

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors  
February 18, 2016

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 18, 2016, 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:

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

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

Also present were John Davis and Jim Cartwright of Langford Engineering Inc. ("Langford"), who later entered the meeting after it had been called to order, as noted herein; Bart Downum and Damon Brown of Environmental Development Partners, LLC ("EDP"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Brenda McLaughlin of Bob Leared Interests ("BLI"); Michael Murr of Murr Incorporated ("MI"); Blake Kridel of Stormwater Solutions, LP ("SWS"), who later entered the meeting after it had been called to order, as noted herein; 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 21, 2016. After discussion of the minutes presented, Director Stage moved that the January 21, 2016, minutes be approved, as written. Director Palermo 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 call sheet summary for January 2016, a copy of which summary is attached hereto as **Exhibit A**.

Messrs. Kridel and Cartwright entered the meeting at this time.

### **TAX ASSESSOR-COLLECTOR'S REPORT**

Ms. McLaughlin next presented to and reviewed with the Board the Tax Assessor-Collector's report for the month of January 2016, which report is attached hereto as **Exhibit B**. After discussion on the report presented, Director Palermo 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 Albright 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 January 21, 2016, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), the District's delinquent tax collection attorneys; a copy of such report is attached hereto as **Exhibit C**. Mr. Skinner noted that Perdue is recommending that four (4) delinquent personal property tax accounts be moved to the uncollectible roll since all collection efforts to date had been unsuccessful. After discussion on the matter, Director Palermo moved that the four (4) accounts be moved to the uncollectible roll. Director Albright seconded said motion which carried unanimously.

### **BOOKKEEPER'S REPORT**

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated February 18, 2016, 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 Pledged Securities Report, (iv) an Actual versus Budget Comparison for January 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 D**. After discussion, it was moved by Director Hodge that the Bookkeeper's Report be approved and that the various disbursements identified therein be authorized for payment, except for check no. 6643 issued to Director Adamek, which was voided. Director Stage seconded the motion, which carried unanimously.

Mr. Burton also presented to and reviewed with the Board a Quarterly Investment Inventory Report, prepared by MA&C, relative to the District's various funds and accounts for the reporting period ending December 31, 2015, 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 Hodge, seconded by Director Stage 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.

## **DETENTION AND DRAINAGE FACILITIES REPORT**

Mr. Kridel presented to and reviewed with the Board a Drainage Facilities Report prepared by Storm Water Solutions, LP, a copy of which is attached hereto as **Exhibit E**. Mr. Kridel informed the Board that several erosion areas are in need of repair and presented and reviewed photographs of same with the Board, copies of which photographs are included with **Exhibit E**. After discussion on the matter, the Board deferred taking any action at this time and requested that Mr. Kridel prepare a proposal including repair methods and costs for each of the erosion areas in need of repair for its consideration at the next meeting. Mr. Kridel concurred with the request.

## **ENGINEERING REPORT**

Mr. Davis first introduced Mr. Cartwright to the Board. Mr. Davis then presented to and reviewed with the Board the Engineering Report, dated February 18, 2016, a copy of which report is attached hereto as **Exhibit F**, relative to the status of various projects within the District.

Mr. Davis next informed the Board that correspondence was received from Spring Cypress Water Supply Corporation ("SCWSC") inquiring whether the District would be interested in providing wastewater services to SCWSC. Mr. Davis noted that SCWSC would require approximately 35,000 gallons per day of sanitary sewer capacity. Mr. Davis additionally noted that SCWSC does not have nor is it located in an area with a Certificate of Convenience and Necessity for water or sanitary sewer. After discussion on the matter, the Board requested that Mr. Davis respond to the correspondence advising that the District has wastewater treatment conveyance and treatment capacities available to serve the area subject to terms and conditions acceptable to the District.

## **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 G**. 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 2016. After discussion and consideration of the proposed Resolution, Director Hodge 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 Stage seconded said motion, which unanimously carried.

## **PROVISION OF WATER AND SANITARY SEWER SERVICE TO NORTHLAND SHOPPING CENTER**

Mr. Skinner updated the Board on the status of provision of water and sanitary sewer to the Northland Shopping Center and applicable pad sites.

