

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

January 7, 2019

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 7th day of January, 2019, 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:

Joanne E. Quintero	President
Jeffry D. Ottmann	Vice President
Saundra Dahlke	Secretary
Gerald P. Mathers	Assistant Secretary
Marilyn Roberts	Assistant Vice President

and all of the above were present except Director Roberts, thus constituting a quorum.

Also present at the meeting were Megan Wnuk and Tom Russell, members of the public; Karen Young of the Towne Lake Community Association ("HOA"); Carl Fromen of Texas Dewatering LLC; Brian Toldan of McCall Gibson Swedlund Barfoot PLLC; Blake Kridel of Storm Water Solutions, LLC ("SWS"); Fran Matuska of F. Matuska, Inc.; Michael Ammel of Environmental Development Partners, LLC ("EDP"); Amy Downhour and Truman Edminster of Edminster Hinshaw Russ and Associates, Inc. ("EHRA"); Kent Puckett of Caldwell Companies; Brenda McLaughlin of Bob Leared Interests ("BLI"); Robert DeForest of KGA DeForest Design, LLC ("KGA"); Loren Morales of RBC Capital Markets; and Alia Vinson, Katie Carner, and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

There were no comments from the public.

APPROVE MINUTES

The Board reviewed the minutes of the December 5, 2018, regular meeting. After review and discussion, Director Dahlke moved to approve the minutes of the December 5, 2018, regular meeting, as presented. The motion was seconded by Director Ottmann, and passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

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

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

BUDGET FOR FISCAL YEAR END MARCH 31, 2020, INCLUDING AUTHORIZE DISTRIBUTION OF DRAFT BUDGET TO PARTICIPANT DISTRICTS AND DISCUSS BUDGET WORKSHOP

Ms. Matuska presented and reviewed with the Board a copy of the proposed budget for the Master District's fiscal year ending March 31, 2020, a copy of which is attached. She and Ms. Downhour also reviewed the projected number of new connections for the Participant districts for the upcoming year provided by EHRA. Director Ottmann requested Ms. Matuska revise the proposed budget to include a line item for contingencies. The Board then discussed scheduling a budget workshop with two representatives of each of the Participant districts to discuss the proposed Master District budget.

After discussion, Director Dahlke moved to (1) authorize distribution of the proposed budget to the Participant districts, revised as discussed; and (2) authorize ABHR to schedule a budget workshop, as discussed, with the President and Vice President attending on behalf of the District. Director Ottmann seconded the motion, which passed unanimously.

ACCEPT ANNUAL DISCLOSURE STATEMENTS OF THE BOOKKEEPER AND INVESTMENT OFFICER

The Board next considered accepting the annual disclosure statements of the bookkeeper and investment officer. Following review, Director Ottmann moved to accept the annual disclosure statements of the bookkeeper and investment officer. Director Dahlke seconded the motion, which passed by unanimous vote.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Carner reported on the District's compliance activities during the prior calendar year related to bond financings. She stated that no changes to the policy are required at this time.

REPORT ON SECURITY MATTERS

Ms. Carner stated the November security report was distributed via email to the Board. She stated the December report is not yet available.

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 Service Area.

Mr. Ammel reported on the results of the inspection of hydropneumatic tank no. 1 at water plant no. 1. The Board discussed scheduling a future tour of District facilities.

Mr. Ammel presented and reviewed a proposed Second Amendment to Agreement for Operating Services with EDP, reflecting an updated rate schedule. After review and discussion, Director Ottmann moved to approve the Second Amendment to Agreement for Operating Services and direct that the Amendment be filed appropriately and retained in the District's official records. Director Dahlke seconded the motion, which passed by unanimous vote.

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 reported that the third disbursement of financial assistance was approved by FEMA in the amount of \$29,356.06.

DISCUSS LAKE MANAGEMENT AND MAINTENANCE

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 alligator monitoring and beaver removal. The Board reviewed a report from A All Animal Control, a copy of which is attached, and correspondence from a resident regarding wildlife management, a copy of which is attached.

EROSION, DREDGING, AND WATER QUALITY

Ms. Downhour updated the Board on the status of the dredging project for Lake 1G, including the schedule for commencement of the project. She stated that two letters were sent to affected residents regarding the lake dredging

project, copies of which are attached. Ms. Downhour noted that the affected residents will be able to store their boat lifts on HOA property, instead of District property.

Ms. Vinson reported that some of the residents with boat lifts or other encroachments do not have a Consent to Encroachment ("CTE") with the District and those residents will be required to obtain a CTE prior to re-installing their boat lifts or other encroachments. Ms. Downhour stated she will provide a list of encroachments for which the District has not approved a CTE.

