

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

March 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 March, 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
Sandra Dahlke	Secretary
Gerald P. Mathers	Assistant Secretary
Marilyn Roberts	Assistant Vice President

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

Also present at the meeting were Lee Markiewicz, member of the public; Travis Singleton of the Towne Lake Community Association, Inc. ("HOA"); Rose Montalbano of F. Matuska, Inc.; Michael Ammel of Environmental Development Partners, LLC ("EDP"); Amy Downhour, J.T. Gaden, and Truman Edminster of Edminster Hinshaw Russ and Associates, Inc. ("EHRA"); Brenda McLaughlin of Bob Leared Interests ("BLI"); Robert DeForest of KGA DeForest Design, LLC ("KGA"); Matt Dustin of RBC Capital Markets; and Alia Vinson, Katie Carner, and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Mr. Markiewicz inquired about the cost of the District's lake dredging project and the sources of the funds for same. Ms. Vinson stated lake dredging project would be discussed under agenda item no. 14.a.

Mr. Markiewicz stated that he is concerned about the independence of the District's auditor.

Mr. Singleton inquired about the amount of material that was removed in the lake 1G dredging project. He also inquired when homeowners would be able to reinstall boat lifts that were required to be removed as part of the lake 1G dredging project. Ms. Vinson stated these items would be discussed under agenda item no. 14.a.

Mr. Singleton requested the installation of a water spigot on the Towne Lake boat ramp.

APPROVE MINUTES

The Board reviewed the minutes of the January 22, 2019, special Board meeting. After review and discussion, Director Mathers moved to approve the minutes of the January 22, 2019, special meeting, as presented. The motion was seconded by Director Roberts, and passed by unanimous vote.

The Board then reviewed the minutes of the February 6, 2019, regular meeting. After review and discussion, Director Dahlke moved to approve the minutes of the February 6, 2019, regular meeting, as presented. Director Roberts seconded the motion, and passed by a vote of 4-0, with Director Ottmann abstaining.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END MARCH 31, 2019

The Board considered authorizing McCall Gibson Swedlund Barfoot PLLC ("McCall") to prepare the District's audit for fiscal year end March 31, 2019, for an approximate cost of \$16,500. Following discussion, Director Ottmann moved to authorize McCall to prepare the District's audit for fiscal year end March 31, 2019. Director Mathers seconded the motion, which carried unanimously.

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. Montalbano reported that the District received the final two disbursements of financial assistance from Federal Emergency Management Agency related to Hurricane Harvey.

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

ADOPT MASTER DISTRICT 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. Discussion ensued regarding the budget workshop held with representatives from each Participant district. After review and discussion, Director Ottmann moved to adopt the Master District budget for the fiscal year ending March 31, 2020. Director Mathers seconded the motion, which passed by unanimous vote.

APPROVE ARBITRAGE REBATE REPORT FOR THE SERIES 2013 BONDS

The Board reviewed the interim arbitrage rebate report for the District's \$8,060,000 Contract Revenue Bonds (Water, Sewer, and Drainage Facilities), Series 2013, from OmniCap Group LLC, noting that there is no payment due to the Internal Revenue Service. Following review and discussion, Director Ottmann moved to accept the report and direct that it be filed appropriately and retained in the District's official records. Director Mathers seconded the motion, which passed by unanimous vote.

ADOPT ORDER ADOPTING AMENDED AND RESTATED PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Ms. Carner stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. She added that the provisions of that undertaking require that the District comply with certain continuing disclosure requirements for its bonds. Ms. Carner explained that the Board is ultimately responsible for continuing disclosure compliance for its bonds, with assistance by its consultants. She added that, in order to ensure that the District's procedures for continuing disclosure compliance are well documented, the Board previously adopted such procedures in writing. Ms. Carner stated that, because the United States Securities and Exchange Commission has amended its Rule 15c2-12, ABHR recommends that the District's written procedures be amended by the Board. She reviewed an Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance with the Board. Following review and discussion, Director Dahlke moved to adopt the Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Ottmann seconded the motion, which passed by unanimous vote.

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 replacement of two non-potable water pumps.

The Board discussed the wastewater treatment plant and requested EDP investigate methods for odor remediation.

