

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 500
(Master)

April 4, 2018

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 500 (the "District") met in regular session, open to the public, on the 4th day of April, 2018, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Colette Garcia	President
Marilyn Roberts	Vice President
Saundra Dahlke	Secretary
Pamela Bretherton	Assistant Vice President
Robert M. Condon	Assistant Secretary

and all of the above were present except Directors Bretherton and Condon, thus constituting a quorum.

Also present at the meeting were Hank Miller, Lee Markiewicz, and Tom Russell, members of the public; George Gentry, director of Harris County Municipal Utility District No. 501 ("HC 501"); Mary DuBois of Acclaim Energy Advisors ("Acclaim"); Rose Montalbano of F. Matuska, Inc.; Truman Edminster 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 and Loren Morales of RBC Capital Markets ("RBC"); Robert DeForest of KGA DeForest Design, LLC ("KGA"); and Alia Vinson, Katie Carner, and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board reviewed the minutes of the March 7, 2018, regular meeting. After review and discussion, Director Dahlke moved to approve the minutes as submitted. The motion was seconded by Director Roberts and passed by unanimous vote.

PUBLIC COMMENTS

Mr. Miller inquired about the lake dredging project, including if any bids have been received and asked why the District is paying to dredge the lake and not the homeowners association, the developer, or the homebuilders, since he viewed the lake as a recreational facility. He inquired whether the commercial properties are contributing funding since they benefit from the dredging. He stated some residents

believe the lake was not originally constructed to the designed depths Ms. Vinson stated that matter would be discussed under agenda item no. 11e.

ENERGY MARKET UPDATE AND ENERGY PROPOSALS, INCLUDING APPROVE LETTER OF AUTHORIZATION

Ms. DuBois addressed the Board regarding updates in the energy market and reviewed a handout, a copy of which is attached. She stated the District's current energy contract will expire in May, 2020 and requested the Board execute a Letter of Authorization ("LOA") to allow Acclaim to obtain bids for a new contract, beginning after the expiration of the current contract.

Ms. DuBois also presented an Amendment to the Retail Power Sales Agreement to add the new electricity meter required to provide power to water plant no. 2.

After review and discussion, Director Dahlke moved to (1) authorize execution of the LOA, and (2) approve the Amendment to the Retail Power Sales Agreement to add the new electricity meter for water plant no. 2, and direct that the LOA and the Amendment be filed appropriately and retained in the District's official records. Director Roberts seconded the motion, which passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Montalbano presented the bookkeeper's report and submitted the bills for the Board's review. A copy of the bookkeeper's report is attached.

Ms. Carner presented and reviewed a Bill of Sale for purchase of the wastewater treatment plant, phase 2 expansion from Gaylord Investment Co. ("Gaylord"). She noted that the District has not yet received the executed Bill of Sale back from Gaylord.

After review and discussion, Director Roberts moved to (1) approve the bookkeeper's report and the payments presented; and (2) authorize execution of the Bill of Sale and direct the District's bookkeeper to hold the check for the wastewater treatment plant, phase 2 purchase pending receipt of the executed Bill of Sale from Gaylord. Director Dahlke seconded the motion, which passed by unanimous vote.

REPORT ON SECURITY MATTERS

The Board reviewed correspondence from the Towne Lake Community Association ("HOA") regarding the cost sharing agreement for law enforcement services, a copy of which is attached. Discussion ensued regarding the agreement. The Board requested that ABHR work with the HOA and the Harris County Sheriff's Office to obtain additional information about the time spent patrolling and responding to calls in different portions of the districts served by the contract.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel presented the operator's report, a copy of which is attached. He reported on routine maintenance and repair items in the District.

Mr. Ammel updated the Board on the status of the District's application for financial assistance with the Federal Emergency Management Agency ("FEMA"), as reflected in his report. He requested the Board authorize execution of a Designation of Subrecipient Agent form in connection with the FEMA claim due to a change in the designated agent at EDP.

Mr. Ammel stated that due to an interruption in water supply from the West Harris County Regional Water Authority ("WHCRWA") as a result of waterline repairs by the City of Houston, the District is utilizing the emergency interconnect with Remington Municipal Utility District No. 1. He noted that EDP scheduled repairs to the District's water plant during the shutdown. The Board reviewed a letter from the WHCRWA, a copy of which is attached, regarding surface water delivery. Discussion ensued regarding potential additional water sources, including additional water supply agreements or construction of a well.

Following review and discussion, Director Dahlke moved to (1) approve the operator's report, and (2) authorize execution of the Designation of Subrecipient Agent form. Director Garcia seconded the motion, which carried unanimously.

