

Ms. McLaughlin stated she did not have information regarding the number of taxpayers who protested the assessed values of their properties in 2017.

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.

ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board discussed optional exemptions for the 2018 tax year. Mr. Morales presented an analysis regarding homestead exemption scenarios, a copy of which is attached. After review and discussion, the Board deferred action on this matter until the next regular meeting.

GARBAGE COLLECTION AND RECYCLING MATTERS

The Board discussed garbage collection and recycling services in the District. Ms. Carner stated the District did not receive a response from Residential Refuse & Recycling ("RR&R") regarding the District's decision to rescind approval of the requested rate increase, but noted that the District's bookkeeper corrected the RR&R invoice to reflect the previous billing rate. Ms. Carner also stated that RR&R reported delays after the January freeze, and a notice was posted on the District's website regarding the delays.

## WEBSITE MATTERS

There was no discussion on this matter.

## 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 one residential tap and meter.

Mr. Ammel reported on the status of District facilities during the unusually cold weather in January.

After review and discussion, Director Gentry 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 Gentry 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

Ms. Downhour presented an engineer's report from EHRA, a copy of which is attached, and reviewed it with the Board. She also reviewed a Future Development Cost Estimate report prepared by EHRA, a copy of which is attached. Discussion ensued.

Ms. Vinson reported that HC 500, as Master District, received an executed copy of the Advanced Funding Agreement from the Texas Department of Transportation in connection with the 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. 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.

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 WHCRWA

The Board discussed attendance at the upcoming WHCRWA meeting, noting the Board previously authorized attendance at WHCRWA meetings. In response to a question from the Board, Ms. Vinson stated that the WHCRWA provides district operators with pamphlets regarding the rising cost of water to customers to include in utility bills.

The Board reviewed two letters from Karla Cannon, a candidate for the Board of Directors for the WHCRWA for Directors Precinct No. 5, copies of which are attached, pursuant to the Board's previous request for information from Ms. Cannon.

The Board considered adopting a Resolution Nominating a Candidate to Serve as Director on the Board of Directors of the WHCRWA for Precinct No. 5. After review and discussion, the Board took no action on this matter. The Board requested Ms. Cannon attend the next regular Board meeting.

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

There was no discussion on this matter.

DISCUSS MASTER DISTRICT RECREATIONAL AND DETENTION FACILITIES

Ms. Vinson updated the Board on the status of wildlife management in detention facilities owned by HC 500, as Master District, including alligator monitoring and beaver removal. The Board reviewed correspondence from the HOA regarding the installation of wildlife signs and a map of the sign locations, a copy of which is attached. The Board discussed reports of a collapsed beaver den near the Harbor Gates marina. Ms. Vinson noted that the collapsed beaver den is located on HOA property.

DISCUSS LAKE MAINTENANCE

There was no discussion on this matter.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

The Board reviewed correspondence regarding the 2018 Directors Election and an open records request received by the District, copies of which are attached.

DISCUSS UTILITY RATES AND TAX RATES AND AMEND RATE ORDER

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 considered authorizing execution of the General Certificate in connection with the Master District's Contract Revenue Bonds (Road Facilities), Series 2018. Following review and discussion, Director Abel made a motion to authorize execution of the General Certificate in connection with the Master District's Contract

Revenue Bonds (Road Facilities), Series 2018. Director Gentry 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 Abel 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 Contract Revenue Bonds (Road Facilities), Series 2018. Director Gentry seconded the motion, which passed unanimously.

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 inquired about a developer reimbursement schedule for the proposed new development.

Ms. Yahner stated she will submit an open records request to the Harris County Appraisal District for the District's 2018 assessed value and the results of any value protests for the 2017 tax year.

Ms. Yahner requested that the HC 500 budget workshop be held at the Lake House. Ms. Vinson stated that the location for the budget workshop has not been decided, but she noted that the budget workshop is not expected to be an open meeting.

Ms. Yahner inquired whether there was a fee to use the Lake House for the 2018 Directors Election. Ms. Carner stated the HOA does not charge for the District's use of the Lake House, but, as discussed, the District will be required to pay for the private security requested by the HOA.

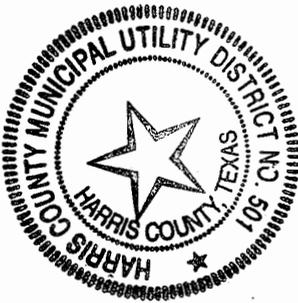
Ms. Yahner requested the Board put up election signs regarding voting hours and locations for the May 2018 directors election. The Board concurred to discuss the request at the next regular meeting.

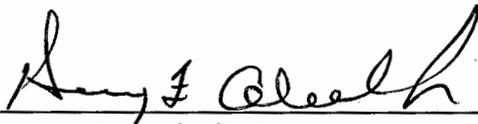
Ms. Edwards stated she felt that the election officials who worked in the District's 2016 directors election did not take election seriously enough and requested the Board stress to the new election officials the importance of the election and of treating all voters respectfully.

Ms. Yahner stated that Mr. Miller had to leave the meeting early, but she reported he wanted to inquire about who was paying for the grade separation at Union Pacific Railroad and intersection improvements at Highway 290 project and why it was needed.

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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