

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
February 19, 2015

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 19, 2015, 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:

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

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

Also present were John Davis and Mick Helfrich of Langford Engineering Inc. ("Langford"); Eric Thiry and Jason Sanwald of Environmental Development Partners, LLC ("EDP"); Michelle Guerrero of Bob Leared Interests ("BLI"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Blake Kridel of Storm Water Solutions, LP ("SWS"); Mr. Kent Clingerman of the Community Assistance Department of Harris County Precinct 4; Mr. Mike Sperandio of The Finial Group ("Finial"); Mr. Scott Leichtenberg, a member of the public and apartment developer; District resident Cindy Adamek; 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 January 15, 2015. After discussion of the minutes presented, Director Hodge moved that the January 15, 2015, minutes be approved, as written. Director Albright seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Mr. Clingerman introduced himself to the Board and discussed the role of the Community Assistance Department of Precinct 4 and presented and reviewed a brochure and newsletter with the Board, copies of said brochure and newsletter being attached hereto as **Exhibit A**.

DISTRICT SECURITY ISSUES

The Board considered the report regarding District security issues. Mr. Skinner distributed the Harris County Sheriff's Office call sheet summary for January 2015, a copy of which summary is attached hereto as **Exhibit B**. It was noted that Deputy Hoffschneider is moving to a daytime shift and will no longer be patrolling under the District's contract. The new deputy patrolling the District will attend a future board meeting to introduce himself or herself to the Board.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Skinner reminded the Board that it previously granted a Utility Commitment Letter to Finial in connection with the development of the Louetta Business Park. In connection therewith, Mr. Sperandio addressed the Board and advised that a portion of the Louetta Business Park has been completed but noted that Finial has received an offer for purchase of the remaining undeveloped property for the construction of an apartment project. Mr. Leichtenberg then addressed the Board regarding the proposed apartment project. Mr. Skinner informed the Board that Mr. Sperandio is requesting that the District grant a Utility Commitment Letter for the remaining undeveloped property for the proposed apartment project. After a lengthy discussion on the matter, the Board deferred taking any action at this time.

PROPOSED SERIES 2015 REFUNDING BOND ISSUE ("SERIES 2015 REFUNDING BONDS")

The Board next discussed the status of the District's proposed Series 2015 Refunding Bonds. Mr. Skinner noted that the District's financial advisor is waiting to receive certain cost information for various projects from the District's engineer before a Plan of Financing can be prepared. After discussion, the Board deferred taking any action on the matter at this time.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Guerrero next presented to and reviewed with the Board the Tax Assessor-Collector's report for the month of January 2015, which report is attached hereto as **Exhibit C**. After discussion on the report presented, Director Adamek 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 Stage seconded said motion, which unanimously carried.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Collection Attorneys' Report, dated February 19, 2015, 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 D**. He noted that no Board action was required with respect to any of the accounts listed in the report.

BOOKKEEPER'S REPORT

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated February 19, 2015, 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) a Fund Balance Report, (iii) a Pledged Securities Report, (iv) an Actual versus Budget Comparison for January 2015 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 E**. 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 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 December 31, 2014, a copy of which Report is included with **Exhibit E**. After review of the Quarterly Investment Inventory Report and upon motion duly made by Director Stage, 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.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Kridel presented to and reviewed with the Board a Detention and Drainage Facilities Report for February 2015 prepared by SWS, a copy of which report is attached hereto as **Exhibit E**. Mr. Kridel noted that there are some areas of erosion in area III, as shown in the Report, and recommended that the District repair said areas. After discussion, the Board requested that SWS prepare a proposal for the erosion repairs and present same at the next meeting. The Board then instructed SWS to trim certain trees located at gate no. 3 at Lexington Boulevard and Buffalo Springs.

ENGINEERING REPORT

Mr. Davis next presented to and reviewed with the Board the Engineering Report, dated February 19, 2015, a copy of which report is attached hereto as **Exhibit G**, relative to the status of various projects within the District.

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 H**. 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 Secretary be authorized to execute same on behalf of the Board and the District. Director Palermo seconded said motion, which unanimously carried.

NORTHLAND SHOPPING CENTER AND 6.867-ACRE TRACT ANNEXATION

The Board considered the status of annexation of the Northland Shopping Center and the 6.867-acre tract into the boundaries of the District. Mr. Skinner informed the Board that since the last meeting, SPH filed the annexation application with the City of Houston and noted that said application is under review at this time.

