

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
February 20, 2014

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 20, 2014, 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:

Norman C. Adamek, President
Willie Hodge, Vice President
Daniel Stage, Secretary
Ralph V. Palermo, Assistant Secretary
Charles Albright, Assistant Secretary

and all of said persons were present, except Director Stage, thus constituting a quorum.

Also present were John Davis of Langford Engineering Inc. ("Langford"), who later entered the meeting as noted herein; Eric Thiry and Karl Skarboszewski of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests, Inc. ("BLI"); Todd Edmonds of Colliers International ("Colliers"), who later entered the meeting as noted herein; Deputy Hoffischneider of the Harris County Sheriff's Office ("HCSO"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Blake Kridel 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. ("SP&H").

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 16, 2014. After discussion of the minutes presented, Director Adamek moved that the January 16, 2014, minutes be approved, as written. Director Palermo seconded said motion, which carried unanimously.

DISTRICT SECURITY ISSUES

The Board considered the report regarding District security issues. Mr. Skinner distributed the HCSO call sheet summary for January 2014, a copy of which summary is attached hereto as **Exhibit A**. Deputy Hoffischneider then discussed security and patrol activity within the District.

The Board next considered ratification of its prior action relative to the approval and execution of an Interlocal Agreement for Law Enforcement Services by and between Harris County and the District to be effective March 1, 2014, through February 28, 2015. After discussion, Director Adamek moved that the Board's prior action be ratified in all respects. Director Palermo seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

STATUS OF AUDIT AND CONTINUING DISCLOSURE REPORT

The Board next considered the status of the District's audit for fiscal year ended December 31, 2013. Mr. Skinner advised the Board that the District's auditor, Roth & Eyring, PLLC is still in the process of conducting the audit and preparing the audit report at this time. Mr. Skinner then advised the Board that the continuing disclosure report due June 30, 2014, will not be completed until after the District's audit for the fiscal year ended December 31, 2013, is completed and the audit report finalized.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. McLaughlin next presented to and reviewed with the Board the tax assessor-collector's report for the month of January 2014, which report is attached hereto as **Exhibit B**. After discussion on the report presented, Director Hodge 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 Albright seconded said motion, which unanimously carried.

Ms. McLaughlin next informed the Board that BLI will be transferring the District's tax account from Comerica Bank to Wells Fargo Bank and discussed same with the Board.

Mr. Edmonds entered the meeting at this time.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented to and reviewed with the Board a delinquent tax collection attorneys' report, dated February 20, 2014, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's delinquent tax collection attorneys; a copy of the report is attached hereto as **Exhibit C**. Mr. Skinner noted that no Board action was required with respect to any of the accounts listed in such report.

BOOKKEEPER'S REPORT

Mr. Burton presented to and reviewed with the Board the bookkeeper's report dated February 20, 2014, including (i) the disbursements presented for payment from the General Operating Fund, Capital Projects Fund and the Sewage Treatment Plant ("STP") Account, (ii) a

Fund Balance Report, (iii) a Pledged Securities Report, (iv) an Actual versus Budget Comparison for December 2013 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as **Exhibit D**. After discussion, it was moved by Director Adamek that the bookkeeper's report be approved and that the various disbursements identified therein be authorized for payment, except for check no. 5817 payable to Director Stage which was voided. Director Albright seconded the motion, which carried unanimously.

Mr. Burton also presented to and reviewed with the Board a Quarterly Investment Inventory Report, prepared by MA&C, relative to the District's various funds and accounts for the reporting period ending December 31, 2013, 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 Adamek, seconded by Director Albright 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.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Kridel presented to and reviewed with the Board a Detention and Drainage Facilities Report for February 2014 prepared by SWS, a copy of which report is attached hereto as **Exhibit E**. Mr. Kridel informed the Board that slope erosion is beginning to form at the transition point from the outfall structure that connects Areas I & II and presented and reviewed a photograph of same with the Board, a copy of which photograph is included with **Exhibit E**. After discussion, Director Adamek moved that SWS be authorized to repair the erosion area at a cost not to exceed \$8,000. Director Albright seconded the motion, which carried unanimously.

