

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
May 18, 2017

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 May 18, 2017, 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, except Directors Hodge and Adamek, thus constituting a quorum.

Also present were John Davis of Langford Engineering, Inc. ("Langford"); Blake Kridel of Storm Water Solutions, LP ("SWS"); Eric Thiry of Environmental Development Partners, L.L.C. ("EDP"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Michael Murr of Murr Incorporated ("MI"); Blake Kridel of Storm Water Solution, LP ("SWS"); Stephanie Hendershot of Bob Leared Interests ("BLI"); Christie Leighton of Best Trash ("BT"); District residents Cindy Adamek, Doreen Wells, James McConville and Debra Westphal; and Christopher Skinner and Rick Barker 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 April 20, 2017. After discussion of the draft minutes presented, Director Stage moved that the April 20, 2017, minutes be approved, as written. Director Palermo seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Ms. Westphal introduced herself to the Board. Ms. Westphal informed the Board that her residence backs up to certain District property and that there are several trees on the District's property that are encroaching over her fence. She advised that the trees have been cut back previously, but noted that the branches have now grown back. She then requested that the Board consider removing or severely cutting back the trees. The Board then asked various questions, to which Ms. Westphal responded. After further discussion on the matter, the Board requested that EDP investigate further to determine if there is any damage to Ms. Westphal's fence and/or other structures. The Board also requested that Mr. Murr investigate to determine if other cottonwood trees in the area may be contributing to tree droppings on Ms. Westphal's property. No action was taken by the Board at this time.

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. The Board then queried Ms. Leighton regarding recycling utilization trends within the District, to which Ms. Leighton responded.

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 April 2017, a copy of which is attached hereto as **Exhibit A**.

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 April 2017, a copy of which report is attached hereto as **Exhibit B**. After discussion on the report presented, Director Moore 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 Palermo seconded said motion, which unanimously carried.

DELINQUENT TAX REPORT

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Report, dated May 18, 2017, 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.

UNCLAIMED PROPERTY

The Board next considered the approval of an Unclaimed Property Report as of March 1, 2017. Mr. Burton informed the Board that there is unclaimed property in the amount of \$623.51 to be reported and turned over to the State Comptroller's office at this time. After discussion on the matter, Director Palermo moved that the Unclaimed Property Report as of March 1, 2017, be approved, and that the Board authorize MAC to file same with the State Comptroller prior to July 1, 2017. Director Stage seconded the motion, which carried unanimously.

BOOKKEEPER'S REPORT

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated May 18, 2017, 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) an Account Balance Report, (iii) a Summary of Pledged Securities Report, (iv) an Actual versus Budget Comparison for April 2017 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 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 March 31, 2017, a copy of which report is included with **Exhibit D**. 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.

Mr. Burton next reminded the Board that it previously approved a First Amendment to Retail Electricity Services Annex and a renewal term of up to forty-eight months and authorized the President to execute the Amendment on behalf of the District. In connection therewith, Mr. Burton informed the Board that the contracting process for the District has been completed and that a renewal rate of 4.297 cents per kilowatt hour has been secured through April 2024, as noted in the summary included with **Exhibit D**, which results in a 7.9% savings over the current rate being paid by the District.

STATUS OF ARBITRAGE REPORT

The Board next considered the status of the 5th Year Arbitrage Rebate Report for the District's Series 2012 Unlimited Tax Refunding Bonds being prepared by Arbitrage Compliance Specialists ("ACS"). In connection therewith, Mr. Skinner informed the Board that ACS has completed said Report and presented and reviewed same with the Board. Mr. Skinner noted that said Report indicates that no yield reduction payment is due at this time.

LANDSCAPING WITHIN THE DISTRICT

The Board next discussed landscaping within the District. In connection therewith, Mr. Murr presented a verbal report on the status of various landscaping projects in the District. Mr. Murr informed the Board that MI planted 110 trees on the west side of Harris County Flood Control District's channel and replaced seven (7) dead trees within the Lexington Road median. He noted that MI is still working on the side reserves on Lexington Road at this time.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Kridel presented to and reviewed with the Board a Drainage Facilities Report prepared by SWS, a copy of which is attached hereto as **Exhibit E**. It was noted that no repairs were being recommended at this time.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated May 18, 2017, a copy of which report is attached hereto as **Exhibit F**, relative to the status of various projects within the District.

ANNUAL REVIEW OF EMERGENCY PREPAREDNESS PLAN

The Board next considered the annual review of the District's Emergency Preparedness Plan ("EPP") and authorizing the District's engineer to issue a notice to all applicable entities relative to changes to the emergency water use restrictions under the District's EPP. After discussion, Director Palermo moved that Langford be authorized to prepare and issue said notice on the District's behalf. Director Stage seconded the motion, which carried unanimously.

