

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

May 2, 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 2nd day of May, 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 Director Condon, thus constituting a quorum.

Also present at the meeting were Jonathan Cowen, Wayne Tyson, Dennis Bounds, Jeffrey Ottmann, Hank Miller, Lee Markiewicz, and Tom Russell, members of the public; Mary DuBois of Acclaim Energy Advisors; Jason Klump of Storm Water Solutions, LLC; 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; Robert DeForest of KGA DeForest Design, LLC ("KGA"); Kent Puckett of Caldwell Companies; and Alia Vinson, Katie Carner, and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board reviewed the minutes of the April 4, 2018, regular meeting. After review and discussion, Director Roberts moved to approve the minutes as submitted. The motion was seconded by Director Dahlke and passed by unanimous vote.

PUBLIC COMMENTS

Mr. Russell requested that the fence at the wastewater treatment plant be stained. Ms. Vinson stated that matter would be discussed under agenda item no. 17.o.

Mr. Markiewicz asked whether the Section 43/46 park will be open to the public and inquired about the boundaries of the park. Ms. Vinson stated that matter would be discussed under agenda item nos. 17.m and 17.n.

Mr. Markiewicz inquired about the amount currently owed to the developer and the cost of issuance for bonds. Mr. Dustin discussed issuance costs of the District's bonds. He also stated that the total amount unreimbursed to the developer is calculated annually and can be found in the District's annual audit. Director Garcia noted that the District's audit for fiscal year ending March 31, 2017, stated approximately \$6,700,000 was unreimbursed to the developer at that time.

Mr. Miller addressed the Board regarding construction activity in the District and potential violations of builders' Storm Water Pollution Prevention Plans ("SWPPP"). He provided a thumb drive containing photographs of potential SWPPP violations from construction of the canals, a site along West Road, and the visitor's center. He stated he believes the lake is for recreational use and he does not believe the lake dredging project should be a District expense. He also stated he believes the developer and builders should have to share in the expense of any lake dredging. Ms. Vinson stated Harris County is responsible for enforcing SWPPPs and encouraged residents to report all SWPPP violations to Harris County directly and provided the phone number for reporting such violations. Ms. Downhour noted the phone number also is included in the engineer's report.

Mr. Markiewicz stated that if there is evidence of SWPPP violations on the part of the developer and/or builders, he believes the District should attempt to recover funds from the developer and/or builders. Ms. Vinson stated the District will review the information provided by Mr. Miller.

REVIEW ENERGY PROPOSALS, INCLUDING AUTHORIZE APPROPRIATE ACTION, IF NECESSARY

Ms. DuBois reviewed an electricity pricing report, a copy of which is attached. She reported that the District's current electricity contract expires in May, 2020. Following review and discussion, Director Roberts moved to appoint Director Garcia as the District's representative to execute an electricity contract with the Texas General Land Office ("GLO") in an amount not to exceed 5% over the presented price of \$0.04251 per kWh for a 60-month term. Director Bretherton seconded the motion, which was approved by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Montalbano presented the bookkeeper's report and submitted the bills for the Board's review. She also reviewed the District's quarterly investment report. A copy of the bookkeeper's report is attached.

Ms. Montalbano noted the addition of check no. 3460 in the amount of \$1,900 to Gaylord Investment Co. ("Gaylord") for the remaining balance for purchase of the

wastewater treatment plant, phase 2. The Board requested the bookkeeper continue to hold the checks, pending receipt of the executed Bill of Sale from Gaylord.

After review and discussion, Director Bretherton moved to approve the bookkeeper's report and the payments presented. Director Roberts seconded the motion, which passed by unanimous vote.

REPORT ON SECURITY MATTERS

Ms. Carner stated she is still waiting for a response from the Harris County Sheriff's Office regarding the District's request for additional information about the time spent patrolling and responding to calls in different portions of the districts served by the Towne Lake Community Association ("HOA") security contract.

The Board reviewed the February and March security reports provided by the HOA. Copies of the security reports are attached.

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. Following review and discussion, Director Dahlke moved to approve the operator's report. Director Bretherton seconded the motion, which carried unanimously.

