

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

November 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 November, 2018, at the Lakehouse, 10000 Towne Lake Parkway, Cypress, Texas, inside 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 Michael Crahan and Travis Singleton of the Towne Lake Community Association ("HOA"); Brian Toldan and Tim Applewhite of McCall Gibson Swedlund Barfoot PLLC; Russell Wolff of Residential Recycling & Refuse of Texas, Inc. ("RR&R"); Rose Montalbano of F. Matuska, Inc.; Amy Downhour of Edminster Hinshaw Russ and Associates, Inc. ("EHRA"); Eric Thiry of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests ("BLI"); Matt Dustin and Austin Swenson of RBC Capital Markets ("RBC"); Katie Carner and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR"); and members of the public as shown on the attached list.

PUBLIC COMMENTS

Director Gentry addressed the public and reviewed guidelines for public comments. He then requested any public comments.

Mr. Casey addressed the Board regarding the grade separation at Union Pacific Railroad and intersection improvements at Highway 290 ("UPPR/Highway 290 project") and inquired if the public was consulted about the District's letter of support for the Harris County Municipal Utility District No. 500 ("HC 500"), as Master District, Transportation Improvement Project application to the Houston-Galveston Area Council ("H-GAC") for funding for the UPPR/Highway 290 project. Ms. Carner stated that the District's letter of support was authorized in a regular Board meeting open to the public. Mr. Casey also inquired about the tax rate implications if the timeline for construction of the UPPR/Highway 290 project is accelerated. Ms. Carner stated that item would be further addressed under agenda item no. 13.

## APPROVE MINUTES

The Board reviewed the minutes of the September 24, 2018, special meeting and the October 3, 2018, regular meeting. After review and discussion, Director Gentry moved to approve the minutes of the September 24, 2018, special meeting and the October 3, 2018, regular meeting, as submitted. The motion was seconded by Director Cowen and passed by unanimous vote.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Carner stated that the Texas Commission on Environmental Quality ("TCEQ") approved the District's escrow release application for construction of the water, sewer, and drainage facilities for Towne Lake, Section 44, funded by the District's \$5,640,000 Unlimited Tax Bonds, Series 2017. Mr. Toldan then reviewed a reimbursement report reflecting the amount reimbursable by the District to CW SCOA West, L.P. for construction of the water, sewer, and drainage facilities for Towne Lake, Section 44. After discussion, Director Tyson moved to (1) approve the developer reimbursement report and direct that the report be filed appropriately and retained in the District's official records; and (2) approve the disbursement of funds as provided in the above-described developer reimbursement report, with the release of the funds to the developer subject to receipt of an executed receipt from the developer. Director Cowen seconded the motion, which carried unanimously.

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

## CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

Ms. Carner stated that the Texas Public Funds Investment act requires that the Board annually review the District's Investment Policy. After discussion, the Board deferred discussion on this matter until the next regular Board meeting.

## REVIEW, REVISE, AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Carner stated that the Texas Public Funds Investment act requires that the Board annually review the District's List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. After discussion, the Board deferred discussion on this matter until the next regular Board meeting.

## TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 99.63% of the District's 2017 taxes had been paid as of October 31, 2018. She also discussed the status of delinquent accounts. Following review and discussion, Director Cowen moved to approve the tax report. Director Markiewicz seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report is attached.

## CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. McLaughlin stated that BLI published a Notice of Public Hearing regarding the adoption of the District's 2018 tax rate stating that the Board anticipates levying a maximum total 2018 tax rate of \$1.19 per \$100 assessed valuation. The Board held a public hearing regarding the proposed 2018 tax rate. There being no comments, the Board closed the public hearing.

Mr. Dustin reviewed RBC's 2018 tax rate recommendation. Director Tyson then presented his tax rate analysis, a copy of which is attached, recommending a total 2018 tax rate of \$1.19. Director Markiewicz stated she recommends a total 2018 tax rate of \$1.15. Discussion ensued regarding the District's tax collection rate and the District's reserve levels.

