

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

March 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 March, 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, thus constituting a quorum.

Also present at the meeting were Jeffrey Ottmann, director of Harris County Municipal Utility District No. 500 ("HC 500"); Brian Toldan of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Russell Wolff of Residential Recycling & Refuse of Texas, Inc. ("RR&R"); Rose Montalbano of F. Matuska, Inc.; Truman Edminster, J.T. Gaden, 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 of RBC Capital Markets; 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 inquired about the status of the grade separation at Union Pacific Railroad and intersection improvements at Highway 290 project ("UPRR/Highway 290 Project"). Ms. Carner stated that item will be covered under agenda item no. 15.

Mr. Ottmann addressed the Board regarding participation in the Water Conservation Coalition and requested a meeting with the District's Community Education Committee members and representatives of the other Participant districts. Mr. Ottmann reported that he attended the Gulf Coast Water Conservation Symposium held on February 28, 2019, and he would like to discuss ideas for ways to improve water conservation education with the other Participant districts.

## APPROVE MINUTES

The Board reviewed the minutes of the February 6, 2019, regular meeting. After review and discussion, Director Gentry moved to approve the minutes of the February 6, 2019, regular meeting, as submitted. The motion was seconded by Director Cowen and passed by unanimous vote.

## AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END MARCH 31, 2019

The Board considered authorizing McCall to prepare the District's audit for fiscal year end March 31, 2019. Mr. Toldan stated that preparation of the District's annual audit will cost an estimated \$14,250. Following discussion, Director Cowen moved to authorize McCall to prepare the District's audit for fiscal year end March 31, 2019. Director Tyson 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. 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.

## 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, a copy of which is attached to the bookkeeper's report. The Board discussed the budget workshop regarding the Master District's budget, which District representatives attended. After review and discussion, Director Cowen moved to approve the budget for the fiscal year end March 31, 2020, as presented. Director Markiewicz seconded the motion, which passed by unanimous vote.

## ADOPT ORDER ADOPTING AMENDED AND RESTATED PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Ms. Carner stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. She added that the provisions of that undertaking require that the District comply with certain continuing disclosure requirements for its bonds. Ms. Carner explained that the Board is ultimately responsible for continuing disclosure compliance for its bonds, with assistance by its consultants. She added that, in order to ensure that the District's procedures for continuing disclosure compliance are well documented, the Board previously adopted such procedures in writing. Ms. Carner stated that, because the

United States Securities and Exchange Commission has amended its Rule 15c2-12, ABHR recommends that the District's written procedures be amended by the Board. Ms. Carner reviewed an Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance with the Board. Following review and discussion, Director Edwards moved to adopt the Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Tyson seconded the motion, which passed by unanimous vote.

#### TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 96.3% of the District's 2018 taxes had been paid as of February 28, 2019.

Ms. McLaughlin presented a request for a waiver of penalty and interest from the resident at 19515 Meadow Lakes Drive, a copy of which is attached. After discussion, the Board concurred to deny the request.

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 tax exemptions for the 2019 tax year. Mr. Dustin presented a financial impact analysis regarding various tax exemption scenarios, a copy of which is attached. Discussion ensued.

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 2019 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. Director Cowen seconded the motion. The motion passed by a vote of 4-1, with Director Markiewicz opposed.

#### DISCUSS GARBAGE COLLECTION AND RECYCLING MATTERS, INCLUDING REPORT FROM TRASH COMMITTEE, UPDATE ON SPRING COMMUNITY SHRED EVENT, AND GARBAGE SERVICES CONTRACT

Mr. Wolff discussed garbage collection and recycling matters in the District,

including customer calls for the month of February. The Board discussed garbage collection concerns in the District.

The Board reviewed correspondence from a resident regarding garbage collection issues with the adjacent residence, a copy of which is attached. The Board also reviewed a proposed letter from the District to the residents at 18606 North Frio River Circle regarding approved locations for placement of properly contained garbage and recycling materials for collection.

The Board reviewed a proposed utility bill insert regarding garbage and recycling guidelines and discussed revisions to same. After discussion, the Board concurred to approve the insert, as revised, and direct that it also be posted to the District's website.

Director Tyson reviewed a summary of proposed garbage contract renewal terms with RR&R, a copy of which is attached. After review and discussion, Director Markiewicz moved to authorize preparation of a new five-year garbage and recycling contract with RR&R for garage door service, including a 3% cap on annual CPI increases, as discussed. Director Cowen seconded the motion, which passed by unanimous vote.

#### WEBSITE MATTERS, INCLUDING POTENTIAL POSTING OF CONSULTANT REPORTS

The Board discussed content on the District's website, including an archiving schedule for website posts. After discussion, the Board requested that a representative from Off Cinco attend the next regular Board meeting to discuss options for updating the District's website.

#### OPERATION OF DISTRICT FACILITIES

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

Mr. Ammel reviewed accounts with outstanding balances 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.