WILDLIFE MANAGEMENT, INCLUDING REPORT AND PROPOSALS FROM A ALL ANIMAL CONTROL

Ms. Vinson updated the Board on the status of wildlife management in the District, including Egyptian geese and beaver removal and alligator monitoring. She noted that there was a report of an alligator sighting during the previous week, but the sighting turned out to be a nutria. Ms. Vinson encouraged all residents to report possible sightings to the EDP 24-hour customer service line.

The Board reviewed a notice published by the HOA in the April Towne Lake newsletter regarding the potential presence of wildlife in the regional detention facilities, a copy of which is attached.

ENGINEERING MATTERS

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

PRELIMINARY PLANNING FOR GRADE SEPARATION AT UNION PACIFIC RAILROAD AND INTERSECTION IMPROVEMENTS AT HIGHWAY 290 ("UPRR/HIGHWAY 290 PROJECT")

There was no discussion on this matter.

APPROVE SUBMERGED STORM SEWER AGREEMENTS, MAINTENANCE AGREEMENTS, AND STORM WATER SOLUTIONS, LP AGREEMENT

There was no discussion on this matter.

APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISEMENT FOR BIDS

The Board deferred approval of plans and specifications and authorizing advertisement for bids for the following construction projects: (1) detention 1L, Phase 2; and (2) detention 1K, Phase 2.

REVIEW BIDS AND AWARD CONTRACT FOR DETENTION 1J, PHASE 2

The Board deferred award of contract for detention 1J, Phase 2, pending receipt of bids.

REVIEW BIDS AND AWARD CONTRACT FOR REPAIR OF TIE-BACK WALLS

Ms. Downhour updated the Board on the status of the repair of the tie-back walls.

REVIEW BIDS AND AWARD CONTRACT FOR DREDGING OF RESERVOIRS (PHASE ONE)

In response to a previous comment from the public, Ms. Downhour stated that the lake was built to the specified depth of 7 feet, as confirmed by as-built drawings. She and Mr. Edminster stated that the District must maintain the regional detention facilities in order to preserve the reservoir capacity and maintain adequate water quality, which is necessary for the maintenance of the District's non-potable water facilities. Ms. Vinson noted that no violations of a Storm Water Pollution Prevention Plan ("SWPPP") were reported to the District during construction of the regional detention facilities and adjacent development. She encouraged residents to report suspected SWPPP violations. Mr. Edminster encouraged all residents to report all concerns regarding the regional detention facilities to the District. Discussion ensued.

Ms. Downhour stated that the District received two bids for the dredging of the reservoirs (Phase One) project. She stated that the amount of the bids exceeds the amount previously approved by the Texas Commission on Environmental Quality ("TCEQ") and recommended taking no action on the bids at this time. After review and discussion, the Board concurred to take no action.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR WATER PLANT NO. 2

Ms. Downhour updated the Board on the status of Water Plant No. 2. She stated that she had no pay estimates from W.W. Payton Corporation for the Board's approval.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR THE WATER RE-PUMP AND STORAGE FACILITY NO. 1 EXPANSION

Ms. Downhour updated the Board on the status of the water re-pump and storage facility no. 1 expansion. She reviewed and recommended approval of Pay Estimate No. 7 in the amount of \$40,052.25, submitted by Quadvest Construction, L.P. After review and discussion, Director Roberts moved to approve Pay Estimate No. 7 in the amount of \$40,052.25, as recommended. Director Dahlke seconded the motion, which passed unanimously.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR TOWNE LAKE PARKWAY, SEGMENT ONE (FROM GREENHOUSE ROAD TO CYPRESS NORTH HOUSTON)

Ms. Downhour updated the Board on the status of Towne Lake Parkway, Segment One (from Greenhouse Road to Cypress North Houston). She stated that she had no pay estimates from Hassell Construction Company, Inc. for the Board's approval.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR DETENTION 1I, PHASE 3

Ms. Downhour updated the Board on the status of detention 1I, Phase 3. She stated that she had no pay estimates from Lindsey Construction, Inc. for the Board's approval.

CYPRESS NORTH HOUSTON SECTION 1 PAVING REPAIRS, SIDEWALK EXTENSION, AND ACCESS RAMPS

The Board deferred discussion on this matter to executive session.

REPAIRS TO 24-INCH SANITARY SEWER LINE NEAR TOWNE LAKE PARKWAY AND TUCKERTON ROAD

The Board deferred discussion on this matter to executive session.

APPROVE CAPACITY RESERVATION REQUESTS

There was no discussion on this matter.