Ms. Wnuk addressed the Board regarding the lake dredging project. She stated she believes that the Board should direct the contractor to inspect the boat lifts on an individual basis to determine if removal is necessary. Ms. Wnuk stated that she believes the silt buildup was caused by Storm Water Pollution Prevention Plan ("SWPPP") violations by home builders and she does not believe the District should be responsible for the associated costs of the dredging. Discussion ensued regarding lake ownership and the impacts of previous significant flood events.

The Board reviewed correspondence from residents regarding the lake dredging project, copies of which are attached.

After discussion, the Board concurred to authorize EHRA to issue a Notice to Proceed to the contractor for January 8, 2019, and direct EHRA to notify any homeowners with encroachments without a CTE that the homeowners will need to obtain a CTE prior to re-installing the encroachments.

LAKE ACCESS AND RULES

Ms. Vinson reminded the Board of the special meeting scheduled for January 22, 2019, to discuss lake matters.

ENGINEERING MATTERS, INCLUDING ALTERNATE WATER SUPPLY SOURCES

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, the enforcement agency for SWPPPs in Harris County.

PRELIMINARY PLANNING FOR GRADE SEPARATION AT UNION PACIFIC RAILROAD AND INTERSECTION IMPROVEMENTS AT HIGHWAY 290 ("UPRR/HIGHWAY 290 PROJECT"), INCLUDING UPDATE ON HOUSTON-GALVESTON AREA COUNCIL ("H-GAC") TRANSPORTATION IMPROVEMENT PROGRAM ("TIP") APPLICATION

Mr. Edminster updated the Board on efforts to obtain additional sources of funding for the UPRR/Highway 290 Project. He stated that the District's TIP application is still pending with the H-GAC.

The Board discussed drainage concerns along Mound Road and Greenhouse Road. Ms. Downhour stated that installation of inlet structures along Mound Road and Greenhouse Road is included in the contract for construction of detention 1J and should be completed soon.

REPORT ON STORMWATER FACILITIES MAINTENANCE AND REPAIRS, AND APPROVE SUBMERGED STORM SEWER AGREEMENTS, MAINTENANCE AGREEMENTS

The Board reviewed a report from SWS, a copy of which is attached, and discussion ensued. Director Ottmann requested SWS provide the Board with a proposal for stormwater facilities monitoring during a significant weather event.

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; (2) detention 1K, Phase 2; and (3) two left turn lanes at the intersection of Barker Cypress Road and Tuckerton Road.

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 WASTEWATER TREATMENT PLANT HEADWORKS IMPROVEMENT PROJECT

The Board deferred award of contract for wastewater treatment plant headworks improvement project, pending receipt of bids.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR DREDGING OF RESERVOIRS (PHASE ONE)

Ms. Downhour updated the Board on the status of dredging of reservoirs (phase one). She stated that she had no pay estimates from Texas Dewatering, LLC for the Board's approval.

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

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

The Board reviewed a Terms and Conditions and Facilities Extension Agreement with CenterPoint Energy for electrical service to water plant no. 2.

After review and discussion, and based on the engineer's recommendation, Director Ottmann moved to approve the Terms and Conditions and Facilities Extension Agreement with CenterPoint Energy, subject to final review. Director Dahlke seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR DETENTION 1J, PHASE 2

Ms. Downhour updated the Board on the status of construction of the detention 1J, Phase 2 project. She reviewed and recommended approval of Pay Estimate Nos. 3 and 4 in the amounts of \$229,218.75 and \$128,655.00, respectively, submitted by R&T Ellis Excavating, Inc. After review and discussion, and based on the engineer's recommendation, Director Ottmann moved to approve Pay Estimate Nos. 3 and 4 in the amounts of \$229,218.75 and \$128,655.00, respectively. Director Dahlke seconded the motion, which passed by unanimous vote.

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.

CYPRESS NORTH HOUSTON BRIDGE

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.

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

There was no discussion on this matter.

UPDATE ON BOND APPLICATION AND SURPLUS FUNDS APPLICATION

Ms. Downhour updated the Board on the status of bond application no. 9 and the surplus funds application.

2019 BOND ANTICIPATION NOTE ("2019 BAN") MATTERS

AUTHORIZE FINANCIAL ADVISOR TO SOLICIT BIDS FOR BOND ANTICIPATION NOTE

The Board considered authorizing the Financial Advisor to solicit bids for the District's 2019 BAN. After review and discussion, Director Ottmann moved to authorize the Financial Advisor to solicit bids for the District's 2019 BAN. Director Dahlke seconded the motion, which passed by unanimous vote.