## **AMENDED AND RESTATED ANNEXATION AND UTILITY SERVICE AGREEMENT**

Mr. Skinner next presented to and reviewed with the Board a draft of an Amended and Restated Annexation and Utility Service Agreement by and between the District and Northland Joint Venture. Mr. Skinner informed the Board that said draft will be provided to Mr. Jack Fields, legal counsel for Northland Joint Venture, for review and comment. No action was taken by the Board on the matter at this time.

## **BAYER PARK WASTEWATER CONVEYANCE AND TREATMENT PROJECT**

With respect to the Bayer Park wastewater conveyance and treatment project, the Board deferred approval of an Interlocal Agreement between the District and Harris County for the project pending conveyance of the lift station site from Bringing Hope, Inc. d/b/a Home of Hope-Texas to the District. Mr. Davis informed the Board that the metes and bounds description for said site are currently being prepared, subject to approval by Harris County, and that a phase I environmental site assessment for said site was underway based on the discussion at the Board's authorization at the last Board meeting.

## **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. In connection therewith, Mr. Skinner advised the Board that he received e-mail correspondence from Quadvest's attorney advising that the Agreement is being revised at this time to address the various provisions discussed.

## **OPERATIONS AND MAINTENANCE REPORT**

The Board next considered the Operations and Maintenance Report. Mr. Downum presented to and reviewed in detail with the Board a written Operations Report prepared by EDP, dated as of February 18, 2016; a copy of the Report is attached hereto as **Exhibit H**. Mr. Downum informed the Board that EDP found a water leak and fixed same but said leak contributed to approximately half of the District's low water accountability for the month. Mr. Downum noted that EDP will continue to survey the storm water manholes in an effort to locate other possible leaks that may be surfacing that may also be contributable to the low water accountability.

Mr. Downum next informed the Board that EDP began operating the Northland Shopping Center wastewater treatment plant (the "Plant") on Monday, February 15, 2016 and noted that it was discovered that the lift station pump was not working properly prior to EDP's operation of the Plant. He then informed the Board that a rental pump has been installed and that EDP is looking into the costs for replacement of the pump.

Mr. Downum next presented to and reviewed with the Board a list of aged receivables, a copy of which is included with **Exhibit H**. After discussion, the Director Palermo moved that EDP be authorized to write off the aged receivables reflected on said list. Director Stage seconded the motion, which carried unanimously.

Mr. Downum next presented to and reviewed with the Board e-mail correspondence received from District resident Somsaath Phonevilay requesting that the Board consider waiving a \$30.00 return check fee recently assessed to their account due to unforeseen circumstances. A copy of the e-mail correspondence is included with **Exhibit H**. It was noted that the customer has a history of paying their water bills in a timely manner. After discussion on the matter, Director Hodge moved that the Board grant the resident's request and that EDP be authorized to credit their account for the return check fee. Director Albright seconded the motion, which carried unanimously.

Mr. Downum next advised the Board that there are four (4) commercial meters that EDP is recommending be tested for performance due to suspicious historical consumption. After discussion, Director Stage moved that EDP be authorized to test the four (4) commercial meters. Director Albright seconded the motion, which carried unanimously.

### **LANDSCAPING AT WASTEWATER TREATMENT PLANT**

The Board next discussed landscaping at the wastewater treatment plant. 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 I**. Mr. Murr noted that the trees have been planted at the wastewater treatment plant and presented photographs of same, copies of which photographs are included with **Exhibit I**. Director Albright seconded said motion, which unanimously carried.

### **ALTERNATIVES FOR LANDSCAPING OPTIONS FOR LEXINGTON ROAD MEDIAN**

The Board next discussed landscaping alternatives for the Lexington Road median, including the use of donated trees through the "Trees for Houston" program for said project. In connection therewith, Mr. Murr presented to and reviewed with the Board a Lexington Road Reforestation Phase 2 plan, a copy of which plan is included with **Exhibit I**. A discussion ensued regarding said plan. The Board then requested that EDP prepare a proposal for the installation of irrigation bores and taps in the Lexington Road Median for its consideration. No action was taken by the Board at this time.

