

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Special Meeting of Board of Directors
September 26, 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 September 26, 2019, in accordance with the duly posted Notice of Special 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, except Directors Moore and Hodge, 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 and Jordan Wayne of Municipal Accounts & Consulting, L.P. ("MAC"); Stephanie Hendershot of Bob Leared Interests, Inc. ("BLI"); Rob Miller of Touchstone District Services, LLC ("Touchstone"); Karen Sears of Storm Water Solutions, LP ("SWS"); Michael Murr of Murr Incorporated ("MI"); Cindy Adamek, a resident of the District; and Christopher Skinner 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.

COMMENTS FROM THE PUBLIC

The Board deferred consideration of comments from the public, as none were presented.

POLICY RELATIVE TO RECEIPT OF PUBLIC COMMENTS

The Board discussed its policy relative to receipt of public comments. In connection therewith, Mr. Skinner presented to and reviewed with the Board a Resolution Adopting Amended and Restated Public Comment Policies and Procedures, which Resolution is attached hereto as **Exhibit A**. After discussion, Director Adamek moved that: (i) the Board adopt said Resolution, (ii) the President and Assistant Secretary be authorized to execute same on behalf of the Board and the District, and (iii) the previous Resolution Adopting Public Comment Policies and Procedures heretofore adopted by the Board be revoked in all respects. Director Palermo seconded the motion, which carried unanimously.

MINUTES

The Board next reviewed the draft minutes of its meeting held on August 15, 2019. After discussion of the minutes presented, Director Adamek moved that said minutes be approved, as written. Director Stage seconded said motion, which carried unanimously.

DISTRICT SECURITY

The Board next considered the report regarding District security matters. Mr. Skinner distributed the Harris County Sheriff's Office ("HCSO") security patrol report for August 2019, a copy of which report is attached hereto as Exhibit B.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2019 TAX RATE

The Board next considered the Financial Advisor's recommendation concerning the District's proposed 2019 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.

Mr. Skinner reminded the Board that, at its last meeting, Ms. Christine Crotwell of Masterson Advisors LLC ("Masterson") presented and reviewed a 2019 Debt Service Tax Rate Recommendation with the Board. He then reminded the Board that Masterson is recommending a proposed 2019 debt service tax rate of \$0.40 per \$100 of assessed valuation. There then ensued a discussion regarding the recommended 2019 maintenance tax rate. Additional discussion ensued regarding a possible bond authorization election and/or the possible issuance of bonds from the District's current bond authorization. In connection therewith, Mr. Skinner presented to and reviewed with the Board a No Growth Cash Flow Analysis prepared by Masterson, a copy of which Analysis is attached hereto as Exhibit C. After discussion on the matter, Director Adamek moved that the Board set a 2019 debt service tax rate of \$0.40 per \$100 of assessed valuation, a 2019 maintenance tax rate of \$0.38 per \$100 of assessed valuation for a total 2019 tax rate of \$0.78 per \$100 of assess valuation, and that the District's tax assessor-collector be authorized to publish notice of the District's intention to adopt a 2019 tax rate at its next meeting in the form and at the time required by law. Director Palermo seconded said motion, which unanimously carried.

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 2019, a copy of which report is attached hereto as **Exhibit D**. After discussion of the report presented, Director Palermo 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 Stage seconded said motion, which unanimously carried.

DELINQUENT TAX REPORT

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Report, dated September 19, 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 E**. Mr. Skinner noted that no Board action was necessary in connection with any of the accounts reflected in the Report.

BOOKKEEPER'S REPORT

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report, dated September 26, 2019, a copy of which is attached hereto as **Exhibit F**. 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 nos. 8095 and 8098 issued to Directors Moore and Hodge, respectively, which were voided. Director Adamek seconded the motion, which carried unanimously.

Mr. Miller entered the meeting during the Bookkeeper's Report.

ELECTRICITY POOL CONTRACT

The Board next considered its participation in an electricity pool to be established by Acclaim Energy and MAC in order to negotiate an electricity contract for its participants. In connection therewith, Mr. Burton presented to and reviewed with the Board an electricity market update report, a copy of which is attached hereto as **Exhibit G**. Mr. Burton stated that the proposed contract term will begin at the end of the District's current electricity contract and run through April 30, 2029, thereby securing a long term supply of electricity for the District. Mr. Skinner then presented to and reviewed with the Board a Resolution Authorizing Entering Into Contract for Pooled Purchase of Energy and Authorizing Execution of Related Documents, a copy of which is included with **Exhibit G**. Mr. Burton advised that MAC is requesting Mark Burton of MAC be authorized to secure pooled electricity pricing for the District, subject to the associated contract meeting the following conditions: (1) it have a price per Kwh not to exceed \$0.03875, (2) it have a term that runs from the end date of the District's current electricity contract through April 30, 2029 and (3) it be in a form approved by SPH, as further detailed in the attached Resolution. Following discussion, Director Adamek moved that the Board approve the District's participation in the electricity pool, that Mark Burton of MAC be authorized to negotiate and execute the pool contract on behalf of the District, subject to the above conditions and with such authorization to expire on November 30, 2019, if no contract is finalized by such

date, and that the attached Resolution be approved and adopted by the District. Director Palermo seconded the 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 H**. No action was taken by the Board.

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

Mr. Skinner 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 violation of applicable law and deed restrictions. Mr. Skinner then reminded the Board that the proposed Interlocal Agreement between the District and ESD No. 7 relative to the project was previously approved by the Board, subject to said Agreement being approved and executed by ESD No. 7. Mr. Skinner additionally reminded the Board that SPH sent a copy of said Agreement to ESD No. 7 for review and, subsequently ESD No. 7 proposed that the Agreement be restructured such that the District perform the work, and ESD No. 7 contributes a set amount of the costs, to which the Board agreed. He then noted that SPH has prepared the revised Agreement and provided same to ESD No. 7 for review.

