

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

February 6, 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 6th day of February, 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
Jeffrey 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 Ottmann, thus constituting a quorum.

Also present at the meeting were Lee Markiewicz, member of the public; Allison Snyder of Porter & Hedges LP; Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC; Jason Klump of Storm Water Solutions, LLC ("SWS"); Rose Montalbano 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"); Matt Dustin and Loren Morales of RBC Capital Markets; and Katie Carner and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Mr. Markiewicz addressed the Board regarding the developer's previously proposed Towne Lake amphitheater project and inquired whether any District funds were spent on the development of facilities to accommodate the amphitheater, specifically noting the nearby detention basin. Ms. Downhour stated that the nearby detention basin had always been in the landplan and was necessary for detention and reservoir capacity for the continued development of the Master District Service Area.

Mr. Markiewicz inquired whether the District intends to issue park bonds to reimburse the developer for portions of the regional detention facilities. Ms. Carner stated that the District has no plans to issue park bonds for the regional detention facilities at this time.

Mr. Markiewicz addressed the Board regarding the draft lake rules that were circulated for public comment and inquired why the District is proposing to adopt rules since the Towne Lake Community Association, Inc.'s ("HOA") already has rules. Mr. Markiewicz requested that the District remove the draft rules related to obscenity or nuisance, and stated he believes references to blowguns and darts are unnecessary. Mr. Puckett stated that the HOA would like to meet with representatives of the District to discuss possibly consolidating the HOA's existing lake rules and the District's proposed lake rules.

APPROVE MINUTES

The Board reviewed the minutes of the January 7, 2019, regular meeting. After review and discussion, Director Roberts moved to approve the minutes of the January 7, 2019, regular meeting, as presented. The motion was seconded by Director Mathers, and 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.

After review and discussion, Director Roberts 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

Ms. Montalbano presented and reviewed with the Board the revised draft budget for the Master District's fiscal year ending March 31, 2020, a copy of which is attached to the bookkeeper's report. Ms. Carner stated that the budget workshop has been scheduled for next week, with two representatives of each of the Participant districts.

After discussion, the Board concurred to defer action on adopting a budget for fiscal year end March 31, 2020, pending further review and discussion at the next meeting, following the budget workshop.

REPORT ON SECURITY MATTERS

Ms. Carner stated the December and January security reports were distributed via email to the Board. She also noted that the District's Cost Sharing Agreement for Law Enforcement Services with the Towne Lake Community Association, Inc. will expire on February 28, 2019.

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 a letter received from the Texas Commission on Environmental Quality ("TCEQ") regarding an inspection of the water plant and noted EDP took corrective action on one area of alleged noncompliance before the letter was issued.

After review and discussion, Director Roberts moved to approve the operator's report. Director Mathers 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 final disbursement of financial assistance was approved by FEMA in the amount of \$66,402.50.

DISCUSS LAKE MANAGEMENT AND MAINTENANCE

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

Ms. Carner updated the Board on the status of wildlife management in the District, including alligator monitoring and beaver removal.

Ms. Carner stated that the District has received reports of Egyptian geese and presented a proposal for Egyptian geese removal from A All Animal Control, consisting of an initial set up fee of \$1,050, good for a three-month period, plus \$35 per goose removed, a copy of which is attached. After review and discussion, Director Mathers moved to approve the proposal for Egyptian geese removal. Director Roberts seconded the motion, which passed unanimously.

The Board then considered approving a proposal for extension of the alligator monitoring services provided by A All Animal Control. After review and discussion, Director Mathers 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 considered authorizing the Board's wildlife management liaison to approve wildlife management proposals between Board meetings. After discussion, the Board declined to take action on this matter.

EROSION, DREDGING, AND WATER QUALITY

The Board deferred discussion on this matter.

LAKE ACCESS AND RULES

The Board discussed the HOA's request to meet with representatives of the Board to discuss possible consolidation of the proposed District lake rules and the existing HOA lake rules. After review and discussion, the Board concurred to authorize Directors Quintero and Mathers to meet with the HOA to discuss the matter.

Ms. Carner reported that, as discussed at the last meeting, ABHR will provide all comments on the proposed lake rules to the Board after the comment period deadline of February 27, 2019, at 5 p.m.

REQUEST FROM HOA RELATED TO AGREEMENT FOR MARINE ENFORCEMENT OFFICER

The Board reviewed correspondence from the HOA requesting the Board consider contributing to the HOA's cost for a marine enforcement officer, a copy of which is attached. After discussion, the Board concurred to defer discussion on this matter until after it is brought for discussion to the Participant representatives at the upcoming budget workshop.

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 Storm Water Pollution Prevention Plan ("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 also updated the Board on the status of the District's TIP application with the H-GAC and discussed the preliminary rankings of the projects.

Discussion ensued regarding proposed at-grade railroad crossing in the vicinity of the District.

