

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

July 3, 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 3rd day of July, 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 Travis Singleton of the Towne Lake Community Association, Inc. ("HOA"); Tim Applewhite 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 and J.T. Gaden of Edminster Hinshaw Russ and Associates, Inc. ("EHRA"); Andrew Phelps of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests; Matt Dustin of RBC Capital Markets ("RBC"); Kent Puckett 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 June 5, 2019, regular meeting. After review and discussion, Director Gentry moved to approve the minutes of the June 5, 2019, regular meeting, as submitted. The motion was seconded by Director Edwards and passed by unanimous vote.

REPORT REGARDING LEGISLATIVE MATTERS

Ms. Carner reviewed a report prepared by ABHR regarding legislative matters pertaining to the 86th Regular Session of the Texas Legislature. Discussion ensued.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

Mr. Puckett updated the Board on the status of development in Towne Lake. He stated that the purchase of the Lone Star tract is complete and discussed the anticipated timeline for development of the tract.

APPROVE AUDIT FOR FISCAL YEAR END MARCH 31, 2019

Mr. Applewhite presented the draft District audit for the fiscal year ending March 31, 2019. Following review and discussion, Director Tyson moved to approve the audit for fiscal year ended March 31, 2019, subject to final review. Director Cowen seconded the motion, which carried by unanimous vote.

AUTHORIZE PREPARATION OF SUPPLEMENTAL REIMBURSEMENT REPORT FOR SERIES 2017 BONDS

Ms. Carner stated that the District has requested Texas Commission on Environmental Quality ("TCEQ") approval for release of funds held in escrow to reimburse the developer for construction of water, sewer, and drainage facilities for Towne Lake, Section 41, which have been completed, and the remaining portion of eligible expenses for Towne Lake, Section 44. She stated that a supplemental reimbursement report for the Series 2017 Bonds is required to be approved by the Board prior to the distribution of funds to the developer.

The Board then considered authorizing McCall to prepare a supplemental developer reimbursement report for the Series 2017 Bonds for the water, sewer, and drainage facilities to serve Towne Lake, Section 41 and the remaining portion of eligible expenses for Towne Lake, Section 44. After review and discussion, Director Edwards moved to authorize McCall to prepare a supplemental developer reimbursement report for the Series 2017 Bonds. Director Cowen seconded the motion, which passed unanimously.

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

Ms. Carner 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 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 Cowen 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.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed the proposal from McDonald & Wessendorff Insurance for renewal of the District's insurance policies. Discussion ensued regarding additional optional insurance coverages.

After review and discussion, Director Tyson moved to approve the insurance renewal proposal and direct that the proposal be filed appropriately and retained in the District's official records. Director Markiewicz seconded the motion, which passed by unanimous vote.

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

The Board discussed the AWBD summer conference and attendance at the 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 winter conference. Director Edwards 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. After review and discussion, Director Markiewicz moved to approve the bookkeeper's report and the checks presented for payment. Director Cowen seconded the motion, which passed unanimously.

The Board discussed potential funding options for the proposed public infrastructure for development of the Lone Star tract. After review and discussion, Director Markiewicz moved to proceed with the developer advancing the funds for construction of the proposed public infrastructure to serve the Lone Star tract, pursuant to the terms of the Financing and Reimbursement Agreement. Director Edwards seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 98.4% of the District's 2018 taxes had been paid as of June 30, 2019. She also reviewed the District's delinquent tax roll.

Following review and discussion, Director Tyson 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.

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

Mr. Wolff discussed garbage collection and recycling matters in the District, including customer calls for the month of June. Ms. Carner stated that ABHR will provide the Trash Committee with the flier provided by RR&R for the fall shred event that is scheduled for October 12, 2019.

WEBSITE MATTERS

There was no discussion on this matter.

OPERATION OF DISTRICT FACILITIES

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

The Board reviewed correspondence from the resident at 18215 Lake Shore Drive requesting an adjustment to her utility bill. Mr. Phelps stated that the resident's usage was higher than typical for two months and then returned to normal levels. The Board requested EDP provide the resident with the District's leak adjustment policy and form.

Mr. Phelps stated that due to a leak in the tubing of the chlorine dosage controller, Harris County Municipal Utility District No. 500 ("HC 500"), as Master District, had an excursion in the effluent discharge at the wastewater treatment plant ("WWTP"). He stated that the leak has been repaired and reviewed a letter sent to the TCEQ regarding the excursion, a copy of which is attached to the operator's report.

Director Cowen reported that the gate at the District's lift station is loose and requested EDP have it secured more tightly.

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. Phelps 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. Phelps 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 Tyson and carried unanimously.

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

Mr. Edminster updated the Board on the status of the UPRR/Highway 290 Project by Harris County Municipal Utility District No. 500 ("HC 500"), as Master District.

Mr. Gaden reviewed a summary of remaining capital projects and associated estimated expenses for the District, a copy of which is attached to the engineer's report. Discussion ensued.

Mr. Gaden reviewed the status of Harris County's proposed road projects for the Towne Lake area. Discussion ensued.

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

RECEIVE ANNUAL REPORT FROM ENGINEER ON SECTION 49.2731 ELECTRONIC BIDDING RULES

Mr. Gaden presented and reviewed the annual report on Section 49.2731 electronic bidding rules. He stated no changes are recommended at this time.

SUBMERGED STORM SEWER AGREEMENTS

There was no discussion on this matter.

AUTHORIZE DESIGN OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE TOWNE LAKE, SECTION 60

Mr. Gaden requested the Board authorize design of the water, sewer, and drainage facilities to serve Towne Lake, Section 60, also known as the Lone Star tract. After review and discussion, Director Cowen moved to authorize design of water, sewer, and drainage facilities to serve Towne Lake, Section 60. Director Tyson seconded the motion, which passed by unanimous vote.

