

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
January 19, 2017

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 249 (the "District") met at the Board's regular meeting place on January 19, 2017, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted officers and members of the Board, as follows:

Ralph V. Palermo, President
Charles Albright, Vice President
Daniel Stage, Secretary
Willie Hodge, Assistant Secretary
Norman Adamek, Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Michael Murr of Murr Incorporated ("MI"); John Davis of Langford Engineering, Inc. ("Langford"); Blake Kridel of Storm Water Solutions, LP ("SWS"), who entered the meeting after it had been called to order, as noted herein; Eric Thiry of Environmental Development Partners, L.L.C. ("EDP"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Stephanie Hendershot of Bob Leared Interests ("BLI"); District resident, Cindy Adamek; and Christopher Skinner of Schwartz, Page & Harding, L.L.P. ("SPH").

The President called the meeting to order and declared it open for such business as might regularly come before the Board.

MINUTES

The Board first reviewed the draft minutes of its meeting held on December 15, 2016. After discussion of the minutes presented, Director Hodge moved that the December 15, 2016, minutes be approved, as written. Director Stage seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

The Board deferred consideration of comments from the public as none were presented.

DISTRICT SECURITY ISSUES

The Board next considered the report regarding District security issues. Mr. Skinner distributed the Harris County Sheriff's Office security report for December 2016, a copy of which is attached hereto as **Exhibit A**.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Hendershot next presented to and reviewed with the Board the Tax Assessor-Collector's Report for the month of December 2016, a copy of which report is attached hereto as **Exhibit B**. After discussion on the report presented, Director Hodge moved that the Tax Assessor-Collector's Report be approved and that the disbursements identified in said report be approved for payment from the District's tax account. Director Adamek seconded said motion, which unanimously carried.

Mr. Kridel entered the meeting during discussion of the Tax Assessor Collector's Report.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Collection Attorneys' Report, dated January 19, 2017, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's delinquent tax collection attorneys; a copy of such report is attached hereto as **Exhibit C**. Mr. Skinner noted that no Board action was required with respect to any of the delinquent tax accounts listed in the report.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Skinner next outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2017, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2017, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After further discussion of the matter, Director Palermo moved that the District (i) grant the residential homestead exemption of 20%, but not less than \$5,000, (ii) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$25,000 from ad valorem taxes levied by the District during the calendar year 2017, and (iii) that the Resolution attached hereto as **Exhibit D** relative to same be approved and adopted by the Board and the District. Director Stage seconded said motion, which carried unanimously.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit E**. Mr. Skinner advised that the Board is authorized, pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, an additional penalty not to exceed 20% of the total taxes, penalty and interest due the District on personal property taxes that remain delinquent as of said 60th day, as more fully described in said Resolution. After discussion, it was moved by Director Adamek, seconded by

Director Albright and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be adopted by the Board.

BOOKKEEPER'S REPORT

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated January 19, 2017, including (i) the disbursements presented for payment from the District's General Operating Fund, Capital Projects Fund and the Sewage Treatment Plant ("STP") Account, (ii) a Fund Balance Report, (iii) a Summary of Pledged Securities Report, (iv) an Actual versus Budget Comparison for December 2016 for the Operating Fund and the STP Account, (v) a Debt Service Payments Schedule, and (vi) a Sales Tax Revenue History Report, copies of which are attached hereto as **Exhibit F**. After discussion, it was moved by Director Albright that the Bookkeeper's Report be approved and that the various disbursements identified therein be authorized for. Director Palermo seconded the motion, which carried unanimously.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Skinner advised that, pursuant to the Public Funds Investment Act, the Board is required to review, and revise as necessary, such list at least annually. He presented to and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit G**. Mr. Skinner further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Stage moved that (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Albright seconded said motion, which unanimously carried.

