

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

September 4, 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 4th day of September, 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:

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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, thus constituting a quorum.

Also present at the meeting were Hans von Meier 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"); Michael Ammel of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests; Matt Dustin 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.

There were no comments from the public.

APPROVE MINUTES

The Board reviewed the minutes of the August 7, 2019, regular meeting. After review and discussion, Director Cowen moved to approve the minutes of the August 7, 2019, 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

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

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 99.4% of the District's 2018 taxes had been paid as of August 30, 2019. She also reviewed the District's delinquent tax roll.

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.

DISCUSS 2019 DISTRICT TAX RATE

Mr. Dustin distributed and reviewed a Master District contract tax analysis for the calendar year ending 2020, a copy of which is attached, and discussion ensued.

Mr. Dustin reviewed RBC's tax rate recommendation, a copy of which is attached, and recommended that the Board levy a 2019 total tax rate of \$1.115, comprised of \$0.25 per \$100 of assessed valuation to provide for the District's debt service requirements, \$0.85 per \$100 of assessed valuation to provide for the District's contract tax requirements, and \$0.015 per \$100 of assessed valuation to provide for maintenance and operations.

Mr. Dustin then reviewed additional tax rate analyses reflecting 97% and 99% tax collection rates, copies of which are attached.

Ms. Carner discussed the two-step process for setting the District's tax rate and reviewed the parameters under which District taxpayers could petition for a rollback tax election. Discussion ensued regarding possible future capital expenditures, tax collection rates, and the reserve levels for the District's contract tax fund, debt service fund, and general operating fund. The Board requested RBC prepare an analysis of the anticipated debt service and contract tax requirements for the next three years.

Director Gentry then presented his tax rate analysis, a copy of which is attached. Discussion ensued.

Director Markiewicz then reviewed her proposed 2019 tax rate breakdown. Discussion ensued.

The Board considered setting a public hearing date and authorizing notice of a public hearing regarding the District's adoption of a 2019 total tax rate. After discussion, Director Gentry moved to authorize publication of the proposed maximum 2019 tax rate of \$1.115 and to set the public hearing for October 2, 2019, at 5:30 p.m. at

the Lakehouse. The motion was seconded by Director Cowen, which passed by unanimous vote.

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

Mr. Von Meier discussed garbage collection and recycling matters in the District.

The Board discussed the upcoming fall shred event and considered setting a date for the spring shred event.

Ms. Carner reported that a resident contacted the District regarding missed recycling pick up at their residence on several occasions. She stated that RR&R reported that the resident places their recycling cart behind a bush next to their house, which is not visible from the street. She reviewed a photograph of the affected area provided by RR&R, a copy of which is attached. After discussion, the Board authorized ABHR to send correspondence to the resident regarding the approved locations for garbage and recycling carts on collection days. The Board also directed RR&R to refrain from collecting the recycling cart when it is not in an approved location.

WEBSITE MATTERS

There was no discussion on this matter.

OPERATION OF DISTRICT FACILITIES

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

Mr. Ammel reviewed the required language that was added to the District's utility bills for the September billing cycle, pursuant to Senate Bill 239.

The Board reviewed correspondence from the resident at 17811 Paint Bluff Lane requesting an adjustment to her utility bill due to filling a pool. After discussion, the Board took no action on the request.

The Board reviewed correspondence from the resident at 10222 Grape Grove Lane requesting an adjustment to her utility bill due to higher-than-expected usage. Mr. Ammel stated that EDP had confirmed the meter reading. After discussion, the Board took no action on the request.

The Board discussed the current weather conditions and the triggers for the District's Drought Contingency Plan.

Mr. Ammel reviewed an analysis of residential security deposits for districts managed by EDP, a copy of which is attached.

After review and discussion, Director Markiewicz moved to approve the operator's report. 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 Edwards 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.

SUBMERGED STORM SEWER AGREEMENTS

There was no discussion on this matter.

APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISEMENT FOR BIDS FOR WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE TOWNE LAKE, SECTION 60

Mr. Gaden updated the Board on the status of design of the water, sewer, and drainage facilities to serve Towne Lake, Section 60, also known as the Lone Star tract. The Board deferred approval of plans and specifications and authorizing advertisement for bids for the project.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR GREENHOUSE ROAD COMMERCIAL RESERVE, PHASE 1

Mr. Gaden updated the Board on the status of construction of the water, sewer, and drainage facilities to serve Greenhouse Road Commercial Reserve, Phase 1. He stated that he had no pay estimates from Blazey Construction Services, 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.

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

There was no discussion on this matter.

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

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 CONSENT TO PARTIAL ASSIGNMENT OF FINANCING AND REIMBURSEMENT AGREEMENT AND WAIVER OF SPECIAL APPRAISAL

There was no discussion on this agenda item.

HC 500 (MASTER DISTRICT) MATTERS

Ms. Carner stated that at today's meeting, HC 500, as Master District, authorized EHRA to proceed with preliminary engineering for a water well at the water plant no. 1 site. Discussion ensued.

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.

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

Ms. Carner stated that HC 500 discussed a post on social media regarding the removal of erosion control netting in a section of the lakes adjacent to the Heritage and noted that such removal was not authorized by HC 500. She stated that HC 500 authorized ABHR to contact the Towne Lake Community Association, Inc. regarding the removal of the netting.

The Board discussed the regional detention facilities, including concerns regarding the lower than usual water level.

COMMUNITY EDUCATION MATTERS, INCLUDING REPORT FROM COMMUNITY EDUCATION COMMITTEE AND PROPOSALS FOR COMMUNICATION SERVICES

There was no discussion on this agenda item.

SECURITY MATTERS, INCLUDING REPORT FROM SECURITY COMMITTEE

Ms. Carner reported that the August security report was 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, 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 regular 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 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.

(SEAL)




Secretary, Board of Directors

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