

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

January 6, 2020

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 January, 2020, at the Lakehouse, 10000 Towne Lake Parkway, Cypress, Texas, outside the boundaries of the District but inside the boundaries of the Service Area, 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
James Ross	Assistant Vice President

and all of the above were present except Directors Dahlke and Ross, thus constituting a quorum.

Also present at the meeting were Steve Stedman, member of the public; Michael Crahan of the Towne Lake Community Association, Inc. ("HOA"); George Gentry, director of Harris County Municipal Utility District No. 501 ("HC 501"); Tina Tran of F. Matuska, Inc.; Michael Ammel of Environmental Development Partners, LLC ("EDP"); Truman Edminster and J.T. Gaden of Edminster Hinshaw Russ and Associates, Inc. ("EHRA"); Eric Steinman of KGA DeForest Design, LLC ("KGA"); and Katie Carner and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Mr. Gentry addressed the Board regarding the utility connections reserved for HC 501 in the draft Master District budget for fiscal year ending March 31, 2021, and inquired whether it is necessary to reserve the total number of utility connections for Towne Lake, Section 60, prior to completion of construction. Ms. Carner reviewed the capacity reservation requirements pursuant to the Master District contract and the District's capacity reservation policy.

Mr. Stedman addressed the Board regarding his request for a consent to encroachment for an existing water feature at his residence located at 19103 San Solomon Springs Court, which was previously denied by the Board. Ms. Carner stated that the matter would be discussed further under agenda item no. 17.

Mr. Stedman inquired whether the water pumped from the regional detention facilities is utilized for irrigation purposes. Ms. Carner stated that, pursuant to the

District's Non-Potable Water Policy and its Non-Potable Water Agreement with the HOA, the HOA may use water from the regional detention facilities for irrigation purposes, subject to the terms of the Agreement.

CONVEYANCE OF EASEMENTS/DEEDS; ABANDONMENT OF EASEMENT;
CONSENTS TO ENCROACHMENT

The Board discussed Mr. Stedman's request for the Board to reconsider the prior denial of his request for a consent to encroachment for the existing water feature at his residence located at 19103 San Solomon Springs Court. After lengthy discussion, the Board declined to take further action on Mr. Stedman's request.

APPROVE MINUTES

The Board reviewed the minutes of the December 4, 2019, regular meeting. After review and discussion, Director Ottmann moved to approve the minutes of the December 4, 2019, regular meeting, as submitted. Director Mathers seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Tran 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 Mathers seconded the motion, which passed by unanimous vote.

BUDGET FOR FISCAL YEAR END MARCH 31, 2021, INCLUDING AUTHORIZE
DISTRIBUTION OF DRAFT BUDGET TO PARTICIPANT DISTRICTS AND DISCUSS
BUDGET WORKSHOP

Ms. Tran presented and reviewed with the Board a copy of the proposed budget for the Master District's fiscal year ending March 31, 2021, a copy of which is attached. She and Mr. Gaden also reviewed the projected number of new connections for the Participant districts for the upcoming year which was provided by EHRA. The Board discussed the District's target reserve fund and requested the bookkeeper remove the contingency line item from the draft budget prior to circulation to the Participant districts.

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 Ottmann 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 Mathers 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 Mathers 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.

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 requested the Board authorize the repair of lift pump no. 1 at lift station no. 2 in the estimated amount of \$15,000 for damage due to wear and tear.

Mr. Ammel stated that, in connection with the previously approved replacement of the aeration tank air header at the wastewater treatment plant, the aeration tank required draining and cleaning in the approximate amount of \$14,176.

Mr. Ammel updated the Board on the status of the pending insurance claim for the water plant no. 1 electrical damage.

Mr. Ammel stated that the repair of lift pump no. 3 at lift station no. 3 is complete.

After review and discussion, Director Ottmann moved to (1) approve the operator's report; (2) approve the proposal in the estimated amount of \$15,000 for repair of lift pump no. 1 at lift station no. 2; and (3) ratify the draining and cleaning of the aeration basin in the approximate cost of \$14,176. Director Mathers seconded the motion, which passed by unanimous vote.

RECEIVE ESTIMATES FROM PARTICIPANT DISTRICTS REGARDING MONTHLY WATER AND SEWER DEMANDS, NUMBER OF NEW CONNECTIONS, AND AMOUNT OF RESERVED CONNECTIONS FOR THE UPCOMING FISCAL YEAR

Mr. Gaden reviewed the annual projection of water and sewer connections for each Participant district, for the fiscal year ending March 31, 2021. The Board requested Mr. Gaden post the water and sewer connection projections to the District's Share Point site.