LANDSCAPING WITHIN THE DISTRICT

The Board next discussed landscaping within the District. In connection therewith, Mr. Murr presented to and reviewed with the Board a Progress Report-Landscape Projects, a copy of which Report is attached hereto as **Exhibit H**. Mr. Murr then presented to and reviewed with the Board Pay Estimate No. 1 in the amount of \$69,628.68 from J. Kru Land Services LLC relative to the installation of irrigation bores and taps in the Lexington Road Median and recommended that the Board concur in the payment and approval of same. Following discussion on the matter, it was moved by Director Palermo, seconded by Director Albright and unanimously carried, that the Board approve the payment of said Pay Estimate, as recommended by Mr. Murr.

Mr. Skinner then presented to and reviewed with the Board a draft Maintenance Agreement Relating to Recreational Sites and Facilities ("Maintenance Agreement") by and between the District and Park Rangers, LLC, subject to receipt of the Texas Ethics Commission

("TEC") Form 1295 required in connection therewith. After discussion, Director Palermo moved that (i) said Maintenance Agreement be approved and that the President be authorized to execute same on behalf of the Board and District and (ii) upon receipt of the TEC Form 1295 to be submitted by Park Rangers, LLC, that same be accepted by the District and SPH be authorized to acknowledge the District's receipt of same with TEC. Director Adamek seconded the motion, which carried unanimously.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Kridel presented to and reviewed with the Board a Drainage Facilities Report prepared by SWS, a copy of which is attached hereto as **Exhibit I**.

Mr. Kridel next advised the Board that the Storm Water Quality Permit for Spring Lakes, Section Eight (the "Permit"), will expire on January 31, 2017. Mr. Kridel then presented and reviewed with the Board a Storm Water Quality Permit Application for renewal of the Permit and requested that the Board authorize the President to execute same on behalf of the Board and the District. After discussion on the matter, Director Stage moved that the President be authorized to execute said application for the renewal of the Storm Water Quality Permit for Spring Lakes, Section Eight on the behalf of the Board and the District. Director Albright seconded the motion, which carried unanimously.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated January 19, 2017, a copy of which report is attached hereto as **Exhibit J**, relative to the status of various projects within the District.

Mr. Skinner advised the Board that, effective April 1, 2017, the North Harris County Regional Water Authority ("Authority") will increase its pumpage fee from \$2.40 to \$2.90 per 1,000 gallons. Mr. Skinner noted that an item will be added to the March 2017 agenda to amend the District's Rate Order in connection with said increase.

PROVISION OF WATER AND SANITARY SEWER SERVICE TO NORTHLAND SHOPPING CENTER AND AMENDED AND RESTATED ANNEXATION AND UTILITY SERVICES AGREEMENT

Mr. Skinner updated the Board on the status of provision of water and sanitary sewer to the Northland Shopping Center. In that regard he stated that SPH has obtained a proposal from Edward B. Schulz & Co. ("Schulz") in the amount of \$1,850 for the required appraisal for the lift station site. After discussion on the matter, Director Adamek moved that (i) said proposal be approved and that the President be authorized to execute same on behalf of the Board and the District and (ii) the TEC Form 1295 submitted by Schulz be accepted by the District and that SPH be authorized to acknowledge the District's receipt of same with the TEC.

BAYER PARK WASTEWATER CONVEYANCE PROJECT

With respect to the Bayer Park wastewater conveyance project, the Board deferred approval of an Interlocal Agreement ("Agreement") between the District and Harris County for the project pending receipt of comments on the draft Agreement from Harris County.

STATUS OF COMMUNICATION WITH QUADVEST, L.P. ("QUADVEST") RELATIVE TO EMERGENCY WATER SUPPLY AGREEMENT

Mr. Skinner reminded the Board that he had previously reported that Quadvest authorized its attorney to prepare a proposed Emergency Water Supply Agreement for the District's review and approval and that a draft of said agreement had been received from Quadvest's attorney. Mr. Skinner then informed the Board that, as previously discussed, he advised Quadvest's attorney of the various provisions that the Board will require to be included in the agreement to protect the District since Quadvest is not a governmental entity. Mr. Skinner then reminded the Board that SPH had received a copy of the proposed revisions to the Agreement from Quadvest's attorney and noted that SPH will be providing comments to Quadvest's attorney accordingly.

