

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

July 11, 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 11th day of July, 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:

George Gentry	President
Amy Markiewicz	Vice President
DeBra D. Edwards	Secretary
Jonathan Cowen	Assistant Secretary
Wayne C. Tyson	Assistant Vice President

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Brian Toldan of McCall Gibson Swedlund Barfoot PLLC; 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; 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

Director Markiewicz inquired about the new director appointed to the Board of Directors for Harris County Municipal Utility District No. 500 ("HC 500").

APPROVE MINUTES

The Board reviewed the minutes of the June 6, 2018, regular meeting. Ms. Ramirez noted a revision to the minutes. After review and discussion, Director Cowen moved to approve the minutes of the June 6, 2018, regular meeting, as revised. The motion was seconded by Director Tyson and passed by unanimous vote.

AUTHORIZE RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board considered a proposal from McDonald & Wessendorff Insurance for renewal of the District's insurance policies. After review and discussion, the Board deferred action on the insurance renewal proposal, pending further review. The Board

requested that a representative of McDonald & Wessendorff Insurance attend the August Board meeting.

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

The Board discussed the AWBD summer conference and attendance at the AWBD summer workshop and winter conference. After discussion, Director Markiewicz moved to approve reimbursement of eligible directors' expenses from the summer AWBD conference, which the bookkeeper confirmed are in compliance with the District's Travel Reimbursement Guidelines, and authorize any interested directors to attend the AWBD summer workshop and winter conference. Director Tyson seconded the motion, which carried 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.

Ms. Downhour discussed the current amount of unallocated surplus funds in the capital projects fund, noting that EHRA recently received additional invoices for reimbursement from the developer. She stated that the auditor will need to prepare a supplemental reimbursement report. The Board requested ABHR contact the developer to request prompt submittal of any outstanding invoices for completed projects still remaining for reimbursement.

After review and discussion, Director Cowen moved to approve the bookkeeper's report and the checks presented for payment. Director Markiewicz seconded the motion, which passed unanimously.

APPROVE AUDIT FOR FISCAL YEAR END MARCH 31, 2018

Mr. Toldan presented the draft District audit for the fiscal year ending March 31, 2018. Discussion ensued regarding the District's material weakness letter.

Following review and discussion, Director Tyson moved to approve the audit for fiscal year ended March 31, 2018, subject to final review. Director Edwards seconded the motion, which carried by unanimous vote.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME IN ACCORDANCE WITH CONTINUING DISCLOSURE OF INFORMATION AGREEMENT

Ms. Vinson reviewed an Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the bond resolutions. She stated that the District is required to file certain financial and operating data with the Municipal Securities Rulemaking Board (the "MSRB") through EMMA in compliance with SEC Rule 15c2-12. Following review and discussion, Director Tyson moved to approve the Annual Report, subject to final review, authorize the attorney to submit the Annual Report in compliance with the continuing disclosure provisions contained in the bond resolutions and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Markiewicz seconded the motion, which passed unanimously.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. The Board concurred that no changes are required at this time.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 98.5% of the District's 2017 taxes had been paid as of June 30, 2018. She also discussed the status of delinquent accounts.

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

GARBAGE COLLECTION AND RECYCLING MATTERS, INCLUDING UPDATE ON E-WASTE AND SHRED EVENT

The Board discussed garbage collection and recycling services in the District. The Board reviewed resident correspondence regarding service concerns and the responses from Residential Recycling & Refuse of Texas, Inc. ("RR&R"), copies of which are attached.

The Board also reviewed a letter from RR&R requesting a \$1.95 per connection increase in the monthly recycling fee, a copy of which is attached.

After review and discussion, Director Cowen moved to (1) authorize ABHR to send RR&R a letter of noncompliance; and (2) authorize ABHR to obtain proposals for

garbage collection and recycling services. Director Markiewicz seconded the motion, which passed by unanimous vote.

The Board deferred action on RR&R's request for an increase in the monthly recycling fee.

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 six residential taps and meters.

Mr. Ammel stated that the District's Consumer Confidence Report was delivered on June 21, 2018.

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

ENGINEERING MATTERS, INCLUDING REPORT ON GRADE SEPARATION AT UNION PACIFIC RAILROAD AND INTERSECTION IMPROVEMENTS AT HIGHWAY 290 ("UPPR/HIGHWAY 290 PROJECT")

Ms. Downhour presented an engineer's report from EHRA, a copy of which is attached, and reviewed it with the Board.

Mr. Edminster updated the Board on the status of the UPRR/Highway 290 project, including efforts to obtain additional sources of funding. He stated that HC 500, as Master District, intends to submit a Transportation Improvement Project application to the Harris-Galveston Area Council.

SUBMERGED STORM SEWER AGREEMENTS

There was no discussion on this matter.

