

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
June 16, 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 June 16, 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:

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 John Davis of Langford Engineering Inc. ("Langford"); Michael Murr of Murr Incorporated ("MI"); Bart Downum and Damon Brown of Environmental Development Partners, LLC ("EDP"); Darrell Hawthorne of Municipal Accounts & Consulting, L.P. ("MAC"); Stephanie Hendershot of Bob Leared Interests ("BLI"); Blake Kridel of Storm Water Solutions, LP ("SWS"); District resident Cindy Adamek; Lokesh Khosla of Paragan Solutions ("Paragan"); 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 May 19, 2016. After discussion of the minutes presented, Director Adamek moved that the May 19, 2016, minutes be approved, as written. Director Albright seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Mr. Langford next introduced Mr. Khosla to the Board. Mr. Langford advised the Board that Paragan has submitted a request on behalf of Mr. Mahesh Puna for a utility commitment letter ("UCL") for water and wastewater treatment capacity to serve a proposed motel/hotel on Spring Cypress Road. Mr. Langford informed the Board that Paragan is requesting a total sanitary sewer capacity of 11,440 gallons per day, average daily flow, and related water capacity. Mr. Khosla then address the Board regarding the proposed development and advised that Mr. Puna is also looking to purchase a portion of additional property located to the east of the proposed motel/hotel site. There then ensued a discussion regarding the possible annexation of the property into the District's boundaries. After discussion, the Board concurred not to annex the property into the District's boundaries at this time.

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 May 2016, a copy of which summary is attached hereto as **Exhibit A**. The Board noted that Deputy Henry needed to be added to the report. Director Adamek then advised the Board that, as previously authorized, a bicycle was purchased for Deputy Naranjo's use during his patrol time within the District.

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 May 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 Stage seconded said motion, which unanimously carried.

Ms. Hendershot next advised the Board that the Harris County Appraisal District has determined the District's 2016 preliminary certified taxable value to be \$275,686,475.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Collection Attorneys' Report, dated June 16, 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 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. Hawthorne next presented to and reviewed with the Board the Bookkeeper's Report dated June 16, 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 May 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 Palermo that the Bookkeeper's Report be approved and that the various disbursements identified therein be authorized for payment. Director Albright seconded the motion, which carried unanimously.

Mr. Hawthorne next informed the Board that MA&C is working with the North Harris County Regional Water Authority ("NHCRWA") in connection with the District's reimbursement from the NHCRWA for the District's chloramine conversion costs.

UNCLAIMED PROPERTY

The Board next considered the approval of an Unclaimed Property Report as of March 1, 2016, and authorizing the filing of same with the State Comptroller. Mr. Skinner informed the Board that correspondence was received from MA&C indicating that there is \$329.16 in unclaimed property to be reported at this time. After discussion on the matter, Director Palermo moved that the Unclaimed Property Report as of March 1, 2016, be approved, and that the Board authorize MA&C to file same with the State Comptroller prior to July 1, 2016. Director Stage seconded the motion, which carried unanimously.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Kridel reminded the Board that it previously authorized SWS to repair several erosion areas along the District's drainage channels and noted that said repairs will commence within the next several weeks.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated June 16, 2016, a copy of which report is attached hereto as **Exhibit E**, 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. 4 in the amount of \$82,293.18 and Change Order No. 2 in the amount of \$5,561.60 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 Hodge, seconded by Director Stage and unanimously carried, that the Board approve the payment of said Pay Estimate and Change Order No. 2, as recommended by the District's engineer, subject to receipt of a TEC Form 1295 from CEB for the Change Order.

Mr. Davis informed the Board that Langford is working on the design of the lift station for the Northland Shopping Center this time.

Mr. Davis next discussed with the Board the reimbursement program offered by the NHCRWA for use of reclaimed water and requested that the Board consider authorizing Langford to submit an application for the District's participation in the program. After discussion, the Board concurred that Langford be authorized to move forward with the preparation and submittal of an application to the NHCRWA for the District's participation in said program.