OPERATION AND MAINTENANCE PLAN RELATIVE TO DISTRICT'S USE OF TYPE I RECLAIMED WATER FROM WASTEWATER TREATMENT PLANT

Mr. Skinner informed the Board that SPH has prepared a draft operation and maintenance plan relative to the District's use of Type I reclaimed water from the District's wastewater treatment plant and has provided a draft of the plan to the District's operator and engineer for review and comment. The Board deferred any action regarding same at this time.

OPERATIONS AND MAINTENANCE REPORT

The Board next considered the Operations and Maintenance Report. Mr. Thiry presented to and reviewed in detail with the Board a written Operations Report prepared by EDP, dated as of January 19, 2017; a copy of the report is attached hereto as **Exhibit K**.

Mr. Thiry informed the Board that the #4 return activated sludge pump is failing and is in need of replacement. He advised that the estimated cost for replacement of the pump is \$6,684.00. After discussion, Director Stage moved that EDP be authorized to replace said pump at a cost not to exceed \$6,684.00. Director Adamek seconded the motion, which carried unanimously.

Mr. Thiry next presented to and reviewed with the Board a list of aged receivables, a copy of which is included with **Exhibit K**. After discussion, the Director Adamek moved that EDP be authorized to write off the aged receivables reflected on said list and send them to the third-party collections firm engaged by EDP: for collection of such accounts. Director Stage seconded the motion, which carried unanimously.

CONSUMER CONFIDENCE REPORT

The Board next considered authorizing EDP to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. Mr. Skinner advised the Board that, pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide, by April 2017, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District through an interconnect. After discussion on the matter, Director Hodge moved that the Board authorize EDP to provide the required information as set forth hereinabove. Director Palermo seconded said motion, which carried unanimously.

WEBSITE PROVIDER

The Board next discussed website compliance relative to legal requirements. The Board then requested that certain updates be made to the website.

SOLICITATION OF PROPOSALS FOR RENEWAL OF DISTRICT INSURANCE POLICIES

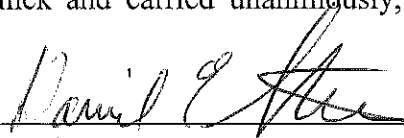
The Board next considered authorizing the solicitation of proposals for renewal of the District's insurance policies. Mr. Skinner reported that the District's current insurance policies acquired through AquaSurance, L.L.C. ("AquaSurance") expire on March 31, 2017. Following discussion, the Director Adamek moved that SPH be authorized to solicit written proposals for the District's insurance policies for the term April 1, 2017 through March 31, 2018, from AquaSurance. Director Albright seconded the motion, which carried unanimously,

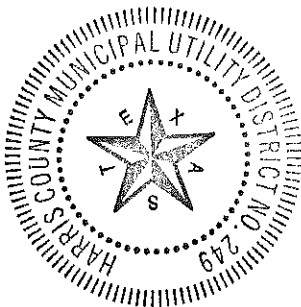
ATTORNEY'S REPORT

Mr. Skinner discussed with the Board certain proposed bills to be considered in the 85th legislative session and the impact that said bills would have on municipal utility districts if implemented.

ADJOURN

There being no further business to come before the Board, upon motion duly made by Director Albright, seconded by Director Adamek and carried unanimously, the meeting was adjourned.


Secretary



LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Security Report
- Exhibit B – Tax Assessor-Collector's Report
- Exhibit C – Delinquent Tax Collection Attorney's Report
- Exhibit D – Resolution Concerning Exemptions from Taxation
- Exhibit E – Resolution Authorizing An Additional Penalty on Delinquent Personal
Property Taxes
- Exhibit F – Bookkeeper's Report
- Exhibit G – Resolution Adopting List of Qualified Brokers
- Exhibit H – Progress Report
- Exhibit I – Drainage Facilities Report
- Exhibit J – Engineering Report
- Exhibit K – Operations and Maintenance Report