UPDATE ON BOND APPLICATION NO. 8

Ms. Downhour stated that bond application no. 8 was submitted to the TCEQ on March 22, 2018.

WHCRWA MATTERS

Ms. Downhour updated the Board on the status of the District's request to the WHCRWA for an increase in surface water commitment. She stated EHRA provided additional information regarding the request for an increase for water plant no. 1 and also submitted a request for a surface water commitment for water plant no. 2.

CONVEYANCE OF EASEMENTS/DEEDS; ABANDONMENT OF EASEMENT; ENVIRONMENTAL PROPOSALS

Ms. Carner reviewed a sanitary control easement and an access easement (together, the "Easements") for the water plant no. 2 site. After review and discussion, Director Roberts moved to approve the Easements and direct that the Easements be filed appropriately and retained in the District's official records. Director Dahlke seconded the motion, which passed by unanimous vote.

ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TCEQ FOR USE OF SURPLUS FUNDS

The Board considering approving a Resolution Authorizing Application to the TCEQ for Use of Surplus Funds ("Resolution") to use excess bond proceeds for the repair of the tie-back walls. Ms. Vinson noted that the Resolution will also include a request for Change in Scope to increase the funding authorization for the lake dredging project. After review and discussion, Director Dahlke moved to approve the Resolution and direct that the Resolution be filed appropriately and retained in the District's official records. Director Roberts seconded the motion, which passed by unanimous vote.

LANDSCAPE ARCHITECT'S REPORT

The Board reviewed the landscape architect's report from KGA, a copy of which is attached.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR GREENHOUSE ROAD, SEGMENT THREE, PHASE 1 (SOUTH) LANDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Greenhouse Road, Segment Three, Phase 1 (South) landscape improvements. He stated that Rialto Studios ("Rialto") recommended final acceptance of the project. After review and discussion, Director Roberts moved to accept the project, as recommended by Rialto. Director Dahlke seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR GREENHOUSE ROAD, SEGMENT THREE, PHASE 1 (SOUTH) HARDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Greenhouse Road, Segment Three, Phase 1 (South) hardscape improvements. He stated that KGA had no pay estimates from Bluegrass Maintenance, Inc. for the Board's approval.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR GREENHOUSE ROAD, SEGMENT THREE, PHASE 2 (NORTH) LANDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Greenhouse Road, Segment Three, Phase 2 (North) landscape improvements. He stated that Rialto recommended final acceptance of the project. After review and discussion, Director Roberts moved to accept the project, as recommended by Rialto. Director Dahlke seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR GREENHOUSE ROAD, SEGMENT THREE, PHASE 2 (NORTH) HARDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Greenhouse Road, Segment Three, Phase 2 (North) hardscape improvements. He stated that KGA had no pay estimates from Strickscapes, Inc. for the Board's approval.

APPROVAL OF PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISEMENT FOR BIDS FOR GREENHOUSE ROAD, SEGMENT FIVE

The Board deferred approval of plans and specifications and authorizing advertisement for bids for Greenhouse Road, Segment Five.

APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISEMENT FOR BIDS FOR GREENHOUSE ROAD, SEGMENT SIX

The Board deferred approval of plans and specifications and authorizing advertisement for bids for Greenhouse Road, Segment Six.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR TOWNE LAKE PARKWAY, SEGMENT ONE LANDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Towne Lake Parkway, Segment One landscape improvements. He stated that Rialto recommended final acceptance of the project. After review and discussion, Director Roberts moved to accept the project, as recommended by Rialto. Director Dahlke seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR TOWNE LAKE PARKWAY, SEGMENT ONE HARDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Towne Lake Parkway, Segment One hardscape improvements. He stated that KGA had no pay estimates from Hou-Scape, Inc. for the Board's approval.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR GREENHOUSE ROAD, SEGMENT FOUR LANDSCAPE IMPROVEMENTS

