

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors May 15, 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 May 15, 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 Albright, thus constituting a quorum.

Also present were John Davis of Langford Engineering Inc. ("Langford"); Eric Thiry of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests, Inc. ("BLI"); Michael Murr of Murr Incorporated ("MI"), who later entered the meeting, as noted herein; Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Aimee Ordeneaux Raley of Best Trash Inc. ("BT"); Blake Kridel of Storm Water Solutions, LP ("SWS"); Deputy Herman Hoffschneider of the Harris County Sheriff's Office ("HCSO"); 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 it.

MINUTES

The Board first reviewed the draft minutes of its meeting held on April 17, 2014. After discussion of the minutes presented, Director Hodge moved that the April 17, 2014, minutes be approved, as written. Director Adamek seconded said motion, which carried unanimously.

CANVASS RETURNS OF DIRECTORS ELECTION

As the next order of business, the Board considered canvassing the returns of the Directors Election held on May 10, 2014. Said election returns and other election instruments were examined and canvassed by the Board and found to be correct, legal and regular in all respects. It was properly certified that ballots had been delivered for use in early and regular voting in connection with the Directors Election. It was duly moved by Director Hodge, seconded by Director Stage and unanimously carried, that there be passed and adopted the Order Declaring Results, attached hereto as **Exhibit A**, which declares Norman C. Adamek and Ralph

V. Palermo elected Directors of the District at said election, each to serve for four years, or until their successors are duly elected or appointed and qualified.

ACCEPTANCE OF QUALIFICATION STATEMENTS, BONDS, OATHS OF OFFICE, ELECTIONS NOT TO DISCLOSE CERTAIN INFORMATION AND AFFIDAVITS OF CURRENT DIRECTOR FOR DIRECTORS

The Board next considered the acceptance of Bonds, Qualification Statements of Elected Officer, Oaths of Office, Elections Not to Disclose Certain Information, and Affidavits of Current Director for Norman C. Adamek and Ralph V. Palermo. Messrs. Adamek and Palermo each presented their respective Bond, Qualification Statement of Elected Officer, Oath of Office, Election Not to Disclose Certain Information and Affidavit of Current Director. After discussion on the matter, it was moved by Director Stage, seconded by Director Hodge and unanimously carried, that the Board approve said Bonds, accept said Qualification Statements of Elected Officer, Oaths of Office, Elections Not to Disclose Certain Information and Affidavits of Current Director, and declare Norman C. Adamek and Ralph V. Palermo to be duly elected and qualified Directors of the District.

REORGANIZATION OF THE BOARD OF DIRECTORS AND ELECTION OF OFFICERS

The next item to be considered was the election of officers. The Board first considered the election of a President. After discussion, Director Adamek moved that Director Hodge be elected President of the Board. Director Stage seconded the motion, which carried unanimously.

The Board next considered the election of a Vice President. After discussion, Director Adamek moved that Director Stage be elected Vice President of the Board. Director Hodge seconded the motion, which carried unanimously.

The Board next considered the election of a Secretary. After discussion, Director Adamek moved that Director Palermo be elected Secretary of the Board. Director Stage seconded the motion, which carried unanimously.

The Board next considered the election of an Assistant Secretary. After discussion, Director Palermo moved that Director Adamek and Director Albright each be elected Assistant Secretaries of the Board. Director Stage seconded the motion, which carried unanimously.

DISTRICT REGISTRATION FORM

The Board next considered approving a District Registration Form required by the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Skinner explained that, in accordance with §36.054(e) and §49.054(f) of the Texas Water Code, municipal utility districts are required to file names, mailing addresses, officer positions and terms of new directors with the TCEQ within thirty days (30) after an election or appointment. He advised that with the Board's approval, SPH will complete the District Registration Form to include Directors Adamek's and Palermo's new terms of office, mailing addresses and officer positions and file

same with the TCEQ. After further discussion of the matter, Director Hodge moved that the Board authorize SPH to complete the District Registration Form as discussed and file same with the TCEQ. Director Adamek seconded said motion, which unanimously carried.

COMMENTS FROM THE PUBLIC

Deputy Hoffschneider addressed the Board regarding the current criminal activity in the District.

STATUS OF CONTINUING DISCLOSURE REPORT

Mr. Skinner advised the Board that the continuing disclosure report due June 30, 2014, will not be finalized and filed until after the District's audit report for the fiscal year ended December 31, 2013, is completed.

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 April 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 Adamek seconded said motion, which unanimously carried.

Mr. Murr entered the meeting during discussion of the tax assessor-collector's report.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented to and reviewed with the Board a delinquent tax collection attorneys' report, dated May 15, 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 May 15, 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 March 2014 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. 5914 payable to Director Albright which was voided. Director Hodge 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 March 31, 2014, 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 Hodge 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.