## **LANDSCAPING ALONG SPRING-CYPRESS ROAD FROM I-45**

The Board deferred discussion of landscaping along Spring-Cypress Road from I-45 until completion of the water line and sanitary sewer line along Spring-Cypress Road.

## **REMEDICATION PLAN FOR UNAUTHORIZED CLEARING**

There next ensued a discussion regarding the unauthorized clearing of District property located on the greenbelt along Lexington Road by District resident Tony Bunch. In connection therewith, Mr. Murr informed the Board that, as requested at the last meeting, MI has cleaned up the area and prepared a remediation plan for the District's property, and a proposal outlining the costs associated with said remediation. Mr. Skinner additionally advised the Board that, as previously requested, SPH prepared and forwarded a demand letter to Mr. Bunch advising that he is obligated to pay for all the costs associated with the remediation. A discussion then ensued regarding same. No further action was taken by the Board at this time.

## **WEBSITE PROVIDER**

No updates to the District's website were recommended at this time.

## **CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071 AND/OR SECTION 551.072**

The Board deferred convening in Closed Session at as authorized pursuant to Texas Government Code Section 551.071 and/or Section 551.072 at this time.

## **ORDER ESTABLISHING POLICY OF DISTRICT'S ALLOCATION OF POTABLE WATER AND SANITARY SEWER CAPACITIES**

Mr. Skinner presented to and reviewed with the Board a draft Order Establishing Policy of District's Allocation of Potable Water and Sanitary Sewer Capacities. The Board deferred the approval and execution of Order Establishing Policy of District's Allocation of Potable Water and Sanitary Sewer Capacities at this time.

## **ATTORNEY'S REPORT**

Mr. Skinner advised the Board that, effective January 22, 2016, the District's financial advisory company, First Southwest Company, LLC ("First Southwest"), had merged with and into Hilltop Securities, Inc. ("Hilltop"), with the surviving entity being Hilltop. He further advised that, pursuant to the Agreement and Plan of Merger, Hilltop had assumed all rights and obligations of First Southwest under its contract with the District and, further, that Hilltop had provided correspondence to the District confirming that it is a registered municipal advisor with the Securities and Exchange Commission, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules of the Municipal Securities Rulemaking Board promulgated under said Act. He advised that no action was required by the Board with respect to

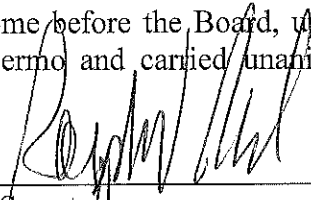
the merger and that financial advisory services would continue to be provided under the new name pursuant to the terms of the District's contract with First Southwest.

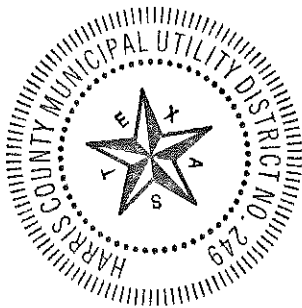
Mr. Skinner next informed the Board that correspondence was received from Best Trash notifying the District that, effective April 2015, there will be CPI rate adjustment for garbage collection, disposal and recycling services. Mr. Skinner informed the Board that the rate for collection services will increase from \$15.21 to \$15.43, which represents an increase of 1.464%. Mr. Skinner advised the Board that SPH will include an item on the March 2016 agenda to amend the District's Rate Order.

Mr. Skinner next presented to and reviewed with the Board a brochure received from the North Harris County Regional Water Authority regarding an irrigation workshop to be held February 23, 2016, a copy of which brochure is attached hereto as **Exhibit J**.

**ADJOURN**

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

  
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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 – Drainage Facilities Report

Exhibit F – Engineer's Report

Exhibit G – Resolution Adopting Prevailing Wage Rate Scale

Exhibit H – Operations and Maintenance Report

Exhibit I – Progress Report

Exhibit J – Brochure regarding irrigation workshop