Mr. Ammel requested that an item be added to the June agenda to consider a generator rental agreement with NTS for June-November 2018.

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

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 stated FEMA has requested additional information, and EDP is working on a response.

REVIEW CRITICAL LOAD SPREADSHEET FOR DISTRICT'S FACILITIES

Ms. Carner reported that the District's engineer, bookkeeper, and operator have reviewed the critical load spreadsheet for the District's facilities. Following discussion, Director Bretherton moved to authorize filing of the critical load spreadsheet, subject to final review. Director Roberts 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.

The Board considered approving a proposal for extension of the alligator monitoring services provided by A All Animal Control. After review and discussion, Director Dahlke moved to approve the extension of the alligator monitoring services provided by A All Animal Control for an additional twelve consecutive weeks, at the rate of \$500 per monitoring visit per week, for a total amount of \$6,000. Director Roberts seconded the motion, which passed unanimously.

The Board reviewed correspondence from a resident regarding wildlife management in the regional detention facilities, a copy of which is attached. The Board also reviewed correspondence from the HOA depicting the locations of all wildlife signs posted around 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.

Ms. Downhour noted the phone number residents can call to report potential SWPPP violations to Harris County. She also stated that in response to reported concerns from residents regarding potential SWPPP violations near the boat ramp, the amphitheater and the boat dock, EHRA inspected the sites and found no issues.

In response to a question from a resident regarding the regional detention facilities, Ms. Downhour explained the detention and reservoir functions of the regional detention facilities.

In response to an inquiry from a resident regarding the lake dredging project, Ms. Downhour stated that the District has received bids for pond 1G only, but has not yet awarded a contract for any District dredging.

Ms. Downhour updated the Board on EHRA's investigation into alternate water supply sources, including potential interconnects and water supply agreements.

PRELIMINARY PLANNING FOR GRADE SEPARATION AT UNION PACIFIC RAILROAD AND INTERSECTION IMPROVEMENTS AT HIGHWAY 290 ("UPRR/HIGHWAY 290 PROJECT"), INCLUDING AUTHORIZE APPLICATION TO HOUSTON GALVESTON AREA COUNCIL TRANSPORTATION IMPROVEMENT PROGRAM ("TIP") AND RELATED TASK ORDER FROM KNUDSON LP

Mr. Edminster updated the Board on the status of the UPRR/Highway 290 project, including efforts to obtain additional sources of funding. He discussed the TIP program as a potential source of additional funding. Mr. Edminster reviewed a task order from Knudson LP in the amount of \$60,000 to prepare the TIP application and requested authorization to submit the TIP application.

After review and discussion, Director Roberts moved to (1) authorize application to the Houston Galveston Area Council for the TIP program; and (2) approve the task order from Knudson, LP, for preparation and submittal of the TIP application and direct that the task order be filed appropriately and retained in the District's official records. Director Dahlke seconded the motion, which passed by unanimous vote.

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

The Board deferred award of contract for repair of tie-back walls.

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

The Board deferred award of contract for dredging of reservoirs (phase one), pending approval by the Texas Commission on Environmental Quality of a change in scope/surplus funds application. Ms. Downhour stated EHRA is preparing the application.

Ms. Downhour stated EHRA received notice that the HOA has begun a lake dredging project under the bridges, as permitted under its maintenance agreement with the District. The Board requested EHRA coordinate with the HOA and inspect the project, as necessary, to ensure the HOA dredging project does not cause damage to District facilities.

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 reviewed and recommended approval of an invoice in the amount of \$1,200, submitted by Paradigm Consultants, Inc., for inspection work. After review and discussion, Director Dahlke moved to approve the invoice in the amounts of \$1,200. Director Roberts seconded the motion, which passed by unanimous vote.

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. 8 in the amount of \$160,810.12, submitted by Quadvest Construction, L.P., and an invoice in the amount of \$1,812, submitted by Paradigm Consultants, Inc. After review and discussion, Director Dahlke moved to approve Pay Estimate No. 8 in the amount of \$160,810.12, submitted by Quadvest Construction, L.P., and the invoice in the amount of \$1,812, submitted by Paradigm Consultants, Inc., as recommended. Director Roberts 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 AND SURPLUS FUNDS/CHANGE IN SCOPE APPLICATION

Ms. Downhour updated the Board on the status of bond application no. 8.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("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 for water plant no. 1 and the request for a surface water commitment for water plant no. 2.