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

Mr. Klump reviewed a report from SWS, a copy of which is attached, and discussion ensued.

Mr. Klump then reviewed a proposal from SWS to monitor the District's stormwater facilities during a forecasted one-inch per hour rain event. After discussion, the Board tabled consideration of the proposal until the next regular Board meeting.

APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISEMENT FOR BIDS

Ms. Downhour requested the Board approve plans and specifications and authorize advertisement for bids for the two left turn lanes at the intersection of Barker Cypress Road and Tuckerton Road. After review and discussion, Director Roberts moved to approve plans and specifications and authorize advertisement for bids for the two left turn lanes at the intersection of Barker Cypress Road and Tuckerton Road. Director Dahlke seconded the motion, which passed by unanimous vote.

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 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 project has commenced and the first weekly update was posted to the District's website on February 4, 2019. Ms. Downhour reviewed and recommended approval of Change Order No. 1 to increase the contract in the amount of \$9,874.67, submitted by Texas Dewatering, LLC. The Board determined that Change Order No. 1 is beneficial to the District.

After review and discussion, Director Roberts moved to approve Change Order No. 1 to increase the contract in the amount of \$9,874.67, submitted by Texas Dewatering, LLC, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Dahlke seconded the motion, which passed by unanimous vote.

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 reviewed and recommended approval of an invoice in the amount of \$545, submitted by JW Construction Services. Ms. Downhour stated that she had no pay estimates from W.W. Payton Corporation for the Board's approval.

After review and discussion, Director Dahlke moved to approve the invoice in the amount of \$545, submitted by JW Construction Services, as recommended. Director Roberts seconded the motion, which passed unanimously.

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, including the installation of inlets on Mound Road. She reviewed and recommended approval of Pay Estimate No. 5 in the amount of \$220,990.50 and Change Order No. 1 to increase the contract in the amount of \$145,743, submitted by R&T Ellis Excavating, Inc. The Board determined that Change Order No. 1 is beneficial to the District.

After review and discussion, Director Dahlke moved to approve Pay Estimate No. 5 in the amount of \$220,990.50 and Change Order No. 1 to increase the contract in the amount of \$145,743, based on the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Roberts seconded the motion, which passed by unanimous vote.

Ms. Downhour reported that Harris County has requested EHRA provide additional modeling in relation to the District's approved drainage study and plan, related to a complaint from a resident in Harris County Municipal Utility District No. 374 ("HC 374") regarding dirt work in the District. Ms. Carner stated that ABHR also represents HC 374 and noted that ABHR will not represent the District or HC 374 regarding any potential dispute between the districts relating to the District's dirt work.

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

Ms. Carner reviewed a sanitary sewer easement from CW SCOA West, L.P. to the District. After review and discussion, Director Roberts moved to accept the sanitary sewer easement and direct that the easement be filed appropriately and retained in the District's official records. Director Mathers seconded the motion, which passed by unanimous vote.

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 MATTERS

The Board considered review of the bids and award of the sale of the District's \$4,931,000 Bond Anticipation Note, Series 2019 ("2019 BAN"). Mr. Morales reviewed the bids that had been received:

- (1) Texas Capital Bank, with a rate of 2.65%;
- (2) Trustmark National Bank, with a rate of 2.671%; and
- (3) Frost Bank, with a rate of 2.711%.

Mr. Morales recommended that the District accept the bid of Texas Capital Bank, as submitted. After discussion, Director Dahlke moved to award the sale of the 2019 BAN to Texas Capital Bank. Director Roberts seconded the motion, which passed unanimously.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE AND EXECUTION OF 2019 BAN

The Board next considered adopting a Resolution Authorizing the Issuance of the District's 2019 BAN. Ms. Carner reviewed the proposed Resolution with the Board and explained that the document sets forth the terms and provisions of issuance and delivery of the 2019 BAN, the payment of the 2019 BAN from a future bond issue by the District, and certain District covenants regarding the tax-exempt status of the 2019 BAN. After review and discussion, Director Dahlke moved to adopt the Resolution Authorizing the Issuance of the District's 2019 BAN. Director Roberts seconded the motion, which was approved by unanimous vote.

AUTHORIZE THE BOARD OF DIRECTORS TO SIGN ALL DOCUMENTS RELATING TO THE 2019 BAN AND AUTHORIZE ATTORNEY AND FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION TO DELIVER 2019 BAN TO THE PURCHASER

Ms. Carner next explained that there will be various documents related to the issuance of the 2019 BAN requiring execution by the directors prior to closing. She requested that the Board authorize the President and Secretary to

execute documents necessary in connection with the transaction. Ms. Carner also requested that the Board authorize the attorney and financial advisor to take all necessary action to deliver the 2019 BAN to the purchaser. Following discussion, Director Dahlke moved to authorize execution of documents related to the issuance of the 2019 BAN and to authorize the attorney and financial advisor to take all necessary action to deliver the 2019 BAN to the purchaser. Director Roberts seconded the motion, which was approved by unanimous vote.