The Board deferred discussion on this matter to executive session.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR GREENHOUSE ROAD, SEGMENT FOUR HARDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Greenhouse Road, Segment Four hardscape improvements. He stated that KGA had no pay estimates from Texas Wall & Landscape for the Board's approval.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR CYPRESS NORTH HOUSTON ROAD, SEGMENT THREE LANDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Cypress North Houston Road, Segment Three landscape improvements. He stated that KGA had no pay estimates from Classic Irrigation & Landscape, LLC for the Board's approval.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR CYPRESS NORTH HOUSTON ROAD, SEGMENT THREE HARDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Cypress North Houston Road, Segment Three hardscape improvements. He reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$34,346.25 and Change Order No. 1 to increase the contract in the amount of \$38,162.50, submitted by Strickscapes, Inc., for the Board's approval. The Board determined the Change Order No. 1 is beneficial to the District. After review and discussion, Director Roberts moved to approve Pay Estimate No. 1 in the amount of \$34,346.25 and Change Order No. 1 to increase the contract in the amount of \$38,162.50, based upon the landscape architect's recommendation and the Board's finding that the Change Order is beneficial to the District. Director Dahlke seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR CYPRESS NORTH HOUSTON ROAD, SEGMENTS ONE AND TWO LANDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Cypress North Houston Road, Segments One and Two landscape improvements. He stated that KGA had no pay estimates from Strickscapes, Inc. for the Board's approval.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR CYPRESS NORTH HOUSTON ROAD, SEGMENTS ONE AND TWO HARDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Cypress North Houston Road, Segments One and Two hardscape improvements. He reviewed and recommended approval of Change Order No. 1 to increase the contract in the amount of \$21,254.08, submitted by Strickscapes, Inc., for the Board's approval. The Board determined the Change Order No. 1 is beneficial to the District. After review and discussion, Director Roberts moved to Change Order No. 1 to increase the contract in the amount of \$21,254.08, based upon the engineer's recommendation and the Board's finding that the Change Order is beneficial to the District. Director Dahlke seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR TOWNE LAKE PARKWAY FROM GREENHOUSE ROAD TO CYPRESS NORTH HOUSTON LANDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Towne Lake Parkway from Greenhouse Road to Cypress North Houston landscape improvements. He stated that KGA had no pay estimates from Classic Irrigation & Landscape, LLC for the Board's approval.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR SECTION 43/46 PARK LANDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the Section 43/46 Park landscape improvements. He reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$36,900 and Change Order No. 1 to decrease the contract in the amount of \$17,830.75, submitted by Classic Irrigation & Landscape, LLC, for the Board's approval. The Board determined the Change Order No. 1 is beneficial to the District. After review and discussion, Director Roberts moved to approve Pay Estimate No. 1 in the amount of \$36,900 and Change Order No. 1 to decrease the contract in the amount of \$17,830.75, based upon the landscape architect's recommendation and the Board's finding that the Change Order is beneficial to the District. Director Dahlke seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR SECTION 43/46 PARK HARDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board of the status of the Section 43/46 Park hardscape improvements. He reviewed and recommended approval of Change Order No. 1 to decrease the contract in the amount of \$123,000, submitted by Texas Wall & Landscape, for the Board's approval. The Board determined the Change Order No. 1 is beneficial to the District. After review and discussion, Director Roberts moved to approve Change Order No. 1 to decrease the contract in the amount of \$123,000, based upon the landscape architect's recommendation and the Board's finding that the Change Order is beneficial to the District. Director Dahlke seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR WASTEWATER TREATMENT PLANT SCREENING

Mr. DeForest updated the Board on the status of the wastewater treatment plant screening project. He stated that KGA had no pay estimates from Stricksapes, Inc. for the Board's approval.

REVIEW BIDS AND AWARD CONTRACT FOR TRAILS, TREES, AND SIDEWALKS

The Board deferred award of contract for the additional row of trees around Pond 1H, pending receipt of bids.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR PIPELINE EASEMENT LANDSCAPE IMPROVEMENTS

Mr. DeForest updated the Board on the status of the pipeline easement landscape improvements.

GREENHOUSE ROAD GRASS PROJECT

Mr. DeForest stated that this project will be a developer project and can be removed from the agenda.

HURRICANE HARVEY RELATED MATTERS, INCLUDING STATUS OF DISTRICT FACILITIES AND OPERATIONS AND APPROVAL OF ANY RELATED AGREEMENTS AND APPLICATIONS FOR FINANCIAL ASSISTANCE

There was no further discussion on this matter.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT, INCLUDING REQUEST FOR ANNEXATION

There was no discussion on this matter.

REPORTS FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

There was no discussion on this matter.

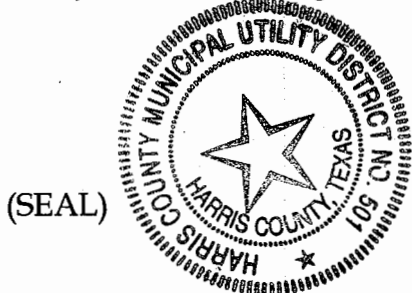
CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT PRIVATE CONSULTATION WITH ATTORNEY

The Board convened in Executive Session at 2:00 p.m. pursuant to Section 551.071 of the Texas Government Code to conduct a private consultation with their attorney. Ms. Vinson, 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 2:08 p.m. No action was taken by the Board.

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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