The Board discussed scheduling a tour of District facilities. After review and discussion, the Board concurred to schedule tours of District facilities on an individual basis.

After review and discussion, Director Ottmann 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

There was no additional discussion on this matter.

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 Egyptian geese and beaver removal. The Board reviewed a memorandum from the District to the Participant districts regarding a recent reported alligator sighting, a copy of which is attached. The Board also reviewed a report from A All Animal Control, a copy of which is attached. Discussion ensued.

EROSION, DREDGING, AND WATER QUALITY

The Board deferred discussion on this matter.

LAKE ACCESS AND RULES, INCLUDING REVIEW PUBLIC COMMENTS AND, IF APPROPRIATE, ADOPT RESOLUTION ESTABLISHING RULES AND REGULATIONS GOVERNING USE OF THE HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 500 LAKES

Ms. Vinson reported on the meeting between representatives of the District and HOA. She stated that public comments received regarding the draft lake rules were provided to the Board. Ms. Vinson stated that, based on feedback from the representatives of the Board and the HOA, the District may want to consider scaling back the rules and coordinating them with the HOA through an amendment to the Maintenance Agreement between the District and the HOA. The Board discussed requesting that any renewing boat owner insurance policies name the District as an additional insured. After review and discussion, Director Roberts moved to approve sending correspondence to the HOA requesting that any renewing boat owner insurance policies name the District as an additional insured. Director Ottmann seconded the motion, which passed by unanimous vote.

REQUEST FROM HOA RELATED TO AGREEMENT FOR MARINE ENFORCEMENT OFFICER

The Board discussed the previously presented request from the HOA that 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 decline to contribute to the cost of a marine enforcement officer based upon feedback from representatives of the Participant districts at the 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. Mr. Edminster stated that the District was able to submit additional information in support of the District's TIP application based on discussions with representatives from H-GAC.

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

The Board reviewed a report from Storm Water Solutions, LLC, a copy of which is attached, and discussion ensued.

Ms. Downhour reviewed a revised Interlocal Agreement between Harris County and the District regarding ownership and maintenance of the submerged storm sewers to serve Towne Lake Parkway, Section 1. After review and discussion, Director Ottmann moved to approve the Interlocal Agreement and direct that the Agreement be filed appropriately and retained in the District's official records. Director Mathers seconded the motion, which passed by unanimous vote.

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 REPAIR OF TIE-BACK WALLS

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

REVIEW BIDS AND AWARD CONTRACT FOR TWO LEFT TURN LANES AT INTERSECTION OF BARKER CYPRESS AND TUCKERTON

The Board deferred award of contract for the two left turn lanes at the intersection of Barker Cypress Road and Tuckerton Road, pending receipt of bids.

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 Pay Estimate No. 1 in the amount of \$103,148.70, submitted by Texas Dewatering, LLC.

In response to a previous public inquiry, Ms. Carner stated that the current total amount of the lake dredging construction contract is \$1,067,814.87 and noted the source of funding is surplus bond funds, as approved by the Texas Commission on Environmental Quality.

In response to a resident inquiry, Ms. Downhour stated the dredged material has not yet been quantified, but that it should be completed in the next few weeks.

Ms. Carner reported that there are two residents with boat lifts who have not yet applied for consents to encroachment ("CTE") in this section of the lake. She reported she is working with the HOA to contact the residents, and that ABHR will send correspondence to the residents if needed, notifying them that a CTE is required before

reinstallation of their boat lifts, as previously authorized by the Board.

After review and discussion, Director Ottmann moved to approve Pay Estimate No. 1 in the amount of \$103,148.70, submitted by Texas Dewatering, LLC, as recommended. Director Mathers 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 stated that she had no pay estimates from W.W. Payton Corporation for the Board's approval.

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. Discussion ensued regarding the schedule for completion of the installation of the inlets on Mount Road.

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

Ms. Downhour reported that the project is complete.

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

There was no discussion on this matter.