DISCUSS LAKE MANAGEMENT AND MAINTENANCE

WILDLIFE MANAGEMENT, INCLUDING REPORT AND PROPOSALS FROM A ALL ANIMAL CONTROL ("AAAC")

Ms. Carner updated the Board on the status of wildlife management in the District, including alligator monitoring and beaver removal. She reported that two beavers have been removed from the regional detention facilities in the past month. The Board reviewed a report from AAAC for December, a copy of which is attached. The Board also reviewed correspondence from a resident regarding recent beaver activity, a copy of which is attached.

The Board then considered authorizing AAAC to set up for beaver trapping in Section 1 in the amount of \$1,500, pursuant to a previously approved proposal. After review and discussion, Director Ottmann moved to authorize AAAC to proceed with set up for beaver trapping in Section 1 in the amount of \$1,500. Director Mathers seconded the motion, which passed by unanimous vote.

The Board reviewed correspondence from the HOA regarding beaver damage to the marina at Harbor Gates in the Heritage, a copy of which is attached.

EROSION, DREDGING, AND WATER QUALITY

Ms. Carner stated that ABHR requested the HOA provide copies of any water quality testing reports on a going forward basis. She stated that ABHR will distribute the reports once available via email and will post the reports to the District's Share Point site.

DISCUSS AMENDMENT TO MAINTENANCE AGREEMENT WITH THE HOA AND LAKE ACCESS AND RULES

Ms. Carner stated that ABHR sent the HOA a revised amendment to the maintenance agreement on November 20, 2019, and has not yet received comments.

The Board discussed the no-wake zone near the Hamilton Hills bridge.

ENGINEERING MATTERS, INCLUDING ALTERNATE WATER SUPPLY SOURCES

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

Mr. Gaden 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.

Mr. Gaden updated the Board on the status of discussions with Harris County Municipal Utility District No. 196 ("HC 196") regarding a potential emergency interconnect with the District. Ms. Carner stated that ABHR has prepared a draft of the Emergency Water Supply Agreement for the proposed interconnect and will begin discussions with HC 196 on the terms of the agreement, subject to receipt of a draft exhibit and cost estimate by EHRA.

APPROVE ENGINEER'S REVISED HOURLY RATE AND REIMBURSEMENT SCHEDULE

Mr. Gaden presented and reviewed a proposed revised Hourly Rate and Reimbursement Schedule for EHRA. After review and discussion, Director Mathers moved to approve the revised Hourly Rate and Reimbursement Schedule and authorize execution of the Certificate of Acknowledgement and direct that the Schedule and Certificate be filed appropriately and retained in the District's official records. Director Ottmann seconded the motion, which carried unanimously.

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 TRANSPORTATION IMPROVEMENT PROGRAM PARTICIPATION, AND INTERLOCAL AGREEMENTS WITH FUNDING PARTNERS

Mr. Edminster updated the Board on the status of the UPRR/Highway 290 Project, including the preliminary engineering work. The Board requested EHRA to prepare a projected schedule for completion of the project and distribute same to the Board.

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

Mr. Gaden stated that the Storm Water Solutions, LLC, report was provided to the Board.

APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE ADVERTISEMENT FOR BIDS FOR WATER WELL NO. 1

The Board reviewed correspondence from HC 501 to the District regarding the design of water well no. 1, a copy of which is attached.

Mr. Gaden updated the Board on the status of the design of water well no. 1. He stated that it is possible to design the well in a manner that will allow for a future expansion. He stated that the water well is currently being designed for 900 gallons per minute ("gpm"), but the design could be modified to accommodate approximately 1,500 gpm. After review and discussion, the Board concurred to direct EHRA to modify the water well design to allow for a possible future well expansion project.

The Board deferred approval of plans and specifications and authorizing advertisement for bids for construction of water well no. 1.

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

Mr. Gaden updated the Board on the status of the construction of detention 1L, Phase 2. He stated that he had no pay estimates from Texas Dewatering, LLC for the Board's approval.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR CLEARING AND GRUBBING FOR DETENTION 1L, PHASE 2

Mr. Gaden updated the Board on the status of clearing and grubbing to serve detention 1L, Phase 2. He reviewed and recommended approval of Pay Estimate No. 4 in the amount of \$132,300.00, submitted by Project Storm, LLC. After review and discussion, Director Ottmann moved to approve Pay Estimate No. 4 in the amount of \$132,300.00, as recommended. Director Mathers seconded the motion, which passed by unanimous vote.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR REHABILITATION OF TIE-BACK WALLS

Mr. Gaden updated the Board on the status of rehabilitation of the tie-back walls. He stated that he had no pay estimates from Structural Concrete Systems, LLC for the Board's approval. Discussion ensued regarding the approximate schedule for the project.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR WASTEWATER TREATMENT PLANT HEADWORKS IMPROVEMENT PROJECT

Mr. Gaden updated the Board on the status of the wastewater treatment plant headworks improvement project. He stated that he had no pay estimates from Electrical Mechanical Service, Inc. for the Board's approval.