Mr. Kridel next presented to and reviewed with the Board photographs of graffiti activity that had recently occurred within the District, a copy of which photographs are included with **Exhibit E**. After discussion, the Board requested that EDP power wash the graffiti.

Mr. Kridel next presented to and reviewed with the Board a proposal from SWS for the removal of debris and brush clean-up on Lexington Boulevard at a cost of \$2,400. After discussion, Director Palermo moved that the Board accept SWS proposal for said debris removal and brush clean-up. Director Albright seconded the motion, which carried unanimously.

LEXINGTON ROAD LANDSCAPING PROJECT

There next ensued a discussion regarding the Lexington Road landscaping project (the "Project"). In connection therewith, Mr. Murr presented to and reviewed with the Board a written Progress Report for the Lexington Road Landscape Phase II Project a copy of said Progress Report being attached hereto as **Exhibit F**. A discussion ensued regarding same.

OPERATIONS AND MAINTENANCE REPORT

The Board 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 February 20, 2014; a copy of the Report is attached hereto as **Exhibit G**.

The Board deferred authorizing review of the District's Water Conservation Plan at this time.

Mr. Skinner discussed with the Board the requirements of the Texas Administrative Code for retail public water suppliers such as the District to review and, if appropriate, revise their Droughty Contingency Plan (the "Plan") not later than May 1, 2014, and every five years thereafter. Mr. Skinner informed the Board that it adopted an amended DCP in 2013 in order to conform to certain requirements of the North Harris County Regional Water Authority's DCP and that no additional changes are being recommended at this time. After discussion on the Plan, Director Adamek moved that the District adopt the Resolution Regarding Review of Drought Contingency Plan attached hereto as **Exhibit H**. Director Hodge seconded the motion, which carried unanimously.

Mr. Davis entered the meeting during the discussion above.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board a written engineering report, dated February 20, 2014, a copy of which report is attached hereto as **Exhibit I**, relative to the status of various projects within the District.

Relative to the re-coating of the Hydropneumatic Tanks and the floor of Ground Storage Tank No. 1, Mr. Davis presented and reviewed with the Board Pay Application No. 3 and Final in the amount of \$21,342 received from G-Tex Coatings, Inc. ("G-Tex"), and recommended that the Board authorize the payment of Pay Application No. 3 and Final. After discussion on the matter, Director Hodge moved that the Board approve Pay Application No. 3 and Final in the amount of \$21,342 to G-Tex. Director Albright seconded the motion, which carried unanimously.

Mr. Davis reminded the Board that he previously contacted the Harris Galveston Subsidence District ("HGSD") to determine if the District was a participant in the WaterWise Program and, if so, if the District has received any groundwater credits from said participation. He then reminded the Board that the HGSD has indicated that the District was a participant in the WaterWise Program during the 2008-2009 school year and that the District did receive groundwater credits for said participation. Mr. Davis additionally reminded the Board that the original certificate issued by HGSD cannot be located and noted that Langford has prepared an Application for Groundwater Certificate Replacement for submission to the HGSD. He then requested that the Board consider authorizing the President to execute said Application and authorizing Langford to submit same on behalf of the Board and the District. After discussion, Director Hodge moved that said Application be approved and that the President be authorized to

execute same on behalf of the Board and the District and that Langford be authorized to submit said Application to the HGSD on the District's behalf. Director Albright seconded the motion, which carried unanimously.

Mr. Davis next advised the Board that he was in receipt of an inquiry from Mr. David Mafrige regarding the possible annexation of the Northland Shopping Center at IH-45 and Spring Cypress Road. After discussion, The Board authorized Mr. Davis to proceed with a feasibility study, subject to receipt of \$5,000.00 from Mr. Mafrige, which represents half of Mr. Davis' estimated cost for said feasibility study. The Board indicated that it would pay the other half of Mr. Davis' estimated costs, and authorized SPH to send a letter to Mr. Mafrige notifying him of same.

