

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

December 5, 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 5th day of December, 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:

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| 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 except Director Cowen, thus constituting a quorum.

Also present at the meeting were Russell Wolff of Residential Recycling & Refuse of Texas, Inc. ("RR&R"); Rose Montalbano of F. Matuska, Inc.; Amy Downhour and Truman Edminster of Edminster Hinshaw Russ and Associates, Inc. ("EHRA"); Michael Ammel of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests; Matt Dustin of RBC Capital Markets; Alia Vinson, 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.

There were no comments from the public.

APPROVE MINUTES

The Board reviewed the minutes of the November 7, 2018, regular meeting. After review and discussion, Director Gentry moved to approve the minutes of the November 7, 2018, regular meeting, as submitted. The motion was seconded by Director Edwards and 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. After review and discussion, Director

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

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE

Ms. Carner discussed the District's Travel Reimbursement Guidelines in connection with the upcoming AWBD winter conference in Dallas. After review and discussion, Director Markiewicz moved to authorize payment of up to three per diems, reimbursement of hotel expenses for a maximum of two nights, and reimbursement for reasonable and necessary meals for Board members attending the winter conference, all to be submitted in accordance with the Travel Reimbursement Guidelines. Director Tyson seconded the motion, which passed unanimously.

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

Ms. Vinson stated that the Texas Public Funds Investment act requires that the Board annually review the District's Investment Policy. The Board reviewed the District's Investment Policy to determine if any amendments were necessary. After discussion, the Board determined to make no amendments at this time. Upon a motion made by Director Tyson and seconded by Director Markiewicz, the Board voted unanimously to adopt a Resolution Regarding Annual Review of Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records.

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. Vinson reviewed the District's Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. After review and discussion, Director Tyson moved to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Markiewicz seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 5.4% of the District's 2018 taxes had been paid as of November 30, 2018. She also discussed the

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

REVIEW AND UPDATE EMINENT DOMAIN REPORT TO THE TEXAS COMPTROLLER

Ms. Carner reported on the requirement to file the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas pursuant to Senate Bill 1812. She stated that ABHR has filed the District's Eminent Domain Authority Annual Report for 2018.

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

Mr. Wolff discussed garbage collection and recycling matters in the District. Ms. Carner reported that the next e-waste and shred event will be held on April 20, 2019. After discussion, the Board concurred to approve a utility bill insert in the February and March utility bills and a website update in January regarding the event.

WEBSITE MATTERS

The Board discussed content on the District's website. The Board requested the garbage and recycling holiday schedule be posted to the District's website and sent as an e-mail blast.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel presented the operator's report from EDP, a copy of which is attached.

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

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 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 Tyson and carried unanimously.

ENGINEERING MATTERS, INCLUDING REPORT ON GRADE SEPARATION AT UNION PACIFIC RAILROAD AND INTERSECTION IMPROVEMENTS AT HIGHWAY 290

Mr. Edminster stated that the Harris County Municipal Utility District No. 500 ("HC 500"), as Master District, Transportation Improvement Project application is under review at the Houston-Galveston Area Council. Director Gentry inquired about the timeline for submission of additional support letters for the application. 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

Ms. Carner reviewed an Interlocal Agreement between Harris County and the District regarding ownership and maintenance of the submerged storm sewers to serve Towne Lake, Section 41. After review and discussion, Director Tyson moved to approve the Interlocal Agreement and authorize execution by the Board President, subject to finalization. Director Edwards seconded the motion, which passed by unanimous vote.

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. 2 in the amount of \$273,089.39, submitted by Northtex Construction, LLC.

After review and discussion, Director Tyson moved to approve Pay Estimate No. 2 in the amount of \$273,089.39, as recommended. Director Edwards 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 Change Order Nos. 1 and 2 to increase the contract in the amounts of \$37,859 and \$12,360, respectively, submitted by Clearwater Utilities, Inc. The Board determined that Change Order Nos. 1 and 2 are beneficial to the District.

