

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors February 21, 2019

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 21, 2019, 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
Daniel Stage, Vice President
Diana Moore, 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"); 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"); Michael Murr of Murr Incorporated ("MI"); Michael Willett of Touchstone District Services, LLC ("Touchstone"); Christie Leighton of Best Trash, LLC ("BT"); Cindy Adamek and Richard Chesney, residents of the District; and Rick Barker of Schwartz, Page & Harding, L.L.P. ("SPH"), some of who entered the meeting after the call to order, as noted below.

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 17, 2019. After discussion of the minutes presented, Director Adamek moved that the January 17, 2019, minutes be approved, as written. Director Stage 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 presented to and reviewed with the Board a recycling status report, a copy of which report is attached hereto as **Exhibit A**. Ms. Leighton next discussed with the Board correspondence from BT advising that effective April 1, 2019, there will be a CPI rate adjustment for garbage collection, disposal and recycling services, increasing BT's monthly fee for such services from \$16.03 to \$16.66, which is a 3.957 % increase. Mr. Barker noted that the increase is a standard annual adjustment made pursuant to the terms of the District's agreement with Best Trash, and that the Board will be

considering an amendment to the District's Rate Order in connection with said increase later in the meeting. No action was taken by the Board at this time.

Mr. Chesney next advised the Board that he is satisfied with the District's website.

DISTRICT SECURITY

The Board next considered the report regarding District security matters. Mr. Barker distributed the Harris County Sheriff's Office security patrol report for January 2019, a copy of which report is attached hereto as **Exhibit B**.

Mr. Davis 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 2019, a copy of which report is attached hereto as **Exhibit C**. After discussion of the report presented, Director Moore moved that the Tax Assessor-Collector's Report be approved and that the disbursements identified in said report be authorized for payment from the District's tax account. Director Palermo seconded said motion, which unanimously carried.

DELINQUENT TAX REPORT

Mr. Barker presented to and reviewed with the Board the Delinquent Tax Report, dated February 21, 2019, 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. Barker noted that no action was necessary in connection with the accounts reflected on the Report.

BOOKKEEPER'S REPORT

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated February 21, 2019, a copy of which is 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. Director Moore 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, 2018, a copy of which report is included with **Exhibit E**. After review of the Quarterly Investment Inventory Report and upon motion duly made by Director Stage, seconded by Director Moore 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.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Barker advised that, pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. He presented and reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District along with a list of financial institutions, brokers and dealers attached thereto, together with a comparison to the list previously adopted by the Board, copies of which are attached hereto as **Exhibit F**. Mr. Barker further noted that the broker list presented is a list of institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Palermo moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District and (ii) that the President and Secretary be authorized to execute same. Director Moore seconded said motion, which unanimously carried.

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 is attached hereto as **Exhibit G**. No action was taken by the Board.

UNLAWFUL CLEARING OF DISTRICT PROPERTY AND EMERGENCY SERVICES DISTRICT NO. 7 ("ESD NO. 7") PROPERTY

Mr. Barker next reminded the Board that, Mr. Murr previously reported that ESD No. 7 recently cleared some of its property and a portion of District property located adjacent to ESD No. 7's property. In connection therewith, Mr. Barker advised the Board that, as requested at the last meeting, SPH prepared and forwarded correspondence to ESD No. 7 regarding the matter accordingly. Mr. Murr then advised the Board that he recently met with ESD No. 7 representatives regarding development plans and specifications to remedy the situation and discussed same with the Board. No action was taken by the Board at this time.

DETENTION AND DRAINAGE FACILITIES REPORT

The Board deferred consideration of a Drainage Facilities Report after noting that a representative of Storm Water Solutions, LP was not present at the meeting.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated February 21, 2019, a copy of which report is attached hereto as **Exhibit H**, relative to the status of various projects within the District.

Relative to the construction of the Northland Shopping Center Lift Station, Mr. Davis presented to and reviewed with the Board Pay Estimate No. 7 in the amount of \$59,193.00 from Desert Eagle, LLC, dba Panorama Construction ("Panorama"), a copy of which is included with

Exhibit H, and recommended that the Board approve the payment of same. Following discussion on the matter, it was moved by Director Moore, seconded by Director Palermo and unanimously carried, that the Board approve the payment of Pay Estimate No. 7, as recommended by the District's engineer.

ANNUAL REVIEW OF WAGE RATE SCALE

Mr. Barker 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 I. He reviewed various provisions of the Resolution with the Board. Mr. Barker informed the Board that the District previously adopted the Department of Labor's wage rates for Harris County, which have recently been updated as of January 2019. 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 Harris County from 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.

