

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

### Minutes of Meeting of Board of Directors February 16, 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 February 16, 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"), who entered the meeting after it had been called to order, as noted herein; John Davis of Langford Engineering, Inc. ("Langford"); Blake Kridel of Storm Water Solutions, LP ("SWS"); 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"); Christie Leighton of Best Trash ("BT"); 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 January 19, 2017. After discussion of the minutes presented, Director Palermo moved that the January 19, 2017, minutes be approved, as written. Director Albright seconded said motion, which carried unanimously.

#### COMMENTS FROM THE PUBLIC

Ms. Leighton addressed the Board and inquired whether the Board had any concerns to be addressed regarding solid waste collection and recycling services provided by BT. The Board noted that it was satisfied with BT's services at this time. Ms. Leighton then advised the Board that pursuant to the District's agreement with BT, and effective April 1, 2017, there will be a rate adjustment according to the consumer price index for garbage collection, disposal and recycling services which will increase BT's service charges from \$15.43 to \$15.69 per occupied household per month. Mr. Skinner noted that an item will be added to the March 2017 agenda to consider amendment to the District's Rate Order in connection with said increase.

## **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 January 2017, a copy of which is attached hereto as **Exhibit A**.

Mr. Murr entered the meeting at this time.

## **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 January 2017, a copy of which report is attached hereto as **Exhibit B**. After discussion on the report presented, Director Stage 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 Palermo seconded said motion, which unanimously carried.

## **DELINQUENT TAX COLLECTION ATTORNEYS' REPORT**

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Collection Attorneys' Report, dated February 16, 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.

## **BOOKKEEPER'S REPORT**

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated February 16, 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 January 2017 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 D**. After discussion, it was moved by Director Stage that the Bookkeeper's Report be approved and that the various disbursements identified therein be authorized for payment. Director Adamek seconded the motion, which carried unanimously.

Mr. Burton also presented to and reviewed with the Board a Quarterly Investment Inventory Report, prepared by MAC, relative to the District's various funds and accounts for the reporting period ending December 31, 2016, a copy of which Report is included with **Exhibit D**. After review of the Quarterly Investment Inventory Report and upon motion duly made by Director Stage, seconded by Director Adamek and carried unanimously, said Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and the District.

## **ENGAGEMENT OF ARBITRAGE COMPLIANCE SPECIALISTS**

Mr. Skinner next presented to and reviewed with the Board an engagement letter received from Arbitrage Compliance Specialists ("ACS") to prepare a 5<sup>th</sup> Year Arbitrage Rebate Report for the District's Series 2012 Unlimited Tax Refunding Bonds and advised that the fee for the report is \$2,950.00. After discussion, Director Adamek moved that (i) the engagement letter be approved and that ACS be engaged to prepare a 5<sup>th</sup> Year Arbitrage Rebate Report for the bond issue described above as recommended by MAC and (ii) the TEC Form 1295 submitted by ACS relative to the engagement letter be accepted by the District and that SPH be authorized to acknowledge the District's receipt of same with the TEC. Director Palermo seconded the motion, which carried unanimously.

## **EXTENSION OF ELECTRICITY CONTRACT**

Mr. Burton addressed the Board regarding a proposed extension to the Retail Electricity Services Annex (the "Agreement") between the District and the Texas General Land Office (the "GLO"). Mr. Burton reminded the Board that the District participates in a pool with a number of other districts to receive electricity from the GLO and that the current term of the Agreement expires in 2020. He advised that the GLO would like to extend the term by up to four years, and, in connection therewith, presented to the Board a First Amendment to Retail Electricity Services Annex (the "Amendment"). He explained that the rate for electricity during the renewal term would be dependent on the length of same, noting that a renewal term of twenty-four to thirty-six months would guarantee at least a 5% discount from the current rate, while a renewal term of forty-eight months would guarantee a discount of at least 4.2%. He explained further that in the event the GLO is unable to obtain such savings within ninety days of the effective date of the Amendment, the Amendment would terminate and be of no further effect. After discussion on the matter, upon motion made by Director Albright, seconded by Director Stage and unanimously carried, the Board approved the Amendment and a renewal term of up to forty-eight months and authorized the President to execute the Amendment on behalf of the District.