RENEWAL OF DISTRICT WASTE DISCHARGE PERMIT

The Board next considered the status of the District's application to the Texas Commission on Environmental Quality for the renewal of the District's Waste Discharge Permit due to expire February 1, 2018. Mr. Davis advised the Board that Langford is in the process of preparing the application at this time and that same should be ready for the Board's approval at the next meeting.

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. In connection therewith, Mr. Skinner requested that the Board consider acceptance of a Permanent Access and Force Main Easement from Northland Joint Venture. After discussion on the matter, Director Stage moved that the Board accept the Permanent Access and Force Main Easement 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.

BAYER PARK WASTEWATER CONVEYANCE PROJECT

With respect to the Bayer Park wastewater conveyance project, the Board deferred approval of an Interlocal Agreement between the District and Harris County for the project pending receipt of comments on the draft agreement from Harris County.

STATUS OF COMMUNICATION WITH QUADVEST, L.P. ("QUADVEST") RELATIVE TO EMERGENCY WATER SUPPLY AGREEMENT

Mr. Skinner reminded the Board Quadvest previously authorized its attorney to prepare a proposed Emergency Water Supply Agreement ("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, SPH 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 proposed revisions to the Agreement from Quadvest's attorney and noted that SPH has provided comments to Quadvest's attorney accordingly. Mr. Thiry then informed the Board that, as previously requested, EDP conducted research to determine if the District is providing emergency water supply to Old Town Spring Improvement District ("OTSID"). In connection therewith, Mr. Thiry advised that, according to Quadvest, the

valve to the emergency interconnect is closed and no water is being provided to OTSID. After discussion on the matter, the Board concurred to authorize SPH to prepare and forward a letter to Quadvest on the District's behalf demanding Quadvest provide additional information and execute the proposed Agreement.

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 May 18, 2017; a copy of the report is attached hereto as **Exhibit G**. Mr. Thiry informed the Board that the Return Activated Sludge Pump No. 2 ("RAS Pump") motor has shorted out and is not economical to repair. He then informed the Board that it would cost approximately \$6,880.00 to replace and install a new RAS Pump. After discussion, Director Stage moved that EDP be authorized to replace the RAS Pump at a cost not to exceed \$6,880.00. Director Palermo seconded the motion, which carried unanimously.

The Board then requested that EDP prepare a cost estimate for repainting of the District's fire hydrants along with other maintenance items for its consideration at the next meeting.

CONSUMER CONFIDENCE REPORT

The Board considered the approval of a 2016 Consumer Confidence Report and authorizing the distribution of same to the District's customers prior to July 1, 2017, as required by federal law. Mr. Thiry presented to the Board a draft of the 2016 Consumer Confidence Report, and requested that the Board authorize EDP to distribute same to the District's customers, subject to SPH's final review and approval. After discussion on the matter, Director Moore moved that such Report be approved by the Board, subject to SPH's final review and approval, and that EDP be authorized to distribute same to the District's customers prior to July 1, 2017. Director Stage seconded said motion, which carried unanimously.

CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071

Director Palermo moved that the Board convene in Closed Session at 8:00 p.m., as authorized pursuant to Texas Government Code Section 551.071. Director Moore seconded the motion which carried unanimously. Those in attendance, with the exception of the Board and Mr. Skinner, exited at this time.

At 8:59 p.m. Director Stage moved that the Board reconvene in public session. Director Palermo seconded the motion, which carried unanimously.

WEBSITE PROVIDER

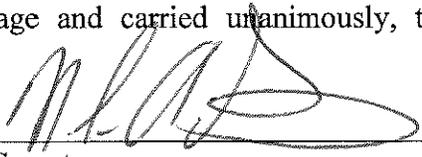
The Board next discussed website compliance relative to legal requirements. After discussion on the matter, no further action was taken at this time.

ATTORNEY'S REPORT

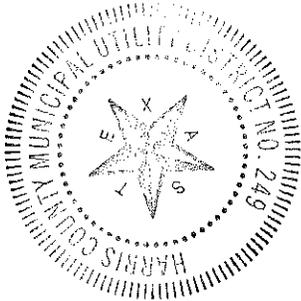
Mr. Skinner advised the Board that he had nothing more of a legal nature to report at this time.

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.



Asst. 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 – Drainage Facilities Report

Exhibit F – Engineer's Report

Exhibit G – Operations and Maintenance Report