AMENDMENT OF RATE ORDER

The Board next considered amending the District's Rate Order. Mr. Barker reminded the Board that, as discussed earlier in the meeting, effective April 1, 2019, there will be a CPI rate adjustment for garbage collection, disposal and recycling services from \$16.03 to \$16.66. Mr. Barker then advised the Board that effective April 1, 2019, the North Harris County Regional Water Authority ("Authority") will increase its groundwater pumpage fee from \$3.40 to \$3.85 per 1,000 gallons. Mr. Barker next reminded the Board that at the last meeting, Mr. Davis had recommended that an application fee be added to the District's Rate Order. After discussion, it was moved by Director Stage, seconded by Director Adamek and passed unanimously that the District's Rate Order be amended to: (i) increase the District's monthly residential sanitary sewer fee from \$26.02 to \$26.65 and account for the CPI rate increase for garbage collection, disposal and recycling services; (ii) increase the pumpage fee from \$3.52 to \$3.97 for each 1,000 gallons of water billed to each District customer to account for the increase in the fee assessed by the Authority and (iii) add language requested by Langford describing the commercial development application fee, with said amended Rate Order to become effective April 1, 2019, and that any and all rate orders heretofore adopted by the Board be revoked and that the amended Rate Order be passed and adopted as of that date.

UTILITY CAPACITY REQUESTS

Mr. Barker reminded the Board that it previously considered requests to provide water and sanitary sewer capacity for (i) an approximately 19.810 acre tract (previously known as the Home of Hope Tract), and (ii) Amegy Bank. In connection therewith, Mr. Barker reminded the Board that, relative to the 19.810 acre tract, Lone Star College is requesting a utility commitment for approximately 990 gallons per day of water and sanitary sewer capacity and advised that SPH has prepared a Utility Commitment for its review and approval at today's meeting. After discussion on the matter, Director Moore moved that said Utility Commitment be approved and that the President be authorized to execute same on behalf of the Board and the District. Director Palermo seconded the motion, which carried unanimously.

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 Operator's Report prepared by EDP, dated as of February 21, 2019; a copy of the report is attached hereto as **Exhibit J**.

Mr. Thiry next presented to and reviewed with the Board a Write Off Report describing a list of aged receivables, a copy of which is included with **Exhibit J**. After discussion, Director Adamek moved that EDP be authorized to write off the aged receivables reflected on said list and send them to the third-party collections firm engaged by EDP for collection of such accounts. Director Palermo seconded the motion, which carried unanimously.

Mr. Thiry next requested that an item be added to the next agenda to amend the District's contract with EDP. After discussion, the Board concurred with Mr. Thiry's request.

REVIEW OF DROUGHT CONTINGENCY PLAN

Mr. Barker discussed with the Board the requirements of Title 30, Section 288.30 of the Texas Administrative Code for retail public water suppliers such as the District to review and, if appropriate, revise their Drought Contingency Plan (the "DCP") not later than May 1, 2019, and every five years thereafter. Mr. Barker requested that the Board consider authorizing EDP and Langford to review the District's DCP for any required update. After discussion, Director Hodge moved that EDP and Langford be authorized to review the District's DCP for any required update. Director Palermo seconded the motion, which unanimously carried.

WEBSITE PROVIDER

The Board next discussed the District's website. Mr. Willett presented to and reviewed with the Board a Communications Monthly Report, a copy of which Report is attached hereto as **Exhibit K**. A discussion then ensued regarding the possibility of including a flyer in the water bills on a quarterly basis to keep the residents informed of various matters that may be included on the website.

RENEWAL OF DISTRICT INSURANCE POLICIES

Mr. Barker presented and reviewed with the Board an insurance proposal from Arthur J. Gallagher ("Gallagher") relative to the District's insurance policies for the term ending March 31, 2019, including property, comprehensive boiler and machinery, commercial general liability, pollution liability, pollution cleanup and remediation, excess liability, business travel accident, crime, and directors and officers liability insurance, and the directors position schedule bond. After discussion on the matter, Director Adamek moved that the proposal from Gallagher be accepted, as set out in the attached proposal, a copy of which is attached hereto as **Exhibit L**, and that the President be authorized to execute same on behalf of the Board and the District. Director Moore seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

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

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

The Board convened in Closed Session at 8:15 p.m., as authorized pursuant to Texas Government Code Section 551.071 and/or Section 551.072. Those in attendance, with the exception of the Board, Mr. Davis and Mr. Barker, exited at this time.

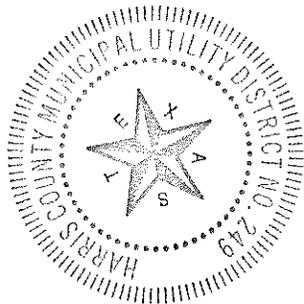
At 8:55 p.m., the Board reconvened in Open session.

The Board then considered authorizing Hunton Andrews Kurth LLP ("HAK") to move forward with obtaining an appraisal for real property. After discussion, Director Stage moved that HAK be authorized to move forward with obtaining the appraisal. Director Hodge seconded the motion, which carried unanimously.

ADJOURN

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


Secretary



LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Recycling report
- Exhibit B – Security Report
- Exhibit C – Tax Assessor-Collector's Report
- Exhibit D – Delinquent Tax Report
- Exhibit E – Bookkeeper's Report
- Exhibit F – Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions, with list of qualified brokers
- Exhibit G – Progress Report-Landscape Projects
- Exhibit H – Engineer's Report
- Exhibit I – Resolution Adopting Prevailing Wage Rate Scale
- Exhibit J – Operator's Report
- Exhibit K – Communication Consulting Monthly Report
- Exhibit L – Insurance Proposal