REVIEW BIDS AND AWARD CONTRACT FOR WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE TOWNE LAKE, SECTION 41

Ms. Downhour reported that the District received nine bids for construction of the water, sewer, and drainage facilities to serve Towne Lake, Section 41. She recommended that the Board award the contract to Clearwater Utilities, Inc. ("Clearwater"), in the amount of \$938,756.90. The Board concurred that, in its judgment, Clearwater was a responsible bidder who would be the most advantageous to the District and would result in the best and most economical completion of the District's facilities. Following review and discussion, Director Tyson moved to award the contract for construction of the water, sewer, and drainage facilities to serve Towne Lake, Section 41 to Clearwater in the amount of \$938,756.90, based on the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate of insurance and endorsements, provided by the contractor. Director Edwards seconded the motion, which passed by unanimous vote.

REVIEW BIDS AND AWARD CONTRACT FOR WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE TOWNE LAKE, SECTION 39, REPLAT 1

The Board deferred review of bids and award of contract for construction of the water, sewer, and drainage facilities to serve Towne Lake, Section 39, Replat 1, pending receipt of bids.

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 reviewed and recommended approval of Change Order No. 2 to decrease the contract in the amount of \$19,274.90 and Pay Estimate Nos. 6 and 7 and Final in the amounts of \$10,458.70 and \$56,718.52, respectively, submitted by D. Grimm, Inc. She also recommended the Board accept the project. The Board determined that Change Order No. 2 is beneficial to the District. After review and discussion, Director Tyson moved to (1) approve Change Order No. 2 to decrease the contract in the amount of \$19,274.90, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation; (2) approve Pay Estimate Nos. 6 and 7 and Final in the amounts of \$10,458.70 and \$56,718.52, respectively, as recommended; and (3) accept the project. Director Edwards seconded the motion, which passed by unanimous vote.

ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ") FOR RELEASE OF FUNDS FROM ESCROW

The Board considered adopting a Resolution Authorizing Application to the TCEQ for Release of Funds From Escrow related to the completion of construction of water, sewer, and drainage facilities to serve Towne Lake, Section 44. After review and discussion, Director Tyson moved to adopt the Resolution Authorizing Application to the TCEQ for Release of Funds From Escrow and direct that the Resolution be filed appropriately and retained in the District's official records. Director Edwards seconded the motion, which passed by unanimous vote.

WATER, SEWER, AND DRAINAGE FACILITIES AND PAVING REPAIRS 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.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY MATTERS

There was no discussion on this matter.

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. She reported on two unconfirmed sightings by the same individual of an alligator in the regional detention facilities. Ms. Vinson stated that HC 500 has obtained a nuisance permit from the Texas Parks and Wildlife Department and A All Animal Control is attempting to locate and remove the alligator. The Board reviewed a memorandum from the HC 500 to the District regarding the alligator sighting, a copy of which is attached. The Board discussed adding a utility bill message notifying residents of the phone number to report alligator or other wildlife sightings in the regional detention facilities.

Ms. Vinson also noted two Egyptian geese were recently located and removed by A All Animal Control.

After review and discussion, Director Markiewicz moved to authorize EDP to include a utility bill message with the contact information to report alligator and other wildlife sightings in the regional detention facilities. Director Tyson seconded the motion, which passed by unanimous vote.

DISCUSS LAKE MAINTENANCE

Ms. Vinson stated that HC 500, as Master District, will schedule a special meeting to discuss maintenance of the regional detention facilities.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

There was no discussion on this matter.

DISCUSS UTILITY RATES AND TAX RATES AND AMEND RATE ORDER

There was no discussion on this matter.

DISCUSS COMMITTEE STRUCTURE AND COMMUNICATIONS MATTERS

The Board discussed the proposed committee structures. After review and discussion, the Board concurred to defer discussion on this matter until the next regular Board meeting.

DISCUSS MEETING SCHEDULE AND LOCATION AND ADDITION OF FUTURE AGENDA ITEMS, INCLUDING ACQUISITION OF MICROPHONES AND RELATED EQUIPMENT, AND ADOPT RESOLUTION ESTABLISHING OUT-OF-DISTRICT MEETING PLACE, IF NECESSARY

The Board discussed the District's regular meeting schedule. After review and discussion, the Board concurred to hold the regular Board meetings on the first Wednesday of each month at 5:30 p.m. at the Lakehouse.

Director Cowen reviewed options for the purchase of microphones and related equipment, a copy of which is attached. After review and discussion, Director Markiewicz moved to authorize the purchase of the equipment listed in Option 2 in an amount not to exceed \$2,000. Director Edwards seconded the motion, which passed by unanimous vote.

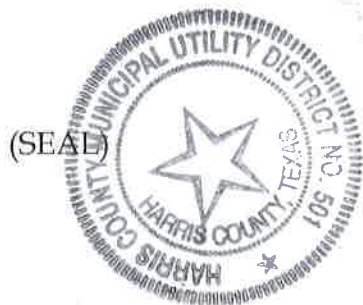
The Board determined it was not necessary to adopt a Resolution Establishing Out-of-District Meeting Place at this time.

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




Secretary, Board of Directors

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