

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
September 15, 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 September 15, 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, except Directors Hodge and Adamek, thus constituting a quorum.

Also present were Michael Murr of Murr Incorporated ("MI"); John Davis of Langford Engineering, Inc. ("Langford"); 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"); Blake Kridel of Storm Water Solutions, LP ("SWS"), who entered the meeting after it had been called to order, as noted herein; Christine Crotwell of FirstSouthwest, a Division of Hilltop Securities, Inc. ("FSW"); 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 August 18, 2016. After discussion of the minutes presented, Director Stage moved that the August 18, 2016, minutes be approved, as written. Director Palermo 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.

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 August 2016, a copy of which is attached hereto as **Exhibit A**.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2016 TAX RATE

The Board next considered the Financial Advisor's recommendation concerning the District's proposed 2016 tax rate and authorization of: (i) the required notice that the Board will consider adoption of a tax rate; and (ii) the means of providing such notice.

Mr. Skinner advised that, pursuant to the Texas Water Code, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Skinner further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. He advised that the District must provide the notice by either (i) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (ii) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least ten days before the date of the meeting.

Ms. Crotwell then presented to and reviewed with the Board a Tax Rate Analysis, a copy of which is attached hereto as **Exhibit B**. Ms. Crotwell then informed the Board that, FSW is recommending a proposed 2016 debt service tax rate of \$0.50 per \$100 of assessed valuation. There then ensued a discussion regarding the recommended 2016 maintenance tax rate. After discussion on the matter, Director Palermo moved that the Board set a 2016 debt service tax rate of \$0.50 per \$100 of assessed valuation and set a 2016 maintenance tax rate of \$0.32 per \$100 of assessed valuation, and that the District's tax assessor-collector be authorized to publish notice of the District's intention to adopt a 2016 tax rate at its next meeting in the form and at the time required by law. Director Albright seconded said motion, which unanimously carried. The Board noted that the 2016 total tax rate of \$0.82 per \$100 of assessed valuation is a reduction of \$0.02 from the District's 2015 total tax rate of \$0.84 per \$100 of assessed valuation.

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 August 2016, a copy of which report is attached hereto as **Exhibit C**. After discussion on the report presented, Director Albright 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.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Collection Attorneys' Report, dated September 15, 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 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 September 15, 2016, including (i) the disbursements presented for payment from the District's General Operating Fund, Capital Projects Fund and the Sewage Treatment Plant ("STP") Fund, (ii) a Fund Balance Report, (iii) a Pledged Securities Report, (iv) an Actual versus Budget Comparison for August 2016 for the Operating Fund and the STP Fund, (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 Palermo that the Bookkeeper's Report be approved and that the various disbursements identified therein be authorized for payment, except for check nos. 6902 and 6904 issued to Directors Adamek and Hodge, which were voided. Director Stage seconded the motion, which carried unanimously.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated September 15, 2016, a copy of which report is attached hereto as **Exhibit F**, 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. 6 and Final in the amount of \$46,140.33 and Change Order No. 3 and Final in the amount of -\$11,789.63 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 Stage, seconded by Director Albright and unanimously carried, that the Board (i) approve the payment of said Pay Estimate and Change Order No. 3, as recommended by the District's engineer and (ii) and the TEC Form 1295 submitted by CEB relative to the Change Order be accepted by the District and that SPH be authorized to acknowledge the District's receipt of same with the TEC.

There next ensued a discussion regarding the status of the District's reimbursement from the North Harris County Regional Water Authority relative to the District's chloramine conversion costs. Mr. Skinner explained that the Authority is offering to reimburse the District one-half of the District's conversion costs. After discussion, Director Albright moved that said proposal be accepted. Director Palermo seconded the motion, which carried unanimously.

There next ensued a discussion regarding the possible annexation of the Choice Tee property into the boundaries of the District. In connection therewith, Mr. Davis informed the

Board that Langford has responded to the due diligence request previously received from the developer's engineer.

There next ensued a discussion regarding the landscaping along the Spring Cypress Road right-of-way. In connection therewith, Mr. Davis informed the Board that Harris County is requesting the installation of two irrigation taps. After discussion, Director Palermo moved that the Board authorize two irrigation taps to be installed in the area, subject to Harris County paying for same at cost. Director Albright seconded the motion, which carried unanimously.