There next ensued a discussion regarding the recent annexation of the Choice Tee golf course property into the boundaries of Harris County Water Control and Improvement District No. 110 ("No. 110") and the necessity to amend the Waste Disposal Agreement between the District and No. 110 regarding said annexation. After discussion, the Board authorized SPH to prepare the necessary amendment for its consideration and approval.

In connection with the possibility of (i) leasing to own a permanent 180 kilowatt generator or (ii) an out-right purchase of a generator for the wastewater treatment plant, Mr. Davis informed the Board that Langford is working on preparing proposals for same at this time.

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.

AMENDED AND RESTATED ANNEXATION AND UTILITY SERVICE AGREEMENT

Mr. Skinner informed the Board that, as previously discussed, SPH revised the Amended and Restated Annexation and Utility Service Agreement by and between the District and Northland Joint Venture and provided a copy of same to Mr. Jack Fields, legal counsel for Northland Joint Venture, for review and comment. Mr. Skinner then advised the Board that SPH has received comments back from Mr. Fields and met earlier today with Mr. Fields to discuss his comments and proposed revisions to the Agreement. Mr. Skinner noted that based on said meeting, Mr. Fields was following up with his client on the revised Agreement. No action was taken by the Board 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 Langford has submitted the proposed location of the lift station site and metes and bounds description to the City of Houston for its review and approval.

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 revised Agreement from Quadvest's attorney and noted that SPH is in the process of reviewing same at this time.

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 June 16, 2016; a copy of the Report is attached hereto as **Exhibit F**. Mr. Downum informed the Board that the transfer switch located at the water plant went out and has been replaced accordingly. The Board then requested that EDP inspect all of the electrical equipment at the District's various facilities due to recent electrical service issues in the community.

AUTHORIZE SUBMISSION OF INFORMATION TO ELECTRIC UTILITY PROVIDERS

The Board deferred authorizing submission of emergency contact information and information identifying the location and description of facilities that have qualified for critical load status to each electric utility that provides transmission and distribution service to the District and each retail provider at this time.

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 G**.

ALTERNATIVES FOR LANDSCAPING OPTIONS FOR LEXINGTON ROAD MEDIAN

The Board next discussed landscaping alternatives for the Lexington Road median. In connection therewith, Mr. Murr informed the Board that MI solicited bids for the installation of irrigation bores and taps in the Lexington Road Median and presented and reviewed a bid tabulation with the Board, a copy of which is included with **Exhibit G**. Mr. Murr noted that one bid was received from J Kru in the amount of \$64,547.04 along with an alternate bid in the amount \$5,081.64, as shown on his report, and recommended that the Board award the contract to J Kru, including the alternate bid, at a total cost of \$69,628.68. After further discussion on the matter, Director Hodge moved that the project be awarded to J Kru at a total cost of \$69,628.68, subject to (i) the District's attorney's review of the payment and performance bonds and insurance certificate submitted in connection with the contract to determine if the payment and performance bonds and insured meet the requirements of the bid specifications, the Texas Insurance Code, the rules of the Texas Commission on Environmental Quality and the provision of the Texas Water Code and (ii) receipt of a TEC Form 1295 from J Kru. Director Adamek seconded the motion, which carried unanimously.

Mr. Murr next presented to and reviewed with the Board a proposal in the amount of \$4,040 received from Gulf Utility Service, Inc. ("Gulf Utility") for the installation of 4" SDR pvc casings connecting various esplanades on Lexington Road and Cypresswood Drive. Mr. Murr then requested that the Board consider approving a Service Agreement by and between Gulf Utility for said project. After discussion, Director Hodge moved that the Board approve said Service Agreement and that the President be authorized to execute same on behalf of the Board

and the District, subject to receipt of a Certificate of Insurance and a TEC Form 1295 from Gulf Utility. Director Adamek seconded the motion, which carried unanimously.

Mr. Murr reminded the Board that, at the last meeting, District resident Mark Child informed the Board that his residence located at 25735 Beckham Spring Ct. backs up to the District's greenbelt located on Lexington Boulevard and that there are two trees that are growing over his fence and advised that tree roots from the District's property are intruding onto his property. Mr. Murr then informed the Board that since the last meeting, he and Mr. Thiry met with Mr. Child's to examine the situation and presented a report regarding same, a copy of which report is included with **Exhibit G**. Mr. Murr noted that no fence damage was detected. After further discussion, the Board deferred taking any action on the matter at this time.