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

Ms. Carner reviewed a drainage easement for the Phase 1J detention and an abandonment of a drainage easement for the Phase 1D detention. After review and discussion, Director Roberts moved to accept the drainage easement and approve the abandonment and direct that the easement and the abandonment be filed appropriately and retained in the District's official records. Director Bretherton 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) 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) 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 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 Change Order No. 2 to increase the contract in the amount of \$5,365, submitted by Strickscapes, Inc., for the Board's approval. The Board determined the Change Order No. 2 is beneficial to the District. After review and discussion, Director Dahlke moved to approve Change Order No. 2 to increase the contract in the amount of \$5,365, based upon the landscape architect's recommendation and the Board's finding that the Change Order is beneficial to the District. Director Roberts 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. 2 to increase the contract in the amount of \$11,580.68, submitted by Strickscapes, Inc., for the Board's approval. The Board determined the Change Order No. 2 is beneficial to the District. After review and discussion, Director Dahlke moved to Change Order No. 2 to increase the contract in the amount of \$11,580.68, based upon the landscape architect's recommendation and the Board's finding that the Change Order is beneficial to the District. Director Roberts 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. In response to a previous question, he reviewed the boundaries of the Section 43/46 park and stated that the park is a District project and will be open to the public. Mr. DeForest then stated that KGA had no pay estimates from Classic Irrigation & Landscape, LLC for the Board's approval.

Mr. Markiewicz requested that the District post signs regarding the Section 43/46 park since it will be open to the public. After discussion, the Board requested KGA obtain a proposal for park rules signage for the next Board meeting.

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 Pay Estimate Nos. 1 and 2 in the amounts of \$165,757.50 and \$307,125, respectively, submitted by Texas Wall & Landscape, for the Board's approval. After review and discussion, Director Dahlke moved to approve Pay Estimate Nos. 1 and 2 in the amounts of \$165,757.50 and \$307,125, respectively, as recommended. Director Roberts 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 Strickscapes, Inc. for the Board's approval.

In response to an earlier comment from a resident, the Board discussed staining the fence at the wastewater treatment plant after the plant screening project is completed. After discussion, the Board requested EDP obtain a proposal to stain the fence to present at the next Board meeting.

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

Mr. DeForest requested the Board approve plans and specifications and authorize advertisement for bids for the Pond 1-H additional trees. After review and discussion, Director Dahlke moved to approve plans and specifications and authorize advertisement for bids for the Pond 1-H additional trees, as recommended. Director Roberts seconded the motion, which passed by unanimous vote.

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. He reviewed and recommended approval of Change Order No. 1 to decrease the contract in the amount of \$51,333.71, submitted by Strickscapes, Inc., for the Board's approval. The Board determined Change Order No. 1 is beneficial to the District. After review and discussion, Director Dahlke moved to approve Change Order No. 1 to decrease the contract in the amount of \$51,333.71, based upon the landscape architect's recommendation and the Board's finding that the Change Order is beneficial to the District. Director Roberts seconded the motion, which passed by unanimous vote.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT, INCLUDING REQUEST FOR ANNEXATION OF TRACT(S)

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 1:50 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 2:15 p.m.

ENGINEERING MATTERS (CONT'D)

Following discussion, Director Dahlke moved to authorize Director Garcia to approve any necessary correspondence regarding potential SWPPP violations and ant damage to the District's regional detention facilities. Director Roberts seconded the motion, which passed by unanimous vote.

REPAIRS TO 24-INCH SANITARY SEWER LINE NEAR TOWNE LAKE PARKWAY AND TUCKERTON ROAD (CONT'D)

Following discussion, Director Bretherton moved to (1) authorize execution of a mediation agreement with Basu Family Holdings, LLC and/or Burton Construction Company, Inc.; and (2) authorize Porter & Hedges LLP, ABHR, EDP, and EHRA to prepare for mediation. Director Dahlke seconded the motion, which passed by unanimous vote.

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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