REVIEW BIDS AND AWARD CONTRACT FOR GREENHOUSE ROAD COMMERCIAL RESERVE, PHASE 1

Mr. Gaden reported that the District received four bids for construction of the water, sewer, and drainage facilities to serve Greenhouse Road Commercial Reserve, Phase 1. He recommended that the Board award the contract to Blazey Construction Services, LLC ("Blazey"), in the amount of \$369,579.30. The Board concurred that, in its judgment, Blazey 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 Markiewicz moved to award the contract for construction of the water, sewer, and drainage facilities to serve Greenhouse Road Commercial Reserve, Phase 1 to Blazey in the amount of \$369,579.30, 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 Tyson seconded the motion, which passed by unanimous vote.

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

Mr. Gaden updated the Board on the construction of the water, sewer, and drainage facilities to serve Towne Lake, Section 39, Replat 1. He stated that he had no pay estimates from Northtex Construction, LLC for the Board's approval.

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

Mr. Gaden updated the Board on the status of the paving repairs in Towne Lake, Sections 27 and 28. He reviewed and recommended approval of Pay Estimate No. 2 in

the amount of \$6,862.05 and Quantity Adjustment No. 1 to increase the contract in the amount of \$7,624.50, submitted by Camino Services.

After review and discussion, and based upon the engineer's recommendation, Director Cowen moved to approve Pay Estimate No. 2 in the amount of \$6,862.05 and Quantity Adjustment No. 1 to increase the contract in the amount of \$7,624.50, submitted by Camino Services. Director Edwards seconded the motion, which passed unanimously.

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

There was no discussion on this matter.

ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR RELEASE OF FUNDS FROM ESCROW, APPROVAL FOR USE OF SURPLUS FUNDS, AND CHANGE IN PROJECT SCOPE

The Board tabled action on this agenda item.

REQUESTS FOR CAPACITY RESERVATION HC 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

Ms. Carner reminded the Board that ABHR also represents HC 500 and reviewed a legal conflicts waiver with respect to the preparation of a Special Warranty Deed between the District and HC 500 for conveyance of a lift station site. Following review and discussion, Director Cowen moved to approve the legal conflicts waiver. Director Edwards seconded the motion, which carried unanimously.

The Board then considered approving a Special Warranty Deed for Restricted Reserve A in Towne Lake, Section 9 to be conveyed from the District to HC 500. After discussion, Director Cowen moved to approve the Special Warranty Deed and direct

that the Deed be filed appropriately and retained in the District's official records. Director Edwards seconded the motion, which carried unanimously.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY MATTERS

There was no discussion on this matter.

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.

Ms. Carner updated the Board on the status of HC 500's, as Master District, efforts to obtain a second interconnect with Remington Municipal Utility District No. 1 ("Remington"). She stated that HC 500 also discussed possibly purchasing capacity in one of Remington's water wells.

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

There was no discussion on this matter.

AUTHORIZE EXECUTION OF GENERAL CERTIFICATE IN CONNECTION WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 500 ("MASTER DISTRICT") BOND SALE

The Board considered authorizing execution of the General Certificate in connection with the Master District's Series 2019 Contract Revenue Bonds (Water, Sewer, and Drainage Facilities). Following review and discussion, Director Markiewicz moved to authorize execution of the General Certificate in connection with the Master District's Series 2019 Contract Revenue Bonds (Water, Sewer, and Drainage Facilities). Director Cowen seconded the motion, which passed unanimously.

AUTHORIZE EXECUTION OF RESOLUTION TO COMPLY WITH THE SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 IN CONNECTION WITH MASTER DISTRICT'S BOND SALE

The Board considered authorizing execution of the Resolution to Comply with the Securities and Exchange Commission Rule 15c2-12, whereby the District agrees to provide current financial information on an annual basis. Following

review and discussion, Director Markiewicz moved to authorize execution of the Resolution to Comply with the Securities and Exchange Commission Rule 15c2-12 in connection with the Master District's Series 2019 Contract Revenue Bonds (Water, Sewer, and Drainage Facilities). Director Cowen seconded the motion, which passed unanimously.

COMMUNITY EDUCATION MATTERS, INCLUDING REPORT FROM COMMUNITY EDUCATION COMMITTEE AND PROPOSAL FOR DIRECTOR NAME BADGES

Director Cowen reported that director name badges would cost approximately \$10 or less each. After discussion, Director Cowen moved to approve the purchase of 5 magnetic director name badges in an amount not to exceed \$60. Director Tyson seconded the motion, which passed by unanimous vote.

The Board discussed community education matters. Director Edwards updated the Board on her efforts related to community education initiatives.

Director Edwards stated that the Towne Lake Harborside magazine would most likely be unable to publish any articles for the District due to size constraints. She requested the Board authorize her to investigate other options for community outreach services provided by different communication consultants. After discussion, the Board concurred to authorize Director Edwards to investigate communication options for the Board's discussion at next month's meeting.

SECURITY MATTERS, INCLUDING REPORT FROM SECURITY COMMITTEE

Ms. Carner reported that the May and June security reports were distributed to the Board via e-mail.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

The Board reviewed correspondence regarding open records requests received by the District, a copies of which are attached.

DISCUSS UTILITY RATES AND AMEND RATE ORDER

The Board discussed potentially amending the District Rate Order to adjust for the increase in garbage and recycling collection service costs. After discussion, the Board concurred to take no action on amending the District Rate Order.

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 did not convene in Executive Session.

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.




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Sign-in sheet.....	1
Bookkeeper's report.....	3
Tax assessor/collector's report.....	4
Operator's report.	4
Engineer's report.....	5
Correspondence regarding open records requests.....	9