

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

March 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 March, 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 Jeffry Ottman, Lee Markiewicz, Dilveer Mand, Hank Miller, and DeBra Edwards, residents of the District; Tom Russell, member of the public; Karla Cannon, director of West Harris County Regional Water Authority ("WHCRWA"); Les Lee of eSiteful; Robert DeForest of KGA DeForest Design, LLC; Marilyn Roberts, Pamela Bretherton, Colette Garcia, and Saundra Dahlke, directors of Harris County Municipal Utility District No. 500 ("HC 500"); 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; Kent Puckett and Jerry Hlozek of 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

Ms. Edwards requested that the District update its website. She also stated she had comments regarding the May 2018 Directors Election. Director Harkrider stated her comments could be presented under agenda item no. 3.

APPROVE MINUTES

The Board reviewed the minutes of the February 7, 2018, regular meeting. After review and discussion, Director Gentry moved to approve the minutes of the February 7, 2018, regular meeting. The motion was seconded by Director Abel and passed by unanimous vote.

## 2018 DIRECTORS ELECTION

Ms. Carner reviewed the Notice and Writ of Election. She updated the Board on the status of election official selection. Following review and discussion, Director Markiewicz moved to approve the Notice and Writ of Election. Director Gentry seconded the motion, which passed unanimously.

The Board considered a request from a resident regarding the posting of signs related to the 2018 Directors Election. Discussion ensued regarding translation requirements and size parameters. After review and discussion, Director Markiewicz moved to authorize EDP to obtain a proposal for six signs, as discussed. Director Gentry seconded the motion, which passed unanimously.

Ms. Edwards commended ABHR Elections Coordinator Robyn German's performance and knowledge at the ballot drawing for the 2018 Directors Election. She expressed confidence in Ms. German's ability to assist with the administration of the District's 2018 Directors Election.

Ms. Edwards inquired whether the District would sponsor a candidate's forum. Ms. Vinson stated the District, as a government entity, may not fund or participate in campaign activities. She noted that in the previous election, the Towne Lake Community Association (the "HOA") conducted a candidate's forum.

Ms. Edwards inquired whether the candidates for the District's 2018 Directors Election are homeowners. Ms. Carner stated that, pursuant to eligibility requirements for municipal utility district directors in the Texas Water Code, all the candidates are either residents and qualified voters or owners of taxable property in the District.

## WHCRWA MATTERS

Ms. Vinson discussed procedures related to the WHCRWA 2018 Directors Election for Precinct No. 5.

Ms. Cannon introduced herself to the Board and discussed her background and experience with the WHCRWA. Director Gentry inquired about the WHCRWA's financial oversight and management of funds. Ms. Cannon explained that the WHCRWA conducts public committee meetings, including a financial committee, that makes recommendations to the Board of Directors for action at the regular Board meetings.

## AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END MARCH 31, 2018

The Board considered authorizing McCall Gibson Swedlund Barfoot PLLC ("McCall") to prepare the District's audit for fiscal year end March 31, 2018 for an approximate cost of \$14,000. Following discussion, Director Steriti moved to authorize McCall to prepare the District's audit for fiscal year end March 31, 2018. Director Abel seconded the motion, which carried unanimously.

## 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. She also reviewed a new page in her report, a cash balance analysis, as previously requested by the Board. Director Gentry requested a line be added for the targeted reserve fund level. After review and discussion, Director Abel moved to approve the bookkeeper's report and the checks presented for payment. Director Gentry seconded the motion, which passed unanimously.

## APPROVE BUDGET FOR FISCAL YEAR ENDING MARCH 31, 2019

Ms. Montalbano reviewed with the Board the proposed District budget for the fiscal year ending March 31, 2019, noting a projected increase in the connection fee for HC 500, as Master District. Discussion ensued regarding the budget workshop held on March 5, 2018, including the proposal discussed at the workshop for the Master District to potentially transition to a policy of separately charging the participant districts for WHCRWA surface water fees based on actual usage, beginning with the fiscal year ending March 31, 2020. Discussion ensued regarding the concerns related to the Master District's cost sharing agreement for law enforcement services with the HOA. Directors Gentry and Markiewicz stated they believe those costs should be borne by the HOA only. The Board noted revisions to the directors fees, and travel and expenses line items.

After review and discussion, Director Gentry moved to approve the budget for the fiscal year ending March 31, 2019, as revised. Director Markiewicz seconded the motion, which passed unanimously.

## TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 95.6% of the District's 2017 taxes had been paid as of February 28, 2018. She also discussed the status of delinquent accounts.

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.

#### ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board discussed optional exemptions for the 2018 tax year. Mr. Dustin presented an analysis regarding homestead exemption scenarios, a copy of which is attached. Director Markiewicz proposed that the District increase the general residence homestead exemption from 5% to 10%. Discussion ensued.

The Board considered adopting a Resolution Concerning Exemptions From Taxation. After review and discussion, Director Gentry moved to adopt the Resolution for the 2018 tax year exempting from ad valorem taxation by the District: (1) \$20,000 of the appraised value of residence homesteads of individuals who are disabled or 65 years of age or older; and (2) 5% of the total appraised value of residential homesteads) and rejecting any exemptions for travel trailers. Director Abel seconded the motion. The motion passed by a vote of 4-1, with Director Markiewicz opposed.

#### GARBAGE COLLECTION AND RECYCLING MATTERS, INCLUDING POTENTIAL E-WASTE AND SHRED EVENT

The Board discussed garbage collection and recycling services in the District. The Board considered conducting an e-waste and shred event in the late spring. After review and discussion, Director Steriti moved to authorize Directors Gentry and Markiewicz to select a date for the e-waste event and approve a utility bill insert and website update regarding the event. Director Gentry seconded the motion, which passed unanimously.

#### WEBSITE MATTERS

Ms. Edwards requested that the website be updated with information regarding the 2018 Directors Election, including the names of the candidates. After review and discussion, Director Markiewicz moved to authorize the posting of appropriate election information to the District's website, including all required translations, by April 1st. Director Gentry 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 reported that EDP submitted the annual water usage report to the WHCRWA.

Mr. Ammel reported that EDP completed the District's annual contact information update with the Texas Commission on Environmental Quality and Department of Homeland Security.

Mr. Ammel stated EDP investigated the previous report of a leak at or near 10502 Texas Sage Drive and could not find any record of a leak being reported at or near that address.

Mr. Ammel reviewed four accounts with an outstanding balance in excess of \$25.00, and requested authorization to write off the accounts as uncollectible and turn over the accounts to the collection agency to pursue collection.

Mr. Ammel reported lower than usual water accountability and stated that EDP is investigating possible causes.

After review and discussion, Director Markiewicz moved to (1) approve the operator's report; and (2) authorize EDP to write off the four accounts as uncollectible and turn over the accounts to a collection agency. 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 Markiewicz 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.

#### APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

The Board tabled discussion on this matter.

#### CONDUCT ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board tabled discussion on this matter.

## ENGINEERING MATTERS

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.

Ms. Downhour requested Board authorization to commence design of Towne Lake, Section 39, Replat 1. After review and discussion, Director Steriti moved to authorize design of Towne Lake, Section 39, Replat 1. Director Abel seconded the motion, which passed by unanimous vote.

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

Mr. Hlozek updated the Board on the status of development in Towne Lake. Discussion ensued.

DISCUSS MASTER DISTRICT RECREATIONAL AND DETENTION FACILITIES

Ms. Carner 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.

DISCUSS LAKE MAINTENANCE

Ms. Downhour updated the Board on the status of lake dredging in the regional detention facilities. Discussion ensued regarding the potential costs for the project.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT  
CORRESPONDENCE AND PROVISION OF RECORDS

The Board reviewed correspondence regarding the budget workshop 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.

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

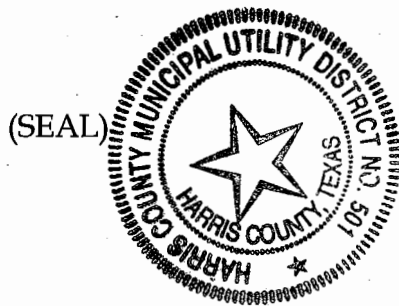
Mr. Ottman inquired whether the District has an emergency contact system. The Board stated residents are able to sign up for emails through the District's website.

Mr. Ottman requested the Board consider distributing water conservation information at the community shred events.

Mr. Miller inquired about the lake dredging project, including why the project is required and who is funding the project. The Board noted Mr. Miller can request information from the Master District, which is holding a Board meeting after the District's meeting concludes.

Mr. Miller inquired about the Union Pacific Railroad grade separation and intersection improvements at Highway 290 project. Ms. Vinson stated that is a Master District project and noted Mr. Miller can also inquire about that project at the Master District's meeting.

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



*[Handwritten Signature]*  
Asst. Secretary, Board of Directors



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