

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

February 6, 2019

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 6th day of February, 2019, 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 except Director Cowen, thus constituting a quorum.

Also present at the meeting were Travis Singleton of the Towne Lake Community Association, Inc. ("HOA"); 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"); Michael Ammel of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests; Loren Morales of RBC Capital Markets; Jerry Hlozek of Caldwell Companies; 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 January 2, 2019, regular meeting. After review and discussion, Director Gentry moved to approve the minutes of the January 2, 2019, regular meeting, as submitted. The motion was seconded by Director Tyson and 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 discussed the AWBD winter conference. Director Edwards also discussed her attendance at the AWBD January Board meeting. The Board then 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 Markiewicz 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 Edwards and 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. 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.

DISCUSS BUDGET FOR FISCAL YEAR END MARCH 31, 2020

Ms. Montalbano reviewed with the Board the proposed District budget for the fiscal year ending March 31, 2020, and the proposed budget for Harris County Municipal Utility District No. 500 ("HC 500"), as Master District. Director Gentry distributed and reviewed his budget analysis, a copy of which is attached, and discussion ensued. The Board requested EDP prepare an estimate of the projected costs for EDP to operate the regional water plant no. 2 and wastewater treatment plant no. 2.

After further discussion, the Board concurred to defer any action on adopting the District's budget for the fiscal year end March 31, 2020, pending further review and comment by the District's directors and consultants and the finalization of the Master District budget.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 94.2% of the District's 2018 taxes had been paid as of January 31, 2019. Following review and discussion, Director Markiewicz moved to approve the tax report. Director Edwards seconded the motion, which passed 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 2019 tax year. Mr. Morales presented an analysis regarding homestead exemption scenarios, a copy of which is attached. The Board requested RBC prepare financial impact analyses for various exemption options for the Board's review at the next meeting.

After discussion, the Board deferred action on this matter until the next regular meeting.

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. He also reviewed proposals from RR&R for renewal of the garbage contract between RR&R and the District. The Board discussed garbage collection concerns in the District.

Director Tyson reviewed a summary of the garbage contract proposals received from RR&R and previous proposals received, a copy of which is attached. After review and discussion, the Board concurred to authorize ABHR to coordinate with RR&R and the Trash Committee to prepare a new five-year garbage and recycling contract for garage door service.

Ms. Carner reported that the flyer for the next e-waste and shred event on April 20, 2019, will be posted on the District's website this week. The Board requested that an e-blast be sent out to residents as well. Director Edwards reported on positive feedback from the community regarding the level of service from RR&R.

WEBSITE MATTERS, INCLUDING POTENTIAL POSTING OF CONSULTANT REPORTS

The Board discussed content on the District's website. The Board also discussed potentially posting consultant reports to the District's website, as previously requested by a resident, and reviewed a proposal from Off Cinco in the amount of \$100 for set up and a monthly fee for the additional data storage that would be required, a copy of which is attached. The Board also reviewed a memorandum from ABHR regarding District website policies, which previously had been provided to the Board and to Off Cinco at the time the District's website was created. After discussion, the Board concurred to defer additional discussion on this matter until the May meeting.

OPERATION OF DISTRICT FACILITIES

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

Mr. Ammel stated that EDP received a request for a leak adjustment credit from the resident at 9810 Cat Hollows Court pursuant to the District's leak adjustment credit policy, but noted there was no adjustment to be made due to the resident's water usage being the same as the resident's average water usage.

The Board discussed complaints regarding odor from the regional wastewater treatment plant.

After review and discussion, Director Markiewicz 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 ("UPRR") AND INTERSECTION IMPROVEMENTS AT HIGHWAY 290

The Board discussed at-grade UPRR crossings in areas near the District.

Ms. Downhour presented and reviewed an updated Future Development Cost Estimate report prepared by EHRA and discussion ensued. In response to an inquiry from the Board, Mr. Hlozek stated that purchase of the Lone Star College tract is now scheduled to close in April, 2019.

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. 4 in the amount of \$40,825.07, submitted by Northtex Construction, LLC.

After review and discussion, Director Tyson moved to approve Pay Estimate No. 4 in the amount of \$40,825.07, 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 stated that she had no pay estimates from Clearwater Utilities, Inc. for the Board's approval.

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 MATTERS

There was no discussion on this matter.

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

Mr. Hlozek discussed development in Towne Lake.

The Board discussed the developer's former proposed Towne Lake amphitheater project and inquired whether any District or HC 500, as Master District, facilities were developed to serve the amphitheater. Ms. Downhour stated that no District or Master District funds were expended on facilities to serve the amphitheater.

HC 500 (MASTER) MATTERS

Ms. Carner stated that HC 500, as Master District, has scheduled a budget workshop for next week. She noted that the Master District received a request from the HOA to share in the cost of a marine enforcement officer and the request will be discussed at the budget workshop. Discussion ensued.

REQUEST FOR EXPANSION OF THE SERVICE AREA

The Board reviewed a letter from Caldwell Companies to HC 500, as Internal District, regarding a request for the annexation of an approximately 12.5-acre tract into HC 500, as Internal District. Ms. Carner stated the tract currently is not located within the Master District Service Area and discussed procedures for expansion of the Service Area. She stated that HC 500, as Master District, has requested the District consider consenting to the expansion of the Master District Service Area in connection with the annexation of the approximately 12.5-acre tract into HC 500, as Internal District. After discussion, the Board concurred to defer additional discussion on this matter to the next regular Board meeting.

DISCUSS MASTER DISTRICT RECREATIONAL AND DETENTION
FACILITIES

Ms. Carner stated that HC 500, as Master District, held a special meeting on January 22, 2019, to discuss management and maintenance of the regional detention facilities. She stated that the Master District distributed a draft of the lake rules for public comment. Ms. Carner also reported that the HOA

requested, and the Master District Board agreed, to designate two directors to meet with the HOA to discuss potential consolidation of the proposed Master District lake rules and the existing HOA lake rules.

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

Ms. Downhour updated the Board on the status of HC 500's, as Master District, lake dredging project. Ms. Carner stated that HC 500 is posting weekly updates to the HC 500's website.

COMMUNITY EDUCATION MATTERS, INCLUDING REPORT FROM COMMUNITY EDUCATION COMMITTEE

The Board discussed methods to improve communication with residents, including options for residents to contact the Board. The Board requested contact information for the District be added to the home page of the District's website.

The Board discussed the monthly informational inserts regarding water conservation to be posted monthly on the District's website and included in the monthly Towne Lake Harborside magazine. Director Edwards stated she would provide revised inserts for the Board's review.

SECURITY MATTERS, INCLUDING REPORT FROM SECURITY COMMITTEE

There was no discussion on this agenda item.

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 and items for inclusion on the next agenda.

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 8:24 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.

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

The Board reconvened in Open Session at 8:28 p.m. No action was taken by the Board.

PUBLIC COMMENTS

Mr. Markiewicz stated that he submitted comments to the Master District lake rules. He stated he believes they are unnecessary.

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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