Mr. Kridel entered the meeting at this time.

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 and the proposed Amended and Restated Annexation and Utility Services Agreement with Northland Joint Venture. In connection therewith, Messrs. Skinner, Davis and Thiry discussed with the Board the proposed split of cost savings by not connecting to Academy. It was noted that the cost savings would be approximately \$6,000 to \$8,000. Following discussion, the Board agreed to offer a further credit to Northland of \$10,000, provided Northland enters into a mutual release with the District.

Mr. Skinner next informed the Board that the Annexation and Utility Service Agreement requires that the lift station site be appraised at fair market value. In connection therewith, Mr. Skinner presented to and reviewed with the Board a proposal from Edward B. Schulz & Co. for appraisal services in the amount of \$1,500. After discussion, Director Stage moved that said proposal be approved. Director Albright seconded the motion, which carried unanimously.

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 ("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 ("HOH") to the District. In connection therewith, Mr. Skinner informed the Board that SPH has prepared a Special Warranty Deed conveying the lift station site to the District from HOH and noted that SPH has forwarded same to HOH for execution and return. Mr. Skinner then requested that the Board consider approving said deed, subject to execution of same by HOH. After discussion, Director Albright moved that the Board approve said deed and that the President be authorized to execute same on behalf of the Board and the District, subject to execution and approval of same by HOH. Director Palermo seconded the motion, which carried unanimously. Mr. Skinner then presented to and reviewed with the Board a draft of the Agreement and noted that SPH is working with the County's attorney on the Agreement at this time.

**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 will be providing comments to Quadvest's attorney accordingly. Mr. Davis then informed the Board that relocation of the waterline had been completed.

**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 provided same to the operator and engineer for review and comment.

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 G**.

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 September 15, 2016; a copy of the Report is attached hereto as **Exhibit H**. Mr. Thiry next presented to and reviewed with the Board correspondence received from District resident Cynthia Davis of 25530 Myrtle Springs requesting an adjustment to her recent water bill. Mr. Thiry informed the Board that Ms. Davis recently discovered a water leak on her side of the meter and repaired same accordingly. Mr. Thiry then advised the Board that Ms. Davis is requesting that the Board consider adjusting her August water bill based on her average usage for the excess water used during the leak. After discussion, Director Stage moved that Ms. Davis' request be approved and EDP be authorized to credit her account for an adjustment based upon her average bill. Director Albright seconded the motion, which carried unanimously.

ELECTRONIC PAYMENT PROGRAM

At the recommendation of Mr. Thiry, the Board deferred consideration of approval of documentation in connection with the proposed electronic payment program for customer water bills 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 I**.

LANDSCAPING FOR LEXINGTON ROAD MEDIAN

The Board next discussed the Lexington Road Median landscaping project. In connection therewith, Mr. Murr advised that Trees for Houston is willing to donate up to 250 trees for the project.

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.

WEBSITE PROVIDER

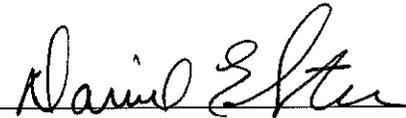
The Board next discussed website compliance relative to legal requirements. No updates to the website were noted at this time.

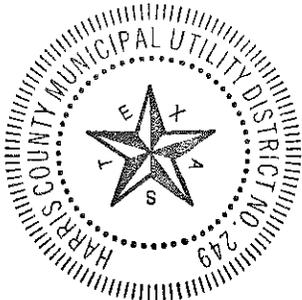
ATTORNEY'S REPORT

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

ADJOURN

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


Secretary



LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Security Report
- Exhibit B – Tax Rate Analysis
- Exhibit C – Tax Assessor-Collector's Report
- Exhibit D – Delinquent Tax Report
- Exhibit E – Bookkeeper's Report
- Exhibit F – Engineer's Report
- Exhibit G – Drainage Facilities Report
- Exhibit H – Operations and Maintenance Report
- Exhibit I – Progress Report-Landscape Projects