DETENTION AND DRAINAGE FACILITIES REPORT

Ms. Sears presented to and reviewed with the Board a Drainage Facilities Report prepared by SWS, a copy of which is attached hereto as **Exhibit I**.

Ms. Sears next presented to and reviewed with the Board proposals from SWS for (i) Drainage Area 3 Toe of Slope Erosion Repair in the amount of \$14,210.00 and (ii) Drainage Area 4 Toe of Slope Erosion Repair in the amount of \$15,410.00, copies of which proposals are included with **Exhibit I**. After discussion, Director Stage moved that such proposals be approved. Director Adamek seconded the motion, which carried unanimously.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated September 26, 2019, a copy of which report is attached hereto as **Exhibit J**, relative to the status of various projects within the District.

There next ensued a discussion regarding coordination with Harris County, Texas and Harris County Water Control and Improvement District No. 110 ("No. 110") to expand and/or combine existing detention pond capacity. Mr. Davis informed the Board that he has discussed the matter with No. 110 and noted that No. 110 is in favor of the proposed project. After further discussion, the Board concurred that it is interested in moving forward with the proposed project.

A lengthy discussion next ensued regarding the recent rain event that occurred in the District on September 19, 2019, from tropical storm Imelda, and the street flooding associated

therewith. Relative thereto, Director Adamek presented to and reviewed with the Board several photographs and videos of the street flooding that occurred, including but not limited to, the flooding on Spring Source Place. After further discussion on the matter, the Board requested that Mr. Davis (i) examine additional drainage options to alleviate similar drainage issues in the future, and (ii) conduct a visual inspection of certain storm sewer lines in the District to determine if there are any blockages.

UTILITY CAPACITY REQUESTS

Mr. Skinner reminded the Board that it previously approved a Utility Commitment to Lone Star College ("LSC") relative to an approximately 19.810 acre tract (previously known as the Home of Hope Tract) and that said Utility Commitment has been executed and returned by LSC. Mr. Davis then updated the Board on various matters related thereto.

PROPOSED BOND ISSUE

Additional discussion ensued regarding the proposed bond authorization election and/or the possible issuance of bonds for the District's remaining bond authorization and various capital improvement projects that could be included in the proposed bond issue. No action was taken by the Board.

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 September 26, 2019; a copy of the report is attached hereto as **Exhibit K**.

Mr. Thiry presented to and reviewed with the Board e-mail correspondence from District resident Susan Puentes requesting an adjustment to her water bill for the months of July and August, a copy of which correspondence is included with **Exhibit K**. Mr. Thiry informed the Board that Ms. Puentes states that her sprinkler system malfunctioned on two different occasions, and that the system reset to irrigate at an abnormal setting, which caused her water bills to be much higher than normal. After discussion on the matter, Director Stage moved that EDP be authorized to (i) implement a payment plan for the resident and (ii) re-issue the water bills for all water used at the lowest water rate tier of the District's Rate Order. Director Palermo seconded the motion, which carried unanimously.

REVIEW OF DROUGHT CONTINGENCY PLAN

Mr. Skinner 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 "Plan") not later than May 1, 2019, and every five years thereafter. Mr. Skinner advised that Langford has reviewed the District's current Plan and that some revisions are being recommended to such Plan at this time based on No. 110's updated Drought Contingency Plan and reviewed the recommended revisions with the Board. After discussion on the Plan, Director Adamek moved that the revised Plan be approved, as presented, and that the District adopt the Resolution Regarding Review of Drought Contingency

Plan attached hereto as **Exhibit L**. Director Stage seconded the motion, which carried unanimously.

WEBSITE PROVIDER

The Board next discussed the District's website. Mr. Miller presented to and reviewed with the Board a Communications Meeting Report, a copy of which Report is attached hereto as **Exhibit M**.

A discussion then ensued regarding communications with District resident's regarding flooding concerns. Mr. Miller then discussed his thoughts on District communications regarding drainage improvements. No action was taken by the Board.

ATTORNEY'S REPORT

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

OTHER MATTERS

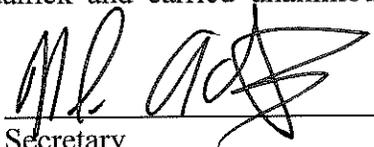
Director Adamek advised the Board that a sign was recently posted on the east side Lexington Boulevard between Cypresswood Drive and Louetta Road regarding the installation of a 5G cell phone tower by Verizon Wireless. After discussion on the matter, the Board concurred to authorize SPH to prepare and forward correspondence advising of the Board's objection of the installation of said cell phone tower.

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

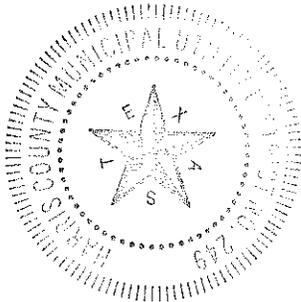
The Board deferred convening in Closed Session at this time.

ADJOURN

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



Asst. Secretary



LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Resolution Adopting Public Comment Policies and Procedures
- Exhibit B – Security Report
- Exhibit C – No Growth Cash Flow Analysis
- Exhibit D – Tax Assessor-Collector's Report
- Exhibit E – Delinquent Tax Report
- Exhibit F – Bookkeeper's Report
- Exhibit G – Electricity Market Update Report
- Exhibit H – Progress Report-Landscape Projects
- Exhibit I – Drainage Facilities Report
- Exhibit J – Engineer's Report
- Exhibit K – Operator's Report
- Exhibit L – Resolution Regarding Review of Drought Contingency Plan
- Exhibit M – Communications Meeting Report