## **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 E**. A discussion then ensued regarding the planting of pine trees along the drainage channel to create a barrier between the homes located in the Spring Lakes Subdivision and the apartment complex currently under construction on the opposite side of the channel. After discussion, Director Stage moved that MI be authorized to plant pine trees along the drainage channel, subject to the cost not exceeding \$15,000. 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 F**. Mr. Kridel then presented and reviewed photographs of two separate backslope swale interceptor pipes in need of erosion repair, copies of which photographs are included with **Exhibit F**. It was noted that one of the pipes may not be owned by the District. After further discussion, the Board requested that SWS

research the matter and prepare a proposal for any necessary repairs and remediation for its consideration at the next meeting.

### **ENGINEERING REPORT**

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated February 16, 2017, a copy of which report is attached hereto as **Exhibit G**, relative to the status of various projects within the District.

Mr. Skinner reminded 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.

### **RENEWAL OF DISTRICT WASTE DISCHARGE PERMIT**

The Board next considered authorizing the District's engineer and operator to prepare and file an application to the Texas Commission on Environmental Quality (the "TCEQ") for renewal of the District's Waste Discharge Permit due to expire February 1, 2018. Mr. Skinner advised the Board that said application must be filed 180-days prior to the expiration date of the current Permit. After discussion on the matter, Director Stage moved that Langford and EDP be authorized to begin preparation and submit the District's Waste Discharge Permit to the TCEQ. Director Palermo seconded the motion, which carried unanimously.

### **ANNUAL REVIEW OF WAGE RATE SCALE**

Mr. Skinner next presented to the Board for review and approval a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, a copy of which is attached hereto as **Exhibit H**. He reviewed various provisions of the Resolution with the Board. Mr. Skinner informed the Board that the District previously adopted the Department of Labor's wage rates, which have recently been updated as of January 2017. After discussion and consideration of the proposed Resolution, Director Palermo moved that the Board adopt the Resolution with Exhibit "A" to same reflecting the updated wage rates for the Department of Labor and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Hodge seconded said motion, which unanimously carried.

### **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 reminded the Board that, at the last meeting, it engaged Edward B. Schulz & Co. ("Schulz") to prepare the required appraisal for the lift station site. Mr. Skinner then informed the Board that said appraisal has been received and presented and reviewed same with the Board. The Board noted various questions and concerns relative to the results of the appraisal. After discussion, the Board requested that SPH contact the appropriate Schulz representative and request that he or she attend the March 2017 Board

meeting to discuss the appraisal in detail and to address the Board's questions and concerns related thereto.

### **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 has provided 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 February 16, 2017; a copy of the report is attached hereto as **Exhibit I**.

### **WEBSITE PROVIDER**

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

### **RENEWAL OF DISTRICT INSURANCE POLICIES**

Mr. Skinner presented and reviewed with the Board an insurance proposal from AquaSurance, L.L.C. ("Aqua") relative to the District's insurance policies for the term ending March 31, 2017, including property, comprehensive boiler and machinery, commercial general liability, pollution liability, commercial umbrella, and directors and officers liability insurance, and the directors position schedule bond, public employee blanket bond, and tax assessor/collector's bond. After discussion on the matter, Director Albright moved that the

proposal from Aqua be accepted, as set out in the attached proposal, a copy of which is attached hereto as **Exhibit J**, and that the President be authorized to execute same on behalf of the Board and the District. Director Adamek seconded said motion, which unanimously carried.

**ATTORNEY'S REPORT**

Mr. Skinner informed the Board that he had nothing more of a legal nature to report at this time.

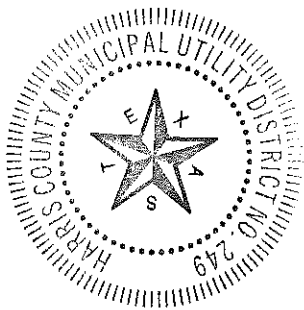
**OTHER MATTERS**

Director Albright informed the Board that he is selling his home located within the District and that the closing is scheduled for March 9, 2017. There then ensued a discussion regarding the appointment of a new director to the Board upon Director Albright's resignation. After discussion, the Board requested that an item be added to the next agenda to discuss the appointment of a new director and that SPH contact certain prospective candidates and invite them to attend the next meeting to express their interest in serving on the Board.

**ADJOURN**

There being no further business to come before the Board, upon motion duly made by Director Adamek, seconded by Director Stage 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 Report
- Exhibit D – Bookkeeper's Report
- Exhibit E – Progress Report
- Exhibit F – Drainage Facilities Report
- Exhibit G – Engineer's Report
- Exhibit H – Resolution Adopting Prevailing Wage Rate Scale
- Exhibit I – Operations and Maintenance Report
- Exhibit J – Insurance Proposal