

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501

October 2, 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 2nd day of October, 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 Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Michael Owens, director of West Harris County Regional Water Authority ("WHCRWA"); John Suppatkal, director of Harris County Municipal Utility District No. 502; 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

The Board observed a moment of silence for Deputy Sandeep Dhaliwal.

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 traffic light at the intersection of Greenhouse Road and Cypress-North Houston Road. Ms. Carner stated this matter would be addressed under agenda item no. 12.

Mr. Owens introduced himself and invited the Board to attend the WHCRWA Fall Forum on October 23, 2019.

Mr. Suppatkal introduced himself and requested the Board consider participating in a Security Committee along with representatives of the other

Participant districts in Towne Lake. Director Gentry requested that the District's Security Committee contact Mr. Suppatkal.

APPROVE MINUTES

The Board reviewed the minutes of the September 4, 2019, regular meeting. After review and discussion, Director Gentry moved to approve the minutes of the September 4, 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 Tyson seconded the motion, which passed unanimously.

Mr. Jenkins stated that the Texas Commission on Environmental Quality ("TCEQ") approved the District's escrow release and surplus funds application for construction of the water, sewer, and drainage facilities for Towne Lake, Section 41 and the remaining portion of Towne Lake, Section 44, funded by the District's \$5,640,000 Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"). He then reviewed a reimbursement report reflecting the amount reimbursable by the District to CW SCOA West, L.P. for construction of the water, sewer, and drainage facilities for Towne Lake, Section 41 and the remaining portion of Towne Lake, Section 44. After discussion, Director Cowen moved to (1) approve the developer reimbursement report and direct that the report be filed appropriately and retained in the District's official records; and (2) approve the disbursement of funds as provided in the developer reimbursement report, with the release of the funds to the developer subject to receipt of an executed receipt from the developer. Director Tyson seconded the motion, which carried unanimously.

Ms. Carner reminded the Board that the District has requested 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 39 Replat No. 1, which have been completed. She stated that, upon the TCEQ's approval of the application, a supplemental reimbursement report for the Series 2017 Bonds will be 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 39 Replat No. 1. 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 PROPOSAL FOR FINAL ARBITRAGE REBATE AND YIELD RESTRICTION CALCULATION SERVICES FOR THE SERIES 2014 BONDS AND ALL FUTURE BOND ISSUES

The Board reviewed a proposal from OmniCap Group LLC to perform arbitrage rebate and yield restriction calculation services for the District's bond issues, including final calculations. After review and discussion, Director Tyson moved to approve the proposal from OmniCap Group LLC to perform arbitrage rebate and yield restriction calculation services for the District's bond issues and direct that the proposal be filed appropriately and retained in the District's official records. Director Edwards seconded the motion, which carried unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin presented the monthly tax report and stated that 99.5% of the District's 2018 taxes had been paid as of September 30, 2019. She also reviewed the District's delinquent tax roll. The Board discussed the delinquent taxes owed by Bella Terra Custom Homes. Ms. McLaughlin stated that she will request a delinquent tax report from the delinquent tax attorney for the next regular Board meeting.

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.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Carner stated that BLI published a Notice of Public Hearing regarding the adoption of the District's 2019 tax rate stating that the Board anticipates levying a maximum total 2019 tax rate of \$1.115 per \$100 assessed valuation.

Director Gentry opened the public hearing.

Mr. Casey inquired about the effect of the proposed tax rate on residents' tax bills. Mr. Dustin reviewed the average residence homestead taxable value and stated that the proposed tax rate would represent a slight decrease to the average tax bill.

There being no additional comments from the public, Director Gentry closed the public hearing.

Mr. Dustin reviewed RBC's 2019 tax rate recommendation, previously presented to the Board. He also reviewed the additional tax rate analyses reflecting 97% and 99% tax collection rates.

Director Markiewicz reviewed her tax rate analysis and stated that she recommends a total 2019 tax rate of \$1.08, composed of a \$0.25 debt service component, a \$0.805 contract tax component, and a \$0.025 maintenance and operations tax component.

Director Tyson then presented his tax rate analysis, a copy of which is attached, recommending a total 2019 tax rate of \$1.08, composed of a \$0.25 debt service component, a \$0.81 contract tax component, and a \$0.02 maintenance and operations tax component.

Director Gentry then presented his tax rate analysis, a copy of which is attached, recommending a total 2019 tax rate of \$1.105, composed of a \$0.25 debt service component, a \$0.83 contract tax component, and a \$0.02 maintenance and operations tax component.

Director Cowen stated that he recommends a total 2019 tax rate of \$1.085, composed of a \$0.25 debt service component, a \$0.81 contract tax component, and a \$0.025 maintenance and operations tax component.