ANNUAL REVIEW OF WAGE RATE SCALE

Mr. Skinner 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 J**. He reviewed various provisions of the Resolution with the Board. Mr. Skinner informed the Board that the District previously adopted the Department of Labor's wage rates, and noted that SPH is recommending that the District adopt the Department of Labor's updated wage rates and discussed same in detail with the Board. After discussion and consideration of the proposed Resolution, Director Adamek moved that the Board adopt the Resolution with Exhibit "A" to same reflecting the updated wage rates for the Department of Labor and that the President and Assistant Secretary be authorized to execute same on behalf of the Board and the District. Director Albright seconded said motion, which unanimously carried.

BAYER PARK WASTEWATER CONVEYANCE AND TREATMENT PROJECT

With respect to the Bayer Park wastewater conveyance and treatment project, Mr. Skinner reminded the Board that SPH previously forwarded a draft of the Interlocal Agreement to the Harris County Attorney's Office for review and noted that he had nothing new to report at this time.

RELOCATION OF DISTRICT'S WATER LINE LOCATED AT THE INTERSECTION OF SPRING CYPRESS ROAD AND LEXINGTON BOULEVARD

Mr. Davis next reminded the Board that the District's water line located at the intersection of Spring Cypress Road and Lexington Boulevard is located within the right-of-way of Spring Cypress Road and will need to be relocated. Mr. Davis then reminded the Board that he is working with Harris County on the design and construction of the water line relocation project. He additionally reminded the Board that an agreement between the District and Harris County will need to be entered into for the project.

APPLICATION FOR TYPE I RECLAIMED WATER PERMIT

There next ensued a discussion regarding the status of submission of an application to the Texas Commission on Environmental Quality (the "TCEQ") to obtain a permit for use of

reclaimed water from the wastewater treatment plant for irrigational purposes. Mr. Davis reminded the Board that the final application has been submitted to the TCEQ and noted that Langford is in the process of providing additional requested information to the TCEQ concerning the application.

ISSUANCE OF UTILITY COMMITMENTS

The Board next deferred action regarding the issuance of utility commitments, as no requests for same had been received by the District.

WEBSITE PROVIDER

There next ensued a discussion regarding the District's website provider and working with said provider to improve the District's website. No updates to the website were requested at this time.

ATTORNEY'S REPORT

Mr. Skinner presented to and reviewed with the Board correspondence received from J&S Trash Service Inc. regarding solid waste collection services, a copy of which correspondence is attached hereto as **Exhibit K**.

Mr. Skinner presented to the Board correspondence from Environmental Allies relative to annual mowing and maintenance services for the District, a copy of which is attached hereto as **Exhibit L**.

Mr. Skinner presented to and reviewed with the Board correspondence received from the North Harris County Regional Water Authority regarding Rater Order and Updated Pricing Policy, a copy of which correspondence is attached hereto as **Exhibit M**.

Mr. Skinner informed the Board that he would not be in attendance at the next Board meeting scheduled for March 20, 2014.

POTENTIAL PURCHASE OF 6.867 TRACT ALONG CYPRESSWOOD DRIVE

There next ensued a discussion regarding the District's potential purchase of approximately 6.867 acres of commercial property located along Cypresswood Drive (the "Property") and the possible uses for the property including the construction of storm water detention and/or recreational facilities. Mr. Edmonds reminded the Board that, as previously authorized, Colliers prepared and delivered a formal non-binding offer to purchase the Property to the current owner. Mr. Edmonds then reminded the Board that the property owner submitted a counter-offer. Mr. Edmonds then informed the Board that, as previously authorized, Collier's submitted a counter-offer to the property owner of \$600,000 consisting of an initial payment in the amount of \$120,000 at closing and the outstanding balance to be paid out over a four (4) year term at a cost of \$10,000 per month and noted that the seller accepted the District's counter-offer. Mr. Edmonds then requested that the Board consider authorizing the President to execute a

contract agreement for the purchase of the Property on behalf of the Board and the District. After discussion, Director Palermo moved that the President be authorized to execute the contract for the purchase of the Property on behalf of the Board and the District. Director Albright seconded the motion, which carried unanimously.

