

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors March 17, 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 March 17, 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 Hodge, thus constituting a quorum.

Also present were John Davis of Langford Engineering Inc. ("Langford"); Eric Thiry of Environmental Development Partners, LLC ("EDP"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Stephanie Hendershot of Bob Leared Interests ("BLI"); Blake Kridel of Stormwater Solutions, LP ("SWS"); Mark Roth of Roth & Eyring, PLLC ("R&E"); District resident Cindy Adamek; and Christopher Skinner of Schwartz, Page & Harding, L.L.P. ("SPH").

In the absence of the President, the Vice 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 February 18, 2016. After discussion of the minutes presented, Director Stage moved that the February 18, 2016, minutes be approved, as written. Director Albright 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 February 2016, a copy of which summary is attached hereto as **Exhibit A**.

AUDIT REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2015

Mr. Roth presented to and reviewed with the Board a draft of the District's audit report prepared for the fiscal year ended December 31, 2015, a copy of which is attached hereto as **Exhibit B**. After discussion concerning the audit presented, Director Adamek moved that the audit report for the fiscal year ended December 31, 2015, be approved subject to comment from the District's consultants, that the Vice President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, and that such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality (the "TCEQ"). Director Albright seconded said motion, which unanimously carried.

CONTINUING DISCLOSURE REPORT

Mr. Skinner advised the Board that the continuing disclosure report due June 30, 2016, will not be completed until after the District's audit for the fiscal year ended December 31, 2015, is completed.

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 February 2016, which report is attached hereto as **Exhibit C**. After discussion on the report presented, Director Adamek 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 March 17, 2016, 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 D**. Mr. Skinner noted that no Board action was required with respect to any of the accounts listed in the report.

BOOKKEEPER'S REPORT

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated March 17, 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 February 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 E**. 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, except for check no. 6680 issued to Director Hodge, which was voided. Director Adamek seconded the motion, which carried unanimously.

Mr. Burton next informed the Board that Texas CLASS is now offering a .50% interest rate for money markets and noted that MAC will move the District's money market accounts to Texas CLASS if the Board is amenable to same. After discussion, the Board concurred that MAC move the District's money market accounts to Texas CLASS.

UNCLAIMED PROPERTY REPORT

The Board considered authorizing the preparation of an Unclaimed Property Report as of March 1, 2016, which is to be filed with the State Comptroller prior to July 1, 2016. After discussion on the matter, Director Stage moved that the District's consultants be authorized to prepare an Unclaimed Property Report, if necessary, and that the District's Bookkeeper file same with the State Comptroller prior to July 1, 2016. Director Adamek seconded said motion, which unanimously carried.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Kridel gave a verbal Drainage Facilities Report. 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 attached hereto as **Exhibit F**. Mr. Kridel then presented to and reviewed with the Board proposals prepared by SWS for said repairs, copies of which are included with **Exhibit F**. After discussion on the matter, Director Stage moved that the Board accept SWS' proposal in the amount of \$55,789.65 for the repair of all the erosion areas, subject to receipt of a Texas Ethics Commission Form 1295 ("Form 1295") from SWS. Director Adamek seconded the motion, which carried unanimously.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated March 17, 2016, a copy of which report is attached hereto as **Exhibit G**, relative to the status of various projects within the District.

Relative to the construction of the Waterline and Sanitary Sewer along Spring-Cypress Road, Mr. Davis presented to and reviewed with the Board Pay Estimate No. 1 in the amount of \$71,136.24 and Change Order No. 1 in the amount of -\$15,408.50 to adjust the result of the plan and specification modification from C.E. Barker, Ltd. ("CEB"), 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 and Change Order, subject to receipt of Form 1295 from CEB, as recommended by the District's engineer.

There next ensued a discussion regarding the status of construction of the retail center by North Lexington Realty.

Mr. Davis reminded the Board that correspondence was previously received from Spring Cypress Water Supply Corporation ("SCWSC") inquiring whether the District would be interested in providing wastewater services to SCWSC. Mr. Davis then informed the Board that Langford responded 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 and noted that SCWSC has indicated that it is not interested in service from the District at this time.

CRITICAL LOAD

Mr. Skinner reported that Section 13.1396 of the Texas Water Code requires the District to annually submit to each electric distribution utility and each retail electric utility provider, on forms reasonably required by each entity, its facilities which qualify for critical load status. After discussion on the matter, the Board concurred that the District's operator be authorized to make such annual filings on behalf of the District.

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. The Board discussed various comments to the proposed draft. Mr. Skinner informed the Board that SPH would revise the draft Agreement to incorporate the Board's comments and provide a copy of same 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. Mr. Davis then informed the Board that a phase I environmental site assessment for said site had been received and discussed said assessment with the Board, a copy of which site assessment is included with **Exhibit G**.

**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 he previously 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. Thiry presented to and reviewed in detail with the Board a written Operations Report prepared by EDP, dated as of March 17, 2016; a copy of the Report is attached hereto as **Exhibit H**. A discussion then ensued regarding the District's low water accountability. Mr. Thiry noted that he expects the District's water accountability to improve on a going forward basis.