Following discussion, Director Gentry moved to (1) adopt the Order Levying Taxes reflecting a total 2018 tax rate of \$1.185 per \$100 assessed valuation, composed of a \$0.92 contract tax component, a \$0.25 debt service tax component, and a \$0.015 maintenance and operations tax component, and direct that the Order be filed appropriately and retained in the District's official records; (2) direct the bookkeeper to make a one-time transfer of \$100,000 from the District's general fund to the District's contract fund; and (3) authorize execution of the Amendment to Information Form reflecting the District's 2018 tax rate and direct that the Amendment be filed with the TCEQ and with Harris County as required by law. Director Cowen seconded the motion, which passed by a vote of 4-1, with Director Markiewicz opposed.

## DISCUSS GARBAGE COLLECTION AND RECYCLING MATTERS, INCLUDING FALL COMMUNITY SHRED EVENT AND REPORT FROM TRASH COMMITTEE

Mr. Wolff discussed garbage collection and recycling matters in the District, including the fall e-waste and shred event held on October 20, 2018.

Mr. Wolff stated that the HOA reported that RR&R damaged landscaping while driving through the entrance to Towne Lake, Section 40. He noted that RR&R does not believe they damaged the landscaping, but that they instructed their driver not to drive the truck through Section 40 to avoid the narrow turns.

## WEBSITE MATTERS

The Board discussed content on the District's website. The Board requested the West Harris County Regional Water Authority ("WHCRWA") Notice of Preliminary Fees be posted to the District's website.

## OPERATION OF DISTRICT FACILITIES

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

After review and discussion, Director Markiewicz moved to approve the operator's report. Director Tyson seconded the motion, which passed unanimously.

## CONDUCT HEARING ON TERMINATION OF WATER AND SEWER SERVICE

Mr. Thiry 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. Thiry 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 Edwards 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 Markiewicz and carried unanimously.

## REVIEW PROPOSAL FROM VEPO, LLC FOR W.I.S.E. GUYS RESIDENTIAL IRRIGATION AUDITS AND AUTHORIZE APPROPRIATE ACTION, IF NECESSARY

The Board reviewed a proposal from Vepo, LLC, a copy of which is attached, for performing W.I.S.E. Guys residential irrigation audits. After review and discussion, the Board took no action on the proposal.

## ENGINEERING MATTERS, INCLUDING REPORT ON UPPR/HIGHWAY 290 PROJECT

In response to a previous inquiry, Ms. Carner reviewed HC 500's, as Master District, UPPR/Highway 290 Project, including efforts to obtain additional sources of funding. She reported that the Master District's Transportation Improvement Project application was submitted to the H-GAC. The Board reviewed the letter from the District to the H-GAC in support of the Master District's application, a copy of which is attached. Mr. Dustin reviewed the potential financial impact of the UPPR/Highway 290 project and the potential award of the funding grant from the H-GAC. Discussion ensued.

Ms. Downhour then 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, AUTHORIZE ADVERTISEMENT FOR BIDS, AND REVIEW BIDS AND AWARD CONSTRUCTION CONTRACTS

There was no discussion on this matter.

APPROVE PAY ESTIMATE AND CHANGE ORDERS FOR WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE TOWNE LAKE, SECTION 39, REPLAT 1

Ms. Downhour updated the Board on the construction of the water, sewer, and drainage facilities to serve Towne Lake, Section 39, Replat 1. She reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$50,486.40 and Change Order No. 1 to increase the contract in the amount of \$6,014.00, submitted by Northtex Construction, LLC. The Board determined that Change Order No. 1 is beneficial to the District. Ms. Downhour also reviewed and recommended approval of a proposal from Ninyo & Moore for construction materials testing and observation services.

After review and discussion, Director Cowen moved to (1) approve Pay Estimate No. 1 in the amount of \$50,486.40, as recommended; (2) approve Change Order No. 1 to increase the contract in the amount of \$6,014.00, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation; and (3) approve the proposal from Ninyo & Moore. Director Tyson seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATE AND CHANGE ORDERS FOR WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE TOWNE LAKE, SECTION 41

Ms. Downhour updated the Board on the construction of the water, sewer, and drainage facilities to serve Towne Lake, Section 41. She reviewed and recommended approval of Pay Estimate No. 2 in the amount of \$73,371.53, submitted by Clearwater Utilities, Inc. and an invoice in the amount of \$6,740, submitted by Ninyo & Moore. After review and discussion, based on the engineer's recommendation, Director Cowen moved to (1) approve Pay Estimate No. 2 in the amount of \$73,371.53, submitted by Clearwater Utilities, Inc.; and (2) approve the invoice in the amount of \$6,470, submitted by Ninyo & Moore. Director Markiewicz seconded the motion, which passed by unanimous vote.