ACCEPT AND EXECUTE PURCHASERS' INVESTMENT AND BID LETTER

The Board considered authorizing execution of the Purchasers' Investment and Bid Letter by Texas Capital Bank and various certificates and documents related to the issuance of the 2019 BAN. Following discussion and review, Director Dahlke moved to authorize execution of the Purchasers' Investment and Bid Letter by Texas Capital Bank and various certificates and documents related to the issuance of the 2019 BAN. Director Roberts seconded the motion, which carried unanimously.

EXECUTION OF CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Ms. Carner presented and reviewed with the Board a Certificate Regarding Provision of Financial Advice (the "Certificate"). After review and discussion, Director Dahlke moved to authorize execution of the Certificate and direct that it be filed appropriately and retained in the District's official records. Director Roberts seconded the motion, which passed by unanimous vote.

DEVELOPER REIMBURSEMENT REPORT AND AUTHORIZE DISBURSEMENT OF 2019 BAN PROCEEDS

Mr. Jenkins reviewed a developer reimbursement report related to the proceeds from the 2019 BAN. Following review and discussion, Director Quintero moved to approve the developer reimbursement report and authorize disbursement of 2019 BAN proceeds as reflected in the final developer reimbursement report, subject to the 2019 BAN closing and the developer's execution of a receipt for the funds. Director Mathers seconded the motion, which carried unanimously.

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

The Board reviewed a proposed Agreement Regarding Credits for Alternative Water Supply Use (the "Water Credit Agreement") with the WHCRWA regarding the District's provision of non-potable water from the regional detention facilities for irrigation usage ("alternative water supply"). Ms. Carner stated that the Water Credit

Agreement provides that the WHCRWA is eligible to receive conversion credits from the Harris Galveston Subsidence District for the use of the non-potable water. She stated that, pursuant to the agreement, the WHCRWA will rebate to the District one-half of the amount of groundwater pumpage fees for the total amount of non-potable water used. Discussion ensued.

After review and discussion, Director Dahlke moved to approve the Water Credit Agreement and direct that the Agreement 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, INCLUDING UPDATE ON PARK SIGNAGE

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

Mr. DeForest updated the Board on the status of park signage for the Riverbend Park.

Mr. DeForest presented and reviewed an appraisal report for landscape improvements in the District, a copy of which is attached to the landscape architect's report. Discussion ensued.

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 stated that KGA had no pay estimates from Allgreen Associates 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 reviewed and recommended

approval of Pay Estimate No. 6 in the amount of \$22,133.98, submitted by Classic Irrigation & Landscape, LLC.

After review and discussion, Director Roberts moved to approve Pay Estimate No. 6 in the amount of \$22,133.98, as recommended. Director Mathers 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 Stricksapes, Inc. for the Board's approval.

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

Ms. Carner reported that HC 500, as Internal District, has requested the Master District send correspondence to the Participant districts requesting their consent to expansion of the Master District Service Area to include an approximately 12.5-acre tract proposed to be annexed into HC 500, as Internal District. After review and discussion, Director Dahlke moved to authorize correspondence to the Participant districts requesting the Participant districts consent to the expansion on the Master

District Service Area to include the approximately 12.5-acre tract. Director Mathers seconded the motion, which passed by unanimous vote.

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 1:43 p.m. pursuant to Section 551.071 of the Texas Government Code to conduct a private consultation with their attorneys to discuss pending or contemplated litigation or a settlement offer. Ms. Snyder, Mr. Edminster, Ms. Downhour, Ms. Carner, and Ms. Ramirez were also present.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

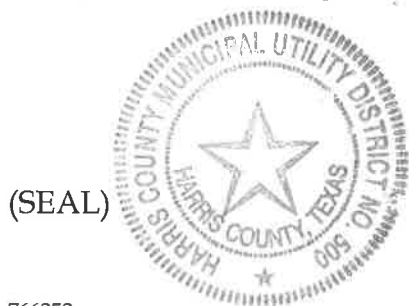
The Board reconvened in Open Session at 2:02 p.m.

ENGINEERING MATTERS (CONT'D)

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

After review and discussion, Director Mathers moved to authorize the filing of a petition against BASU, Burton Construction Inc., and Alvites Plumbing, Inc. Director Roberts 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

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	2
Proposed budget for the fiscal year ending March 31, 2020.....	2
Operator's report	3
Proposal for Egyptian geese removal	3
Proposal for extension of the alligator monitoring services.....	3
Correspondence from the HOA regarding marine enforcement officer	4
Engineer's report.....	4
Landscape architect's report	10
Correspondence from resident regarding open records requests	12