Mr. Thiry reminded the Board that EDP began operating the Northland Shopping Center wastewater treatment plant (the "Plant") on Monday, February 15, 2016 and that it was discovered that the lift station pump was not working properly prior to EDP's operation of the Plant. He then reminded the Board that a rental pump had been installed until the pump could be replaced. He next informed the Board that that EDP has obtained a proposal from Electrical Field Services for the installation of a new lift station pump at a cost of \$5,020. After discussion on the matter, the Board concurred that EDP be authorized to replace the lift station pump with at a cost not to exceed \$5,020.

OTHER MATTERS

Mr. Davis next requested that the Board consider authorizing Langford to move forward with the design of the lift station and outfall line to serve the Northland Shopping Center. After discussion, Director Adamek moved that Langford be authorized to move forward with the design of the lift station and outfall line to serve the Northland Shopping Center. Director Albright seconded the motion, which carried unanimously.

WATER LOSS AUDIT

The Board deferred approval of the District's 2015 Water Loss Audit until the next meeting.

AMENDMENT OF RATE ORDER

The Board next considered amending the District's Rate Order. Mr. Skinner advised the Board that (i) effective April 2016, there will be a CPI rate adjustment for garbage collection,

disposal and recycling services from \$15.21 to \$15.43; and (ii) effective April 1, 2016, the North Harris County Regional Water Authority ("Authority") will increase its pumpage fee from \$2.00 to \$2.40 per 1,000 gallons. Mr. Skinner recommended that the Rate Order be amended to include certain provisions related to the District's storm water management plan in the Rate Order and discussed same with the Board. After discussion, it was moved by Director Stage, seconded by Director Albright and passed unanimously that the District's Rate Order be amended to (i) reflect the CPI rate increase for such garbage collection, disposal and recycling services, and that the District's monthly residential sanitary sewer fee be increased from \$25.20 to \$25.42; (ii) increase the pumpage fee to \$2.52 for each 1,000 gallons of water billed to each District customer to pay the fee assessed by the Authority, and (iii) to include certain provisions related to the District's storm water management plan and that SPH be authorized to publish notice of the adoption of the amended Rate Order and the penalties included therein in the Houston Chronicle as required by law with said amended Rate Order, to become effective April 1, 2016, and that any and all rate orders heretofore adopted by the Board be revoked and that the attached Rate Order be passed and adopted as of that date.

LANDSCAPING AT WASTEWATER TREATMENT PLANT

The Board deferred discussion of landscaping at the wastewater treatment plant at this time.

ALTERNATIVES FOR LANDSCAPING OPTIONS FOR LEXINGTON ROAD MEDIAN

The Board deferred discussion of landscaping alternatives for the Lexington Road median 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. Skinner reminded 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. Mr. Skinner then informed the Board that he was in receipt of a voicemail from Mr. Bunch regarding the matter and discussed same in detail with the Board. After further discussion, the Board deferred taking any further action on the matter at this time.

WEBSITE PROVIDER

Mr. Skinner presented to and reviewed with the Board a memorandum prepared by SPH regarding Legal Requirements for the District's Website and Other Considerations, a copy of which memorandum is attached hereto as **Exhibit I**. No further action was taken 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

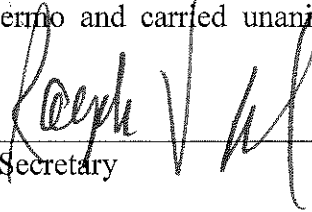
Mr. Skinner advised the Board that he had nothing more of a legal nature to report at this time.

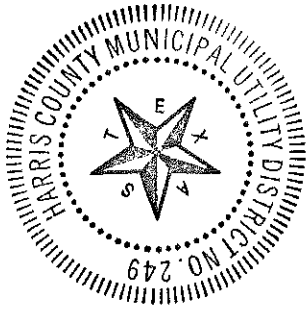
SUPPLEMENTAL AGENDA

The Board considered cancellation of the Directors Election called for May 7, 2016. Mr. Skinner advised that, in accordance with Subchapter C, Chapter 2 of the Texas Election Code, the District may cancel the Directors Election if each candidate whose name is to appear on the ballot and/or has registered as a write-in candidate is unopposed as of 5:00 p.m. on February 23, 2016. In such case, the Board may declare the unopposed candidates to be elected. In that regard, there was presented to the Board a certificate of the Secretary declaring all candidates unopposed. Mr. Skinner then presented and reviewed the Order Declaring Candidates Elected, a copy of which is attached hereto as **Exhibit J**. After discussion, Director Adamek moved that the Order be adopted by the Board declaring Willie Hodge, Daniel E. Stage and Charles Albright elected Directors of the District, each to serve a term of four years or until a successor is duly elected or appointed, that the Vice President be authorized to execute and the Secretary to attest same on behalf of the Board and the District, and that the Directors Election called for May 7, 2016, be cancelled. Director Palermo seconded said motion, which unanimously carried.

ADJOURN

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


Secretary



LIST OF ATTACHMENTS TO MINUTES

Exhibit A – Security Report

Exhibit B – Audit Report; Management Letter

Exhibit C – Tax Assessor-Collector's Report

Exhibit D – Delinquent Tax Report

Exhibit E – Bookkeeper's Report

Exhibit F – Photographs of areas in need of erosion repair

Exhibit G – Engineer's Report

Exhibit H – Operations and Maintenance Report

Exhibit I – Memorandum regarding Legal Requirements for the District's Website and
Other Considerations

Exhibit J – Order Declaring Candidates Elected