

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
April 18, 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 April 18, 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"); Mark Eyring of Roth & Eyring, PLLC ("R&E"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Stephanie Hendershot of Bob Leared Interests ("BLI"); Rob Miller of Touchstone District Services, LLC ("Touchstone"); Cindy Adamek and Clint Moore, residents of the District; 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 March 21, 2019. After discussion of the minutes presented, Director Stage moved that said minutes be approved, as written. Director Palermo seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

The Board considered comments from the public. Mr. Moore addressed the Board regarding the recent planting of a tree by the Spring Lakes Homeowners Association, Inc. ("HOA") behind a residence that he is currently trying to sell. He stated his concern about the tree impeding the view of the lake from the residence and potentially impacting the value of the residence. Director Moore recused herself from deliberation and discussion on the matter due to a conflict of interest. Mr. Moore then presented to and reviewed photographs of the tree with the Board, copies of which photographs are attached hereto as **Exhibit A**. Mr. Moore then requested that the Board (i) authorize the removal or relocation of the tree within the next five days to facilitate real estate listing photographs for his residence, and (ii) review the applicable agreement with the HOA relative to landscaping authorization. Mr. Skinner then discussed with the Board the terms and conditions of the Detention Pond Agreement between the District and the HOA. A discussion then ensued regarding whether or not the matter is a District issue or an

HOA issue. Director Adamek then presented some additional photographs related thereto and noted that he believes that this is an HOA issue and not a District issue. A lengthy discussion then ensued regarding same. Mr. Moore reiterated his request for the Board not to allow any additional trees to be planted on the banks of the ponds in front of homes. A discussion then ensued regarding the policy with respect to landscaping maintenance of community lakes. After a lengthy discussion on the matter, the Board deferred taking any action and requested that an item be added to the next meeting agenda to discuss maintenance of detention/amenity lakes within the District.

Mr. Moore exited the meeting at this time.

DISTRICT SECURITY

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

AUDIT REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2018

Mr. Eyring presented to and reviewed with the Board a draft of the District's audit report prepared for the fiscal year ended December 31, 2018; a copy of the draft report is attached hereto as **Exhibit C**. Mr. Eyring noted that no material weakness or significant deficiencies in the system of internal controls were detected during R&E's audit. After discussion concerning the audit presented, Director Moore moved that the audit report for the fiscal year ended December 31, 2018, be approved subject to comment from the District's consultants, that the 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 Palermo seconded said motion, which unanimously carried.

CONTINUING DISCLOSURE REPORT

Mr. Skinner requested that the Board consider authorizing McCall, Parkhurst & Horton L.L.P. ("McCall") to file the District's annual continuing disclosure report upon completion of the audit report prior to the June 30, 2019, deadline. After discussion, upon motion duly made by Director Moore, seconded by Director Hodge and unanimously carried, McCall was authorized to file said report prior to the June 30, 2019, deadline.

AUTHORIZE FILING OF AUDIT REPORT WITH TEXAS COMPTROLLER

Mr. Skinner reminded the Board that Texas Local Government Code Section 140.008 requires the District and other political subdivisions to file certain financial information with the Texas Comptroller of Public Accounts (the "Comptroller") following each fiscal year. This financial information may be submitted as a separate report, or alternatively, districts subject to Chapter 49 of the Texas Water Code (including the District) may submit its annual audit to the Comptroller. Mr. Skinner explained that the Comptroller has advised that the report is due within 180 days of the District's fiscal year end. Upon a motion made by Director Moore,

seconded by Director Palermo and carried unanimously, the Board authorized SPH to file the District's annual audit report for the fiscal year ended on December 31, 2018, with the Comptroller by the appropriate deadline.

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 March 2019, a copy of which report is attached hereto as **Exhibit D**. After discussion of the report presented, Director Stage 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. Skinner presented to and reviewed with the Board the Delinquent Tax Report, dated April 18, 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 action was necessary in connection with any of the accounts reflected in the Report.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, attached hereto as **Exhibit F**. Mr. Skinner advised that the District is authorized, pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on real property taxes that remain delinquent as of July 1 of the year in which they become delinquent. After discussion, it was moved by Director Adamek, seconded by Director Stage and unanimously carried, that the attached Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes be adopted by the Board, and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District.

BOOKKEEPER'S REPORT

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated April 18, 2019, a copy of which is attached hereto as **Exhibit G**. After discussion, it was moved by Director Moore that the Bookkeeper's Report be approved and that the various disbursements identified therein be authorized for payment. Director Palermo seconded the motion, which carried unanimously.