DISCLOSURES PURSUANT TO MUNICIPAL SECURITIES RULEMAKING BOARD REQUIREMENTS

Mr. Morales stated that RBC submitted the required disclosures to the District via email.

AUTHORIZE AUDITOR TO PREPARE DEVELOPER REIMBURSEMENT REPORT

Mr. Toldan discussed the District's engagement letter with McCall for preparation of developer reimbursement reports. He estimated that preparation of the developer reimbursement report will cost approximately \$10,000. After review and discussion, Director Ottmann moved to authorize McCall to prepare the developer reimbursement for the 2019 BAN. Director Dahlke seconded the motion, which passed by unanimous vote.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")
MATTERS

The Board reviewed a proposed Second Amendment to Water Trunkline Financing Agreement (the "Second Amendment") for the construction of the surface water line to serve water plant no. 2 and a water supply commitment letter for 2,870,000 gallons per day. After review and discussion, Director Ottmann moved to approve the Second Amendment and the water supply commitment letter and direct that the Amendment and the commitment letter be filed appropriately and retained in the District's official records. Director Dahlke seconded the motion, which passed by unanimous vote.

LANDSCAPE ARCHITECT'S REPORT, INCLUDING UPDATE ON PARK SIGNAGE

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

Mr. DeForest reviewed four design options for park signage for the Section 43/46 park. After review and discussion, Director Dahlke moved to approve design option no. 2 for the park signage. Director Ottmann seconded the motion, which passed by unanimous vote.

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.

TRAILS, TREES, AND SIDEWALKS

There was no discussion on this matter.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR TOWNE LAKE
DETENTION 1H ADDITIONAL TREES

Mr. DeForest updated the Board on the status of the Towne Lake Detention 1H additional trees. He reviewed and recommended approval of Pay Estimate No. 6 in the amount of \$10,850.40, submitted by Allgreen Associates. Mr. DeForest also presented the Certificate of Substantial Completion.

After review and discussion, Director Dahlke moved to approve Pay Estimate No. 6 in the amount of \$10,850.40, as recommended. Director Ottmann seconded the motion, which passed by unanimous vote.

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 reviewed and recommended approval of Pay Estimate Nos. 4 and 5 in the amounts of \$149,420.09 and \$70,584.98, respectively, submitted by Classic Irrigation & Landscape, LLC for the Board's approval.

After review and discussion, Director Dahlke moved to approve Pay Estimate Nos. 4 and 5 in the amounts of \$149,420.09 and \$70,584.98, respectively, as recommended. Director Ottmann seconded the motion, which passed by unanimous vote.

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 stated that KGA had no pay estimates from Strickscapes, Inc. for the Board's approval.

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

Mr. DeForest updated the Board on the status of the Section 43/46 Park hardscape improvements. He reviewed and recommended approval of Pay Estimate Nos. 5 and 6 and Final in the amounts of \$12,250 and \$18,353.06, respectively, submitted by Texas Wall & Landscapes, LLC. Mr. DeForest also recommended the Board accept the project.

After review and discussion, Director Dahlke moved to approve Pay Estimate Nos. 5 and 6 and Final in the amounts of \$12,250 and \$18,353.06, respectively, and final acceptance of the project, as recommended. Director Ottmann seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR WASTEWATER TREATMENT PLANT SCREENING

Mr. DeForest stated that the project is complete and updated the Board on the status of installation of the permanent irrigation system for the project.

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

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

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

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

REPORT REGARDING DEVELOPMENT IN THE DISTRICT, INCLUDING REQUEST FOR ANNEXATION OF TRACT(S) AND REQUEST TO EXPAND THE SERVICE AREA

There was no discussion on this matter.

REPORTS FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

The Board reviewed correspondence from a resident regarding open records requests, copies of which are attached.

CONVENE IN EXECUTIVE SESSION PURSUANT TO (1) DELIBERATE THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES, PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT CODE, AND (2) 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 convened in Executive Session at 2:17 p.m. pursuant to Section 551.071 of the Texas Government Code to conduct a private consultation with their attorney to discuss pending or contemplated litigation or a settlement offer. Mr. Edminster, Ms. Downhour, Ms. Vinson, Ms. Carner, and Ms. Ramirez were also present.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in Open Session at 2:24 p.m.

ENGINEERING MATTERS (CONT'D)

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

After review and discussion, Director Ottmann moved to designate Director Quintero as the Board liaison related to this matter. Director Quintero 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.




Secretary, Board of Directors

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