APPROVE CAPACITY RESERVATIONS AND UTILITY COMMITMENT LETTERS, INCLUDING REQUEST FOR CONSENT TO OUT-OF-DISTRICT SERVICE AGREEMENT

Ms. Vinson stated that the District, as Internal District, has requested the Master District consent to the Out-of-District Water and Wastewater Services Agreement between the District and TRH Investments, Inc. to provide interim water and sanitary sewer service in the amount of five equivalent single family connections. After review

and discussion, Director Ottmann moved to consent to the Out-of-District Water and Wastewater Services Agreement between the District, as Internal District, and TRH Investments, Inc. Director Roberts seconded the motion, which passed by unanimous vote.

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.

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

Ms. Vinson updated the Board on the status of the Agreement Regarding Credits for Alternative Water Supply Use, including preliminary discussion with the attorney for Harris County Municipal Utility District No. 172 ("HC 172"). The Board discussed scheduling a meeting between representatives of the District and HC 172 to discuss the matter further.

APPROVE LEGAL CONFLICTS WAIVERS

Ms. Vinson reviewed with the Board legal conflicts waivers regarding representation by ABHR of the District, as the Master District, and Harris County Municipal Utility District No. 501 and Harris County Municipal Utility District No. 503, respectively, in connection with the Fourth Amendment to Contract for Financing, Operation, and Maintenance of Regional Facilities. Following review and discussion, Director Ottmann moved to approve the legal conflicts waivers. Director Dahlke seconded the motion, which carried unanimously.

DISCUSS FOURTH AMENDMENT TO CONTRACT FOR FINANCING, OPERATION, AND MAINTENANCE OF REGIONAL FACILITIES WITH PARTICIPANT DISTRICTS

The Board discussed the terms of the proposed Fourth Amendment to Contract for Financing, Operation, and Maintenance of Regional Facilities between the District, as Master District, and the Participant districts related to the expansion of the Service Area to include an approximately 12-acre tract.

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 River Bend Park and stated that the signs are scheduled to be installed in March.

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 reviewed and recommended approval of Pay Estimate Nos. 7 and 8 and Final in the amounts of \$965.25 and \$1,787.15, respectively, submitted by Allgreen Associates. Mr. De Forest also recommended the Board accept the project.

After review and discussion, Director Ottmann moved to approve Pay Estimate Nos. 7 and 8 and Final in the amounts of \$965.25 and \$1,787.15, respectively, and final acceptance of the project, as recommended. Director Roberts 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 Change Order No. 2 to increase the contract in the amount of \$8,600.00, submitted by Classic Irrigation & Landscape, LLC. The Board determined that Change Order No. 2 is beneficial to the District.

After review and discussion, Director Ottmann moved to approve Change Order No. 2 to increase the contract in the amount of \$8,600.00, based upon the Board's determination that the Change Order is beneficial to the District and the landscape architect's recommendation. Director Roberts 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 reviewed and recommended approval of Pay Estimate No. 6 and Final in the amount of \$11,917.97, submitted by Strickscapes, Inc. Mr. DeForest also recommended the Board accept the project.

After review and discussion, Director Ottmann moved to approved Pay Estimate No. 6 and Final in the amount of \$11,917.97 and final acceptance of the project, 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 installation of the permanent irrigation system for the project. He reviewed and recommended approval of Pay Estimate No. 1 and Final in the amount of \$15,050.00, submitted by Strickscapes. He also recommended the Board accept the project.

After review and discussion, Director Ottmann moved to approve Pay Estimate No. 1 and Final in the amount of \$15,050.00 and final acceptance of the project, as recommended. Director Roberts seconded the motion, which passed by unanimous vote.

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

There was no discussion on this matter.

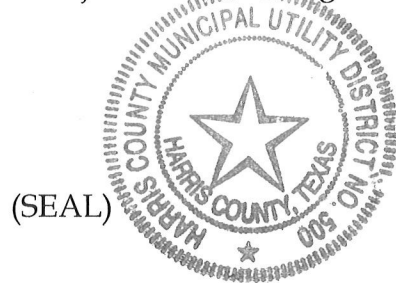
REPORTS FROM DISTRICT CONSULTANTS REGARDING DISTRICT
CORRESPONDENCE AND PROVISION OF RECORDS

There was no discussion on this matter.

CONVENE IN EXECUTIVE SESSION 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.

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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