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

## REVIEW WATER CONSERVATION PLAN; APPROVE ANNUAL REPORT AND WATER CONSERVATION IMPLEMENTATION REPORT; ADOPT ORDER ADOPTING AMENDED AND RESTATED WATER CONSERVATION PLAN

Ms. Carner stated that the Texas Commission on Environmental Quality ("TCEQ") rules require that the District review and adopt an Amended and Restated Water Conservation Plan prior to May 1, 2019. She stated that the District's Water Conservation Plan was distributed to the Board and consultants for comments. The Board deferred action on this agenda item until the next regular Board meeting.

## REVIEW DROUGHT CONTINGENCY PLAN AND ORDER ADOPTING AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Ms. Carner stated that the TCEQ rules require that the District review and adopt an Amended and Restated Drought Contingency Plan in 2019, prior to May 1st. She stated that the District's Drought Contingency Plan was distributed to the Board and consultants for comments. The Board deferred action on this agenda item until the next regular Board meeting.

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

Mr. Edminster updated the Board on efforts to obtain additional sources of funding for the UPRR/Highway 290 Project. He also updated the Board on the status of HC 500's, as Master District, Transportation Improvement Program application with the Houston-Galveston Area Council and discussed the preliminary rankings of the projects.

Ms. Downhour presented and review a summary of remaining capital projects and associated estimated expenses for the District, a copy of which is attached.

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.

AUTHORIZE DESIGN FOR GREENHOUSE ROAD COMMERCIAL RESERVE, PHASE 1

Ms. Downhour requested the Board authorize design of water, sewer, and drainage facilities to serve Greenhouse Road Commercial Reserve, Phase 1. After review and discussion, Director Tyson moved to authorize design of water, sewer, and drainage facilities to serve Greenhouse Road Commercial Reserve, Phase 1. Director Cowen 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 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 stated that she had no pay estimates from Northtex Construction, LLC for the Board's approval.

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. 4 in the amount of \$39,880.05, submitted by Clearwater Utilities, Inc.

After review and discussion, Director Tyson moved to approve Pay Estimate No. 4 in the amount of \$39,880.05, as recommended. Director Cowen 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 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.

APPROVE LEGAL CONFLICTS WAIVERS

Ms. Carner reviewed with the Board a legal conflicts waiver regarding representation by ABHR of HC 500, as the Master District, and the District in connection with the Fourth Amendment to Contract for Financing, Operation, and Maintenance of Regional Facilities. Following review and discussion, Director Cowen moved to approve the legal conflicts waiver. Director Tyson seconded the motion, which carried unanimously.

APPROVE FOURTH AMENDMENT TO CONTRACT FOR FINANCING, OPERATION, AND MAINTENANCE OF REGIONAL FACILITIES

The Board considered approval of a Fourth Amendment to Contract for Financing, Operation, and Maintenance of Regional Facilities between HC 500, as Master District, and the District (the "Fourth Amendment"), regarding the expansion of the Master District Service Area to include the approximately 12-acre tract proposed to be annexed into HC 500, as Internal District. Ms. Carner reviewed the provisions of the Fourth Amendment. Following review and discussion, Director Cowen moved to approve the Fourth Amendment and direct that the Amendment be filed appropriately

and retained in the District's official records. Director Tyson seconded the motion, which carried unanimously.

#### HC 500 (MASTER DISTRICT) 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 reviewed a memorandum from the Master District to the District regarding a recent reported alligator sighting, a copy of which is attached.

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

Ms. Carner updated the Board on the status of HC 500's, as Master District, lake dredging project. Discussion ensued regarding potential mitigation measures for the prevention of future silt accumulation in the regional detention facilities.

Ms. Carner reported that HC 500 did not adopt lake rules at today's meeting. She stated that HC 500 expects to consider adopting a subset of the proposed lake rules in conjunction with an amendment to the maintenance agreement between the District and the Towne Lake Community Association, Inc.

#### COMMUNITY EDUCATION MATTERS, INCLUDING REPORT FROM COMMUNITY EDUCATION COMMITTEE

There was no discussion on this matter.

#### SECURITY MATTERS, INCLUDING REPORT FROM SECURITY COMMITTEE

There was no discussion on this agenda item.

#### ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") MATTERS

Director Edwards discussed her attendance at local AWBD Board or Committee meetings. Discussion ensued regarding items that are eligible to receive a per diem. After discussion, Director Cowen moved to authorize such attendance at local AWBD Board or Committee meetings. Director Gentry seconded the motion, which passed by unanimous vote.



REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT  
CORRESPONDENCE AND PROVISION OF RECORDS

The Board reviewed correspondence regarding open records requests received by the District, copies of which are 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 8:19 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, Mr. Gaden, 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 inquired why HC 500, as Master District, is only conducting dredging in detention 1G. Ms. Downhour stated that the lake dredging project was designed in phases, starting with the areas most in the need of immediate action.

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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