STATUS OF ACQUISITION OF EASEMENTS TO SERVE NORTHLAND SHOPPING CENTER

Mr. Skinner next updated the Board on the status of acquisition of the various easements necessary for the District to provide water and sanitary sewer service to Northland Shopping Center. In connection therewith, Mr. Skinner advised the Board that Spring Church of Christ has accepted the District's final offer for the acquisition of a Force Main Easement and a Water Line Easement in the amount of \$7,654. After discussion on the matter, Director Albright moved that (i) the final offer in the amount of \$7,654 be approved, (ii) the District's bookkeeper be authorized to issue a check in said amount and (iii) the Easements be approved and the President be authorized to execute same on behalf of the Board and the District. Director Palermo seconded the motion, which carried unanimously.

Mr. Skinner then informed the Board that the District has received a response from its final offer letter for the acquisition of a Force Main Easement and a Water Line Easement from Forestar (USA) Real Estate Group, Inc. ("Forestar") in the amount of \$22,573. Mr. Skinner advised the Board that Forestar has indicated that it will grant the Force Main Easement and Water Line Easement to the District for compensation in the amount of \$33,619. After discussion on the matter, Director Albright moved that (i) the amount of \$33,619 be approved, (ii) the District's bookkeeper be authorized to issue a check in said amount and (iii) the Easements be approved and the President be authorized to execute same on behalf of the Board and the District. Director Palermo seconded the motion, which carried unanimously.

Mr. Skinner next reminded the Board of the response received from the District's final offer letter for the acquisition of a Force Main Easement and Water Line Easement from Spring Baptist Church ("SBC") in the amount of \$22,734. As discussed at the last Board meeting, SBC will agree to the amount in the District's final offer letter so long as the District agrees to (i) restore the portion of the water line easement area that extends into SBC's parking lot with top soil instead of asphalt and to pay two-thirds of any cost savings that result from this construction methodology to SBC; and (ii) permit construction of one monument sign within the Force Main Easement, subject to review and approval of plans and specifications by the District's engineer. After discussion on the matter, Director Albright moved that (i) the amount of \$22,734 be approved, (ii) the District's bookkeeper be authorized to issue a check in said amount, (iii) the District's condemnation counsel be authorized to negotiate the agreement based on the terms set forth above, and (iv) the Easements be approved and the President be authorized to execute same on behalf of the Board and the District. Director Palermo seconded the motion, which carried unanimously.

Mr. Skinner further reported on the status of acquisition of the Force Main Easements and Water Line Easements from the two remaining landowners.

PROVISION FOR SECONDARY WATER SOURCE FOR WET 'N' WILD SPLASHTOWN ("SPLASHTOWN")

Mr. Skinner next updated the Board on the status of provision of a secondary water source for Splashtown. In connection therewith, he reminded the Board that it previously approved a Temporary Emergency Water Supply Agreement by and between the District and CLP Splashtown, LLC. He then informed the Board that said Agreement has been revised at the request of CLP Splashtown, LLC and presented and reviewed said Agreement with the Board. He then requested that the Board consider approving the revised Agreement and authorizing the President to execute same on behalf of the Board and the District. After discussion, Director Adamek moved that the revised Agreement be approved and the President be authorized to execute same on behalf of the Board and the District. Director Albright seconded the motion, which carried unanimously.

Mr. Davis next informed the Board that Langford will be receiving bids on March 3, 2015 for the construction of the water line through Splashtown's property to connect the District's system with Splashtown's system in order to provide temporary emergency water services to Splashtown and in order to provide water service to the Northland Shopping Center. A discussion next ensued regarding the scheduling of a special meeting to award the contract. After discussion, the Board concurred to schedule a special meeting for Wednesday, March 4, 2015 to consider awarding the contract.

PROPOSED ANNEXATION OF 23.3 ACRE TRACT

Mr. Skinner reminded the Board that the Adkisson Group has indicated that LGI Land will not be moving forward with its planned purchase of the 23.3 acre tract and the Home of Hope tract and that Adkisson Group would like to continue with the annexation of the 23.3 acre tract into the boundaries of the District for development of a low rise office and warehouse project, as previously discussed with the Board. Mr. Skinner then informed the Board that, as previously authorized, SPH requested a deposit of \$20,000 from the Adkisson Group for the preparation of an annexation agreement and noted that said check has not yet been received to date.