Mr. Murr next presented to and reviewed with the Board photographs of 25180 Coyote Springs and 25638 Myrtle Springs, copies of which photographs are included with **Exhibit G**. Relative to 25180 Coyote Springs, Mr. Murr informed the Board that there is a willow tree leaning from the District's greenbelt over the resident's fence and recommended that said tree be removed. Relative to 25638 Myrtle Springs, Mr. Murr informed the Board that the resident's fence has been damage from tree root growth and recommended removal of the tree and repair of the fence. After discussion on the matter, the Board concurred that MI be authorized to remove both trees and to repair the fence located at 25638 Myrtle Springs.

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

Relative to the unauthorized clearing of District property located on the greenbelt along Lexington Road by District resident Tony Bunch, Mr. Murr informed the Board that MI has planted new trees in the area.

WEBSITE PROVIDER

The Board next discussed website compliance relative to legal requirements. It was noted that certain updates had been done and that the January 2016 minutes needed to be added to the website.

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

The Board next considered the approval and execution of an Order Establishing Policy of District's Allocation of Potable Water and Sanitary Sewer Capacities, a copy of which Order is attached hereto as **Exhibit H**. After discussion, Director Adamek moved that said Order be approved and that the President be authorized to execute same on behalf of the Board and the District. Director Albright seconded the motion, which carried unanimously.

VOTING SYSTEM ANNUAL FILING FORM

The Board next considered authorizing the completion, execution and filing with the Texas Secretary of State of a Voting System Annual Filing Form relative to District elections. Mr. Skinner advised that, pursuant to Section 123.061 of the Texas Election Code, each political subdivision in the State of Texas is required to complete and file said Form with the Secretary of State's office. After discussion, Director Hodge moved that: (i) SPH be authorized to complete and execute the Voting System Annual Filing Form; and (ii) SPH be authorized to file the Form with the Texas Secretary of State's Office on behalf of the Board and the District. Director Albright seconded said motion, which unanimously carried.

DESTRUCTION OF CERTAIN DISTRICT RECORDS

The Board next considered a request from the District's Records Management Officer to destroy SPH's handwritten notes of Board meetings from March 4, 2015 to February 18, 2016, a copy of which request is attached hereto as **Exhibit I**. After discussion on the matter, Director Adamek moved that the destruction of said notes be authorized as requested in accordance with the provisions of the District's Records Management Program. Director Stage seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

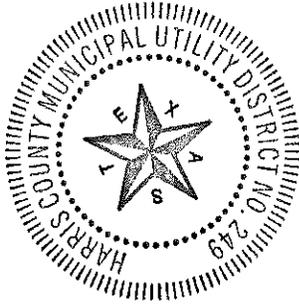
Mr. Skinner next presented and reviewed with the Board correspondence received from the District's Financial Advisor, FirstSouthwest, a Division of Hilltop Securities Inc. regarding Disclosure Statement of Municipal Advisor pursuant to its MSRB Rule G-42, a copy of which correspondence is attached hereto as **Exhibit J**.

Mr. Skinner reminded the Board that the District was in receipt of e-mail correspondence from Harris County Precinct 4 requesting a contribution of funds from the District for a traffic signal upgrade at the intersection of East Cypresswood Drive and Lexington Boulevard. After discussion, the Board concurred not to contribute funds for the project at this time.

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 – Tax Assessor-Collector's Report

Exhibit C – Delinquent Tax Report

Exhibit D – Bookkeeper's Report

Exhibit E – Engineer's Report

Exhibit F – Operations and Maintenance Report

Exhibit G – Progress Report-Landscape Projects

Exhibit H – Order Establishing Policy of District's Allocation of Potable Water and
Sanitary Sewer Capacities

Exhibit I – Records Destruction Request

Exhibit J – Correspondence regarding MSRB Rule G-42