Director Edwards stated that she recommends a total 2019 tax rate of \$1.08.

Following discussion, a majority of the Board concurred to levy a tax rate of \$1.08 per \$100 assessed valuation, composed of a \$0.805 contract tax component, a \$0.25 debt service tax component, and a \$0.025 maintenance and operations tax component. Ms. Carner presented an Order Levying Taxes and an Amendment to Information Form reflecting the 2019 tax rate. Ms. Carner stated that the Amendment to Information Form will be filed with Harris County and the TCEQ. After review and discussion, Director Markiewicz moved to (1) adopt the Order Levying Taxes; (2) authorize execution of the Amendment to Information Form; and (3) direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Cowen seconded the motion, which passed by a vote of 4-1, with Director Gentry opposed.

ADOPT RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT ("HCAD")

The Board discussed the Board of Director Election for HCAD. After discussion, the Board took no action on nominating a candidate.

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

Mr. Von Meier stated that the President of RR&R, Jerrell Wolff, passed away, but that RR&R's operations will continue. The Board expressed its condolences.

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

The Board discussed the upcoming fall shred event and the schedule for the spring shred event.

WEBSITE MATTERS

There was no discussion on this matter.

OPERATION OF DISTRICT FACILITIES

Director Gentry discussed the rising cost of water, water usage in the District, and the District's meter reading procedures. He stated that he recommends the Board consider various initiatives to improve customer education and encourage water conservation. Discussion ensued regarding potentially installing electronic smart meters, subsidizing residential irrigation assessments, and establishing procedures for water meter replacements. The Board reviewed proposed website posts regarding frequently asked questions about the District's meter reading and billing procedures and instructions on how to read a water meter. Mr. Ammel discussed EDP's standard procedures for responding to resident concerns regarding utility bills.

Mr. Ammel discussed water usage in the District, including residential usage and irrigation usage. He reviewed a report on commercial water consumption.

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

Mr. Ammel reviewed a request from the resident at 10203 Sweetwater Lake Court for an adjustment to higher than anticipated utility bill as a result of a leak, which has since been repaired. He stated that pursuant to the adopted leak adjustment credit policy, the resident qualifies for an adjustment of \$151.50 for the utility bill.

Mr. Ammel reviewed a handout of the top residential water users. The Board requested Mr. Ammel bring a sample letter to send to residents with high water usage for the Board's review at the next regular Board meeting.

The Board reviewed a Notice of Anticipated Fees for 2020 from the WHCRWA, a copy of which is attached to the operator's report.

After review and discussion, Director Cowen moved to (1) approve the operator's report; (2) approve posting the meter reading post to the District's website; and (3) grant the request for the leak adjustment credit in the amount of \$151.50 for the resident at 10203 Sweetwater Lake, pursuant to the District's leak adjustment policy. Director Markiewicz 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 (1) 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; and (2) direct EDP to withhold taps for Bella Terra Custom Homes, pending payment of the delinquent tax and utility bills. 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. In response to an earlier question, Mr. Gaden stated the light at Greenhouse Road and Cypress-North Houston Road is a Harris County project, and he does not expect it to be activated for several more months. 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 reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$225,440.82 and Change Order No. 1 to increase the contract in the amount of \$5,089.25, submitted by Blazey Construction Services, LLC. The Board determined that Change Order No. 1 is beneficial to the District.

After review and discussion, Director Cowen moved to (1) approve Pay Estimate No. 1 in the amount of \$225,440.82, as recommended; and (2) approve Change Order No. 1 to increase the contract in the amount of \$5,089.25, based upon the Board's determination that the Change Order is beneficial to the District and the engineer's recommendation. Director Edwards seconded the motion, which carried unanimously.

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 an invoice in the amount of \$712, submitted by Ninyo & Moore, for testing services. After review and discussion, Director Cowen moved to approve the invoice in the amount of \$712, as recommended. Director Edwards seconded the motion, which passed by unanimous vote.

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.

WHCRWA 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 design of 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 reported that HC 500 sent a letter to Towne Lake Community Association, Inc. ("HOA") regarding the removal of erosion control netting near the Heritage. She stated HC 500 and the HOA will coordinate on a plan regarding erosion control measures.

Ms. Carner also reported that the HOA is currently engaged in a lake dredging project and that HC 500 is not performing any dredging at this time.

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

Director Edwards updated the Board on community education matters.

SECURITY MATTERS, INCLUDING REPORT FROM SECURITY COMMITTEE

Ms. Carner reported that the September security report was distributed to the Board via e-mail.

REPORT FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

There was no discussion on this agenda item.

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

Mr. Casey reported a beaver sighting near Harbor Gates.

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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