BAYER PARK WASTEWATER CONVEYANCE AND TREATMENT PROJECT

With respect to the Bayer Park wastewater conveyance and treatment project, Mr. Skinner reported on the status of the Interlocal Agreement between the District and the County for the project.

AMENDMENT TO EMERGENCY WATER SUPPLY AGREEMENT WITH OLD TOWN SPRING IMPROVEMENT DISTRICT ("OTSID")

Mr. Skinner reminded the Board that SPH was recently informed that OTSID sold their water distribution system to Quadvest, L.P. ("Quadvest") and that Quadvest is requesting that OTSID's Emergency Water Supply Agreement with the District be assigned to Quadvest given the change in ownership. Mr. Skinner then informed the Board that, as previously authorized, SPH has prepared a Mutual Termination of the Emergency Water Supply Agreement with OTSID and contacted the appropriate Quadvest representative to request that a deposit of \$20,000 be submitted to the District to cover the costs for the preparation of a new Emergency Water Supply Agreement between the District and Quadvest. No action was taken by the Board on the matter at this time.

OPERATIONS AND MAINTENANCE REPORT

The Board next considered the Operations and Maintenance Report. Mr. Thiry introduced Mr. Sanwald to the Board. Mr. Thiry then presented to and reviewed in detail with the Board a written Operations Report prepared by EDP, dated as of February 19, 2015; a copy of the Report is attached hereto as **Exhibit I**. The Board requested that EDP investigate and monitor the District's low water accountability.

Mr. Thiry next presented to and reviewed with the Board a list of accounts recommended for write-off and submittal to a collection agency for further handling, a copy of which list is included with **Exhibit I**. After discussion, Director Adamek moved that EDP be authorized to write-off the accounts reflected on the list and submit said accounts to a collection agency for further handling. Director Palermo seconded the motion, which carried unanimously.

WEBSITE PROVIDER

No updates to the website were requested at this time.

ATTORNEY'S REPORT

Mr. Skinner informed the Board that correspondence was received from Best Trash notifying the District that, effective April 2015, there will be CPI rate adjustment for garbage collection, disposal and recycling services. Mr. Skinner informed the Board that the rate for collection services will increase from \$14.87 to \$15.21, which represents an increase of 2.3%. Mr. Skinner advised the Board that SPH will include an item on the March 2015 agenda to amend the District's Rate Order.

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, 2015, including property, comprehensive boiler and machinery, commercial general liability, pollution liability, commercial umbrella, and directors and officers liability insurance,

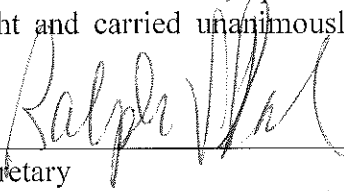
and the directors position schedule bond, public employee blanket bond, and tax assessor/collector's bond. After discussion on the matter, Director Stage moved that the proposal from Aqua be accepted, as set out in the attached proposal, a copy of which is attached hereto as **Exhibit J**, and that the 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

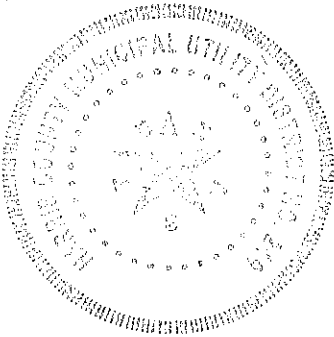
The Board deferred convening in Closed Session, as authorized pursuant to Texas Government Code Sections 551.071 and 551.072 at this time.

ADJOURN

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



Secretary



LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Brochure regarding Community Assistance Department and Newsletter
- Exhibit B – Security Report
- Exhibit C – Tax Assessor-Collector's Report
- Exhibit D– Delinquent Tax Report
- Exhibit E – Bookkeeper's Report
- Exhibit F – Detention and Drainage Facilities Report
- Exhibit G – Engineer's Report
- Exhibit H – Resolution Adopting Prevailing Wage Rate Scale
- Exhibit I – Operations and Maintenance Report
- Exhibit J – Accepted Aqua insurance proposal