UNCLAIMED PROPERTY REPORT

The Board next considered the approval of an Unclaimed Property Report as of March 1, 2014 and authorizing the filing of same with the State Comptroller. Mr. Skinner informed the Board that correspondence was received from MA&C indicating that there is \$466.02 in unclaimed property to be reported at this time. After discussion on the matter, Director Hodge moved that the Unclaimed Property Report as of March 1, 2014, be approved, and that the Board authorize MA&C to file same with the State Comptroller prior to July 1, 2014. Director Stage seconded the motion, which carried unanimously.

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. Skinner presented and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit E**. Mr. Skinner noted that MAC has requested the District's previously adopted list of qualified brokers be amended to include two (2) new financial institutions at which District funds may potentially be invested. 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 Adamek seconded said motion, which unanimously carried.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Kridel presented to and reviewed with the Board a Detention and Drainage Facilities Report for May 2014 prepared by SWS, a copy of which report is attached hereto as **Exhibit F**.

LEXINGTON ROAD LANDSCAPING PROJECT

There next ensued a discussion regarding the Lexington Road landscaping project (the "Project"). In connection therewith, Mr. Murr presented the Board a verbal Progress Report for the Lexington Road Landscape Phase II Project. There then ensued a discussion regarding the maintenance of the landscaped area of the Project. The Board recommended that Mr. Murr prepare a scope of maintenance work and obtain bids for said work, including obtaining a bid

from the Spring Lakes Homeowners Association's current contractor, for the Board's consideration at the next meeting.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board a written engineering report, dated May 15, 2014, a copy of which report is attached hereto as **Exhibit G**, relative to the status of various projects within the District.

Mr. Davis informed the Board that the slide gates located on the wastewater treatment plant aeration basins are in need of replacement. He then presented to and reviewed with the Board proposals received from NTS Pumps, Motors and Controls ("NTS") and N&S Construction Co., LP, copies of which proposals are included with **Exhibit G**. After discussion, Director Stage moved that the Board accept NTS' proposal in the amount of \$14,540.00 to replace the slide gates. Director Adamek seconded the motion, which carried unanimously.

Mr. Davis next discussed with the Board an annual update to the District's Emergency Preparedness Plan and requested that the Board consider authorizing Langford to file said update with Harris County and the TCEQ. After discussion, Director Adamek moved that said update be approved and that Langford be authorized to file same with Harris County and the TCEQ. Director Hodge seconded the motion, which carried unanimously.

ENGAGEMENT OF JOYCE, MCFARLAND & MCFARLAND

Mr. Skinner next presented to and reviewed with the Board an engagement letter from Mr. Charles B. McFarland of Joyce, McFarland & McFarland LLP ("JMM"), a condemnation attorney, to represent the District in condemnation proceedings for proposed acquisition of water and sanitary sewer easements and presented and reviewed same with the Board, a copy of which engagement letter is attached hereto as **Exhibit H**. After discussion on the matter, Director Adamek moved that JMM be engaged to represent the District in condemnation proceeding for the proposed acquisition of water and sanitary sewer easements and that the Vice President be authorized to execute the engagement letter on behalf of the Board and the District. Director Hodge seconded the motion, which carried unanimously.

NORTHLAND SHOPPING CENTER ANNEXATION

Mr. Davis next reminded 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. In connection therewith, Mr. Davis discussed the current status of the proposed annexation with the Board. Mr. Davis informed the Board that the District will need to construct water and sanitary sewer lines to serve the tract and discussed the easements that will be necessary in connection therewith. Mr. Davis then presented to and reviewed with the Board a description of the various property owners that the District would need to obtain easements from, a copy of which description is included with **Exhibit G**. Mr. Davis also discussed the cost estimates for the project with the Board. Mr. Skinner then presented to and reviewed with the Board an Annexation and Utility Service Agreement by and between the District and Northland

Joint Venture. After discussion on the matter, Director Adamek moved that (i) Langford be authorized to move forward with the acquisition of the water and sanitary sewer easements from the various property owners and (ii) the Board approved said Annexation and Utility Service Agreement 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.

ANNEXATION REQUEST FROM AXIS TEXAS DEVELOPMENT GROUP, LLC

Mr. Davis reminded the Board that correspondence was previously received from Axis Texas Development Group, LLC ("Axis") regarding the possible annexation of an approximately 23.2679 acre tract of land into the boundaries of the District and that the development plans include the construction of multiple industrial warehouses. Mr. Davis also reminded the Board that, should said property be annexed into the District, the construction of a forcemain and on-site lift station would be required. In connection therewith, Mr. Skinner informed the Board that, as previously authorized, SPH forwarded correspondence to Axis advising that a deposit would be required for Langford to prepare a feasibility study for the Board's consideration in connection with said tract and noted that said deposit has been received. After discussion, Director Adamek moved that Langford be authorized to move forward with the preparation of a feasibility study for said tract. Director Hodge seconded the motion, which carried unanimously.

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 comments had been received from Harris County and that SPH has reviewed said comments. Mr. Skinner then presented and reviewed a copy of said Interlocal Agreement with the Board. After discussion, Director Hodge moved that the Board approve said Agreement 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.

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.