Mr. Davis next presented to and reviewed with the Board two (2) proposals from Berg Oliver Associates Inc. ("Berg") in the amounts of \$2,050 and \$2,750 for Phase I Environmental Site Assessments for the Property. After discussion, Director Palermo moved that the Board accept the two proposals from Berg and that the President be authorized to execute same on behalf of the Board and the District. Director Adamek seconded the motion, which carried unanimously.

Mr. Davis next presented to and reviewed with the Board a proposal from Hovis Surveying Company, Inc. ("Hovis") in the amount of \$3,250 to survey the Property. After discussion, Director Palermo moved that the Board accept the proposal from Hovis and that the President be authorized to execute same on behalf of the Board and the District. Director Albright seconded the motion, which carried unanimously.

POSSIBLE ACQUISITION OF PROPERTY FROM THE FINIAL GROUP

There next ensued a discussion regarding the possible acquisition of recreational and drainage facilities property from The Finial Group ("Finial"). Mr. Skinner then discussed Finial's proposal with the Board. After further discussion, the Board deferred taking any action on the matter at this time and requested that SPH obtain additional information from Finial.

RENEWAL OF DISTRICT INSURANCE POLICIES

Mr. Skinner presented and reviewed with the Board an insurance proposal from AquaSurance, L.L.C. ("Aqua") relative to the District's insurance policies for the term ending March 31, 2014, including property, comprehensive boiler and machinery, commercial general liability, pollution liability, commercial umbrella, and directors and officers liability insurance, and the directors position schedule bond, public employee blanket bond, and tax assessor/collector's bond. After discussion on the matter, Director Palermo moved that the proposal from Aqua be accepted, as set out in the attached proposal, a copy of which is attached hereto as **Exhibit N**, and that the President be authorized to execute same on behalf of the Board and the District. Director Adamek seconded said motion, which unanimously carried.

CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.072

The Board deferred convening in Closed Session, as authorized pursuant to Texas Government Code Section 551.072 at this time.

SUPPLEMENTAL AGENDA

The Board considered the calling of a Directors Election in accordance with the requirements of the Texas Water Code. There was presented the Order Calling Directors

Election (the "Order") attached hereto as **Exhibit O** calling such election to be held on May 10, 2014. It was noted that the terms of office of Directors Adamek and Palermo expire in May of this year. In reviewing the Order with the Board, Mr. Skinner advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Maranda Lawson as such agent (the "Election Agent"). Mr. Skinner further advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code, and that the Order provides for such notice to be given by posting same at the locations where notice of meetings of the Board are posted. After discussion on the matter, Director Albright moved that said Order be passed and adopted, that the President and Assistant Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Hodge seconded said motion, which unanimously carried. Mr. Skinner advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 28, 2014, the Board may thereafter cancel the Directors Election in accordance with the Texas Election Code.

The Board considered the establishment of fees to be paid to officials for the Directors Election. Mr. Skinner advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum wage rate. After discussion on the matter, Director Hodge moved that the judges and clerks for the Directors Election, including early voting clerks, be paid \$30.00 per hour. Director Albright seconded said motion, which unanimously carried.

ADJOURN

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


Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – District Security Report
- Exhibit B – Tax Assessor-Collector's Report
- Exhibit C – Delinquent Tax Report
- Exhibit D – Bookkeeper's Report
- Exhibit E – Detention and Drainage Facilities Report
- Exhibit F – Progress Report
- Exhibit G – Operations and Maintenance Report
- Exhibit H – Resolution Regarding Review of Drought Contingency Plan
- Exhibit I – Engineer's Report
- Exhibit J – Resolution Adopting Prevailing Wage Rate Scale
- Exhibit K – Correspondence from J&S Trash Services, Inc.
- Exhibit L – Correspondence from Environmental Allies
- Exhibit M – Correspondence from North Harris County Regional Water Authority
- Exhibit N – Accepted Aqua insurance proposal
- Exhibit O – Order Calling Directors Election