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

Mr. Gaden updated the Board on the status of construction of water plant no. 2. He stated that he 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

Mr. Gaden updated the Board on the status of construction of the detention 1J, Phase 2 project. He reviewed and recommended approval of Pay Estimate No. 12 and Final in the amount of \$259,346.30, submitted by R&T Ellis Excavating, Inc., and final acceptance of the project.

After review and discussion, Director Ottmann moved to approve Pay Estimate No. 12 and Final in the amount of \$259,346.30 and accept the project, as recommended. Director Mathers 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)

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

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

The Board deferred discussion on this agenda item until executive session.

APPROVE CAPACITY RESERVATIONS AND UTILITY COMMITMENT LETTERS

There was no discussion on this agenda item.

UPDATE ON PARK BOND APPLICATION NO. 1, WATER, SEWER, AND DRAINAGE BOND APPLICATION NO. 10, AND PREPARATION OF SURPLUS FUNDS APPLICATION

Ms. Carner updated the Board on the status of the preparation of park bond application no. 1. The Board deferred adoption of a Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for Approval of Projects and Bonds for park bond application no. 1.

Mr. Gaden updated the Board on the status of preparation of the bond application no. 10 for water, sewer, and drainage facilities. The Board reviewed a draft cost summary, a copy of which is attached. The Board then considered adopting a Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds. Following review and discussion, Director Ottmann moved to adopt the Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds and direct that the Resolution be filed appropriately and retained in the District's official records. Director Mathers seconded the motion, which carried unanimously.

Ms. Carner updated the Board on the status of preparation of the surplus funds application for construction of water well no. 1. The Board deferred adoption of a Resolution Authorizing Application to the TCEQ for Use of Surplus Funds.

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

There was no discussion on this agenda item.

LANDSCAPE ARCHITECT'S REPORT, INCLUDING UPDATED MASTER PARK PLAN

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

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 GREENHOUSE ROAD, SEGMENT FIVE HARDSCAPE IMPROVEMENTS

Mr. Steinman updated the Board on the status of Greenhouse Road, Segment Five hardscape improvements. He reviewed and recommended approval of Pay Estimate No. 6 in the amount of \$109,583.06 and Change Order No. 1 to increase the contract in the amount of \$46,566.78, submitted by Texas Wall & Landscapes, LLC. The Board determined that Change Order No. 1 is beneficial to the District.

After review and discussion, Director Ottmann moved to approve Pay Estimate No. 6 in the amount of \$109,583.06 and Change Order No. 1 to increase the contract in the amount of \$46,566.78, based upon the Board's determination that the Change Order is beneficial to the District and the landscape architect's recommendation. Director Mathers seconded the motion, which passed by unanimous vote.

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

Mr. Steinman 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 agenda item.

REPORTS FROM DISTRICT CONSULTANTS REGARDING DISTRICT CORRESPONDENCE AND PROVISION OF RECORDS

There was no discussion on this agenda item.

CONVENE IN EXECUTIVE SESSION TO 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 2:38 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, Mr. Gaden, Ms. Carner, and Ms. Ramirez also were present. Ms. Carner requested the presence of Mr. Edminster and Mr. Gaden in this executive session in order for the

Board to obtain the necessary legal advice from its attorney, and the Board concurred to have them present.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in Open Session at 2:52 p.m. No action was taken by the Board.

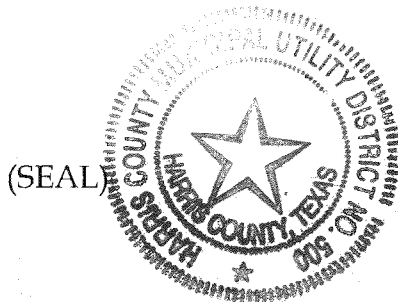
DISCUSS LAKE MANAGEMENT AND MAINTENANCE (CONT'D)

Ms. Carner stated that the District recently received the water quality reports for the past six months for the regional detention facilities from the HOA. Discussion ensued.

ENGINEERING MATTERS (CONT'D)

The Board further discussed the status of preparation of the surplus funds application for construction of water well no. 1.

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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