WATER, SEWER, AND DRAINAGE FACILITIES AND PAVING REPAIRS IN TOWNE LAKE, SECTIONS 27 AND 28

The Board deferred discussion on this matter until executive session.

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.

WHCRWA MATTERS

Director Cowen discussed the WHCRWA Annual Town Hall Meeting held on October 25, 2018.

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

There was no discussion on this matter.

HC 500 (MASTER) MATTERS

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. The Board also reviewed memoranda from the Master District to the District regarding recent alligator sightings, copies of which are attached.

DISCUSS LAKE EROSION/MAINTENANCE, INCLUDING REPORT FROM LAKE EROSION/MAINTENANCE COMMITTEE

Ms. Carner reported that HC 500's surplus funds application for lake dredging was approved by the TCEQ and the Master District awarded a contract

for the lake dredging project. Ms. Carner stated that a notice regarding the lake dredging project will be sent to affected residents.

COMMUNITY EDUCATION MATTERS, INCLUDING REPORT FROM COMMUNITY EDUCATION COMMITTEE

The Board discussed community education matters.

SECURITY MATTERS, INCLUDING REPORT FROM SECURITY COMMITTEE

The Board discussed security matters. The Board reviewed the letter from the Master District to the HOA regarding the nonrenewal of the Master District's Cost Sharing Agreement for Law Enforcement Services with the HOA, a copy of which is attached. Ms. Carner reported that HC 500, as Internal District, has agreed to submit an offer to the HOA agreeing to pay for half of the cost of the HOA's contract with the Harris County Sheriff's Office ("HCSO"), effective upon the expiration of the Master District's agreement with the HOA.

Ms. Carner reported that a body was recovered from the lake and stated that it is a HCSO matter currently under investigation. She stated the HCSO requested that residents report any information directly to the HCSO.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

The Board reviewed correspondence regarding an open records request received by the District, a copy of which is attached.

DISCUSS UTILITY RATES AND AMEND RATE ORDER

There was no discussion on this matter.

DISCUSS MEETING SCHEDULE, ADDITION OF FUTURE AGENDA ITEMS, AND DISCUSS PURCHASE OF NAME PLATES

The Board considered purchasing name plates for the consultants for use at Board meetings. After review and discussion, Director Cowen moved to authorize the purchase of name plates for the consultants. Director Markiewicz seconded the motion, which passed by unanimous vote.

The Board discussed the regular meeting schedule.

CONVENE IN EXECUTIVE SESSION TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER, PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

The Board convened in Executive Session at 7:26 p.m. pursuant to Section 551.071 of the Texas Government Code to conduct a private consultation with their attorney to discuss pending or contemplated litigation or a settlement offer. Ms. Downhour, Ms. Carner, and Ms. Ramirez also were present.

Ms. Downhour left the meeting at 7:39 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

The Board reconvened in Open Session at 7:57 p.m.

ENGINEERING MATTERS (CONT'D)

After discussion, Director Cowen moved to authorize Director Tyson to act as the District's representative in matters related to the Towne Lake, Section 37 pavement repairs. Director Gentry seconded the motion, which passed by unanimous vote.

GARBAGE COLLECTION AND RECYCLING MATTERS (CONT'D)

Director Gentry noted the initial term of the contract with RR&R is up next summer. He requested that the Trash Committee begin working on a proposed plan to handle the renewal of the contract.

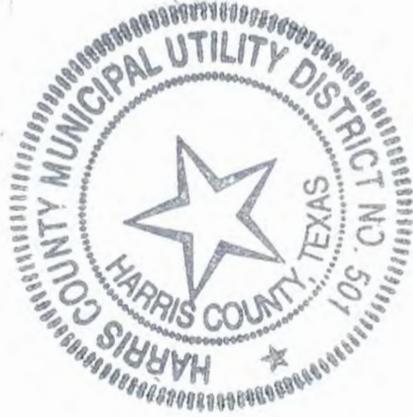
PUBLIC COMMENTS

Mr. Markiewicz stated he believes the Board should have set a lower 2018 total tax rate.

Mr. Markiewicz inquired whether the developer's purchase of the Lone Star College tract is still scheduled to close in January 2019. Ms. Carner stated that the developer reported at today's HC 500 meeting that the tract is still scheduled to close in January 2019.

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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