LANDSCAPING WITHIN THE DISTRICT

The Board next discussed landscaping within the District. In connection therewith, Mr. Skinner presented to and reviewed with the Board a Progress Report-Landscape Projects

prepared by Murr Incorporated ("MI"), 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. Michael Murr of MI 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 also reminded the Board that, as previously requested, SPH prepared and forwarded correspondence to counsel for ESD No. 7 regarding the matter and demanding corrective action be taken accordingly. Mr. Skinner further reminded the Board that Mr. Murr recently met with representatives of ESD No. 7, and that the estimated cost to remedy the situation is approximately \$177,000. Mr. Skinner then informed the Board that the Progress Report-Landscape Projects provided by MI states that ESD No. 7 is ready to move forward with the replacement of the trees that were illegally removed, and that ESD No. 7 has secured a nursery to provide the trees and has volunteers available to plant the trees. Mr. Skinner then informed the Board that Mr. Murr is recommending that the Board accept ESD No. 7's proposal and has indicated that he will oversee the project to ensure that the plans and specifications agreed to are met. After discussion on the matter, the Board requested that SPH negotiate a formal agreement between the District and ESD No. 7 relative to the project and that SPH move forward with the preparation of said agreement for its consideration at the next Board meeting. No other 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 April 18, 2019, a copy of which report is attached hereto as **Exhibit I**, relative to the status of various projects within the District. It was noted that no action was required by the Board at this time.

Mr. Davis next advised the Board that Langford is in the process of reviewing the District's Drought Contingency Plan and Emergency Preparedness Plan for recommended updates.

A discussion next ensued regarding the current status of the District's water well and planning for a future re-work of the well. No action was taken at this time.

UTILITY CAPACITY REQUESTS

Mr. Davis 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 provided to LSC for execution and return.

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 Operator's Report prepared by EDP, dated as of April 18, 2019; a copy of the report is attached hereto as **Exhibit J**. Mr. Thiry informed the Board that EDP recently performed annual testing of the District's fire hydrants and advised that there are thirty-seven (37) fire hydrants that are in need of repair. He then advised that the estimated cost for said repairs is \$9,240.25. After discussion, Director Adamek moved that EDP be authorized to move forward with said repairs. Director Hodge seconded the motion, which carried unanimously.

ANNUAL REPORT ON IDENTITY THEFT PREVENTION PROGRAM

The Board next considered review of the District's Identity Theft Prevention Program (the "Program"). In connection therewith, Mr. Thiry presented EDP's annual report regarding administration of the Program, a copy of which report is included with **Exhibit J**, and advised the Board regarding the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts maintained by the District and the District's business arrangements with other entities. Mr. Thiry recommended that no changes be made to the Program. After discussion the Board concurred that no changes be made to the Program at this time.

AUTHORIZATION OF CONSUMER CONFIDENCE REPORT

The Board considered authorizing EDP to prepare the District's Consumer Confidence Report in the format promulgated by the TCEQ. Mr. Skinner advised the Board that, pursuant to Consumer Confidence Report ("CCR") requirements promulgated by the United States Environmental Protection Agency and the TCEQ, the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2019. Mr. Thiry then informed the Board that EDP has prepared a draft CCR and presented a copy of same to the Board. After discussion on the matter, the Board deferred taking any action on the matter until the next Board meeting. The Board requested that, upon finalization of the CCR, EDP mail a copy of same to all residents of the District and post said CCR on the District's website.

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. Thiry advised that EDP has reviewed the District's current Plan and is not recommending revisions to such Plan at this time. After discussion, the Board concurred that the District adopt the Resolution Regarding Review of Drought Contingency Plan attached hereto as **Exhibit K**.

AMENDMENT TO AGREEMENT FOR OPERATIONS SERVICES

The Board next considered the approval of an Amendment to Agreement for Operations Services. Mr. Thiry then discussed the proposed rate changes with the Board. After discussion, Director Moore moved that the Amendment be approved and that the President be authorized to execute same on behalf of the Board and the District. 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 L**.

Director Adamek exited the meeting 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.

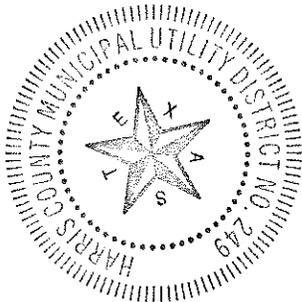
CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071 AND/OR SECTION 551.072

At 9:07 p.m., Director Palermo moved that the Board convene in Closed Session as authorized pursuant to Texas Government Code Section 551.071 and/or Section 551.072. Those in attendance, with the exception of the Board and Mr. Skinner, exited at this time.

At 9:28 p.m., Director Palermo moved that the Board reconvene in Open session. 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 Moore, seconded by Director Hodge and carried unanimously, the meeting was adjourned.



Dianne S. Moore
Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Photographs of tree recently planted behind residence
- Exhibit B – Security Report
- Exhibit C – - Audit Report; Management Letter
- Exhibit D – Tax Assessor-Collector's Report
- Exhibit E – Delinquent Tax Report
- Exhibit F – Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
- Exhibit G – Bookkeeper's Report
- Exhibit H – Progress Report-Landscape Projects
- Exhibit I – Engineer's Report
- Exhibit J – Operator's Report
- Exhibit K - Resolution Regarding Review of Drought Contingency Plan
- Exhibit L – Communications Consulting Meeting Report