After review and discussion, Director Tyson moved to approve Change Order Nos. 1 and 2 to increase the contract in the amounts of \$37,859 and \$12,360, respectively, based upon the Board's finding that the Change Orders are beneficial to the District and the engineer's recommendation. Director Edwards 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.

WATER, SEWER, AND DRAINAGE FACILITIES AND PAVING REPAIRS IN TOWNE LAKE, SECTION 37

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.

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 ("WHCRWA")
MATTERS

The Board reviewed a letter from the WHCRWA regarding the increase in groundwater pumpage and surface water fees effective January 1, 2019, a copy of which is attached. The Board requested the Notice of Fee Increase be posted on the District's website.

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

The Board discussed development in Towne Lake.

Ms. Carner stated that HC 500, as Internal District, received correspondence from the developer regarding the developer's pending purchase of a 14-acre tract of land outside the boundaries of HC 500 and the Master District Service Area and the developer's request for annexation of the tract into HC 500, as Internal District. Ms. Carner noted that any tract annexed into HC 500 would also need to be added to the Service Area. Discussion ensued regarding procedures related to expansion of the Service Area.

HC 500 (MASTER) MATTERS

Ms. Vinson stated that HC 500, as Master District, will be distributing a draft Master District budget for the fiscal year ending March 31, 2020, to the Participant districts after HC 500's January regular meeting. She also reported that HC 500, as Master District, will schedule a budget workshop with representatives of the Participant districts to discuss the draft budget.

Ms. Vinson stated HC 500 is in the process of finalizing an agreement with the WHCRWA for financing and construction of a surface water line to serve water plant no. 2.

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 the removal of one beaver the week of Thanksgiving.

Ms. Vinson stated that the Master District will schedule a special Board meeting to discuss Master District lake matters in the first quarter of 2019.

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

Ms. Vinson stated that HC 500, as Master District, will begin its first lake dredging project in January 2019 in the Phase 1G detention facilities.

COMMUNITY EDUCATION MATTERS, INCLUDING REPORT FROM COMMUNITY EDUCATION COMMITTEE ("CEC")

Director Gentry distributed and reviewed a handout regarding the objectives of the CEC and possible actions for consideration, a copy of which is attached. Director Edwards distributed handouts regarding water conservation information received from the WHCRWA for possible distribution to the District's residents. Ms. Vinson reported that HC 500, as Internal District, plans to discuss participation in the proposed community conservation committee at its January meeting. Copies of the handouts are attached. Discussion ensued.

SECURITY MATTERS, INCLUDING REPORT FROM SECURITY COMMITTEE

Ms. Carner stated that the Towne Lake Community Association ("HOA") accepted HC 500's, as Internal District, offer to pay for 50% of the cost of the HOA's contract with the Harris County Sheriff's Office, effective upon the expiration of the Master District's agreement with the HOA, subject to approval of a cost sharing agreement. Discussion ensued.

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

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 6:49 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. Mr. Edminster, Ms. Downhour, Ms. Vinson, Ms. Carner, and Ms. Ramirez also were present.

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

The Board reconvened in Open Session at 7:02 p.m.

ENGINEERING MATTERS (CONT'D)

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

After discussion, Director Markiewicz moved to (1) award a contract for paving repairs to serve Towne Lake, Section 27 to Camino Services in the amount of \$54,529.50, 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; and (2) authorize ABHR to request an assignment of the contract with A&R Engineering and Testing, Inc. Director Tyson seconded the motion, which passed by unanimous vote.

GARBAGE COLLECTION AND RECYCLING MATTERS (CONT'D)

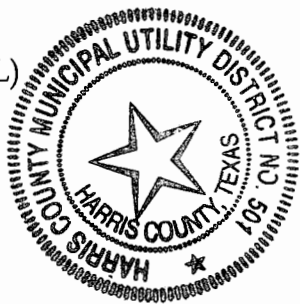
The Board discussed potential future terms for a renewal of the contract with RR&R.

PUBLIC COMMENTS

There were no comments from the public.

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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