AMENDMENT OF RATE ORDER

Ms. Raley next presented to and reviewed with the Board correspondence from Best Trash notifying the District that, effective April 2014, there was a CPI rate adjustment for garbage collection, disposal and recycling services. Mr. Skinner informed the Board that the rate

for collection services increased from \$14.48 to 14.87, which represents an increase of 2.8%. It was noted that in order to pass this increase through to its customers the District's residential sanitary sewer rate would need to be increased. Mr. Skinner recommended the Board consider amending the Rate Order to reflect the CPI rate increase for garbage collection, disposal and recycling services. After discussion, it was moved by Director Stage, seconded by Director Adamek and unanimously carried, that the Board amend the Rate Order to reflect the CPI rate increase for such services, and that the District's monthly residential sanitary sewer fee be increased from \$24.47 to \$24.86.

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 May 15, 2014; a copy of the Report is attached hereto as **Exhibit I**.

CONSUMER CONFIDENCE REPORT

The Board considered the approval of a 2013 Consumer Confidence Report and authorizing the distribution of same to the District's customers prior to July 1, 2014, as required by federal law. Mr. Thiry presented to the Board a draft of the 2013 Consumer Confidence Report, and requested that the Board authorize EDP to distribute same to the District's customers, subject to SP&H's final review and approval. After discussion on the matter, Director Hodge moved that such Report be approved by the Board, subject to SP&H's final review and approval, and that EDP be authorized to distribute same to the District's customers prior to July 1, 2014. Director Stage seconded said motion, which carried unanimously.

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. The Board requested that the results of the May 10, 2014 Directors Election be added to the website.

DISTRICT SECURITY ISSUES

The Board considered the report regarding District security issues. Mr. Skinner distributed the HCSO call sheet summary for April 2014, a copy of which summary is attached hereto as **Exhibit J**.

ATTORNEY'S REPORT

Mr. Skinner informed the Board that Comfort Suites has informed SPH that there is a scheduling conflict for the District's regular meeting scheduled for June 19, 2014. After discussion, the Board concurred to reschedule the June 2014 meeting for Wednesday, June 18, 2014 at 6:30 p.m.

GOLDWATER PROJECT

Mr. Skinner next presented to and reviewed with the Board a memorandum prepared by SPH regarding the Goldwater Project, a copy of which memorandum is attached hereto as **Exhibit K**. After discussion, the Board concurred that it is not interested in participating in the project at this time.

STATUS OF ACQUISITION OF 6.867 TRACT ALONG CYPRESSWOOD DRIVE

There next ensued a discussion regarding the status of the District's acquisition of approximately 6.867 acres of commercial property located along Cypresswood Drive (the "Property"). Mr. Skinner informed the Board that, since last month's meeting, it has been discovered that a portion of the tract contains a cell phone tower pad site and noted that said pad site has been excepted out and that the District will now be acquiring 6.810 acres. Mr. Skinner also informed the Board that there is a Memorandum of Lease on a portion of said tract located outside of the pad site that may include a possible option to purchase. Mr. Skinner noted that said Memorandum of Lease is due to expire on December 4, 2036. Mr. Skinner reminded the Board that, the feasibility period for said property expires on May 21, 2014, and the closing for the purchase of said property is scheduled for June 5, 2014. Mr. Skinner then presented to and reviewed with the Board a General Warranty Deed, Deed of Trust and a Promissory Note in connection with the purchase of said property and requested that the Board consider approving said documents and authorizing the President to execute same on behalf of the Board and the District. After discussion on the matter, Director Hodge moved that the Board approve said documents 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.

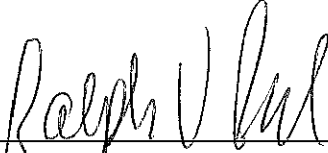
POSSIBLE ACQUISITION OF PROPERTY FROM FDC LOUETTA HOLDINGS I, LP

There next ensued a discussion regarding the possible acquisition of recreational and drainage facilities property from FDC Louetta Holdings I, LP ("FDC"). Mr. Skinner informed the Board that SPH has prepared a Purchase and Sale Agreement by and between the District and FDC and a Special Warranty Deed conveying the property from FDC to the District, and presented and reviewed same with the Board. Mr. Skinner reminded the Board that FDC has agreed to convey the property to the District in consideration for the District's agreement to charge FDC the District's actual costs for any fire line connections to the District's water system instead of the amount charged for such fire line facilities under the District's then existing Rate Order. After discussion, Director Adamek moved that said Purchase and Sale Agreement and Special Warranty Deed 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.

ADJOURN

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



Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Order Declaring Results
- Exhibit B – Tax Assessor-Collector's Report
- Exhibit C – Delinquent Tax Report
- Exhibit D – Bookkeeper's Report
- Exhibit E – Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions, with list of qualified brokers
- Exhibit F – Detention and Drainage Facilities Report
- Exhibit G – Engineer's Report
- Exhibit H – Proposal from Joyce, McFarland & McFarland LLP
- Exhibit I – Operations and Maintenance Report
- Exhibit J – District Security Report
- Exhibit K – Memorandum regarding The Goldwater Project