

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Special Meeting of Board of Directors
March 24, 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 March 24, 2015, in accordance with the duly posted Notice of Special 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, except Director Adamek, who later entered the meeting as noted herein, thus constituting a quorum.

Also present were John Davis of Langford Engineering Inc. ("Langford"); Eric Thiry and Jason Sanwald of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests ("BLI"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Blake Kridel of Storm Water Solutions, LP ("SWS"); District resident Cindy Adamek, who later entered the meeting as noted herein; 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 meetings held on February 19, 2015 and March 4, 2015. After discussion of the minutes presented, Director Stage moved that the February 19, 2015 and the March 4, 2015 minutes be approved, as written. Director Albright seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

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 February 2015, a copy of which summary is attached hereto as **Exhibit A**.

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. McLaughlin next presented to and reviewed with the Board the Tax Assessor-Collector's report for the month of February 2015, which report is attached hereto as **Exhibit B**. After discussion on the report presented, Director Palermo 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.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Collection Attorneys' Report, dated March 24, 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 C**. 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 March 24, 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 February 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 D**. After discussion, it was moved by Director Hodge 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.

UNCLAIMED PROPERTY REPORT

The Board considered authorizing the preparation of an Unclaimed Property Report as of March 1, 2015, which is to be filed with the State Comptroller prior to July 1, 2015. After discussion on the matter, Director Stage moved that the District's consultants be authorized to prepare an Unclaimed Property Report, if necessary, and that the District's Bookkeeper file same with the State Comptroller prior to July 1, 2015. Director Palermo seconded said motion, which unanimously carried.

REPORT ON ELECTRICITY POOL

The Board next considered its participation in the renewal of the existing electricity pool established by Acclaim Energy Advisors ("Acclaim") and MA&C. In connection therewith, Mr. Burton presented to and reviewed with the Board a summary of terms of the renewal, a copy of which summary is included with the bookkeeper's report. Mr. Burton stated that the proposed renewal is for a three (3) year fixed rate between \$0.05/kWh and \$0.055 /kWh. After discussion on the matter, Director Albright moved that the Board approve said contract renewal and that Mr. Mark Burton be authorized to negotiate the renewal contract on the District's behalf in order to secure the electricity rate. Director Palermo seconded the motion which carried unanimously.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Kridel presented to and reviewed with the Board a Detention and Drainage Facilities Report for March 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. Mr. Kridel then presented to and reviewed with the Board a proposal in the amount of \$12,240 from SWS for said repairs, a copy of which proposal is included with **Exhibit E**. After discussion, Director Stage moved that the Board accept said proposal from SWS for the erosion repairs in an amount not to exceed \$12,240. Director Albright seconded the motion, which carried unanimously.

ENGINEERING REPORT

Mr. Davis next presented to and reviewed with the Board the Engineering Report, dated March 24, 2015, a copy of which report is attached hereto as **Exhibit F**, relative to the status of various projects within the District.

Mr. Davis next discussed with the Board the proposed development of Wayne C. Fox, Trustee's tract of land which is located next to the District's water plant. In connection therewith, Mr. Davis presented to and reviewed with the Board correspondence received from the Interfield Group, LLC requesting a utility commitment letter for 8,000 gallons per day of water and sanitary sewer capacity. Mr. Skinner reminded the Board that a District sanitary sewer line and water line are located within the property, and the District has requested easements from the current property owners but has been unsuccessful in obtaining said easements. The Board deferred any action on the matter until the April Board meeting.

Mr. Skinner next informed the Board that he was in receipt of a voicemail from Mr. Todd Edmonds regarding the proposed construction of a senior living center or a business park on the golf driving range property and noted that Mr. Edmonds will give a presentation regarding same at the next meeting.

CRITICAL LOAD

Mr. Skinner reported that Section 13.1396 of the Texas Water Code requires the District to annually submit to each electric distribution utility and each retail electric utility provider, on

forms reasonably required by each entity, its facilities which qualify for critical load status. After discussion on the matter, Director Hodge moved that the District's operator be authorized to make such annual filings on behalf of the District. Director Stage seconded the motion, which carried unanimously.

EMERGENCY BACK-UP GENERATOR

Mr. Skinner presented to and reviewed with the Board a proposal from Stewart & Stevenson LLC ("Stewart"), a copy of which proposal is attached hereto as **Exhibit G**, for a stand-by lease option for a generator for the District's wastewater treatment plant. After discussion on the matter, Director Albright moved that the Board accept Stewart's proposal for a stand-by lease of a 180 kilowatt emergency generator for use at the District's wastewater treatment plant facility and approve said lease agreement, subject to SP&H's review and approval of same. Director Stage seconded the motion, which carried unanimously.

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 reminded the Board that the annexation application had been submitted to the City of Houston on January 23, 2015, and advised 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 the District had received a response from its final offer letter for the acquisition of a Force Main Easement and a Water Line Easement from Roeder Ventures, Ltd. ("Roeder") in the amount of \$5,749. Mr. Skinner advised the Board that Roeder agreed to grant the Force Main Easement and Water Line Easement (collectively, the "Easements") to the District for compensation in the amount of \$9,033.75, the District's approval of the encroachment of Roeder's permanent monument sign encroaching upon the Easements, and the District's agreement that any placement of surface mounted facilities within the Easements would not prevent ingress and/or egress to Roeder's property through the proposed driveways. Mr. Skinner advised the Board that Langford had indicated that the encroachment for Roeder's permanent monument sign did not present any issues for the District and that no surface monument facilities would be placed on the proposed driveways by the District. Given that, SPH had contacted Director Hodge for his approval and execution of the Letter Agreement outlining these terms. After discussion on the matter, Director Albright moved that (i) the Board ratify its prior approval and execution of the Letter Agreement; (ii) the amount of \$9,033.75 be approved, (iii) the District's bookkeeper be authorized to issue a check in said amount 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 Easement from the one remaining landowner.

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

Mr. Davis reminded the Board that, at its last meeting, it awarded the contract to the low bidder, Reliance Construction Services, L.P. ("Reliance"), at a cost of \$310,375.30. Mr. Davis then informed the Board that said project has commenced and noted that the project is expected to be completed by May 7, 2015.

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. After discussion on the matter, the Board concurred that said item should be removed from the agenda at this time.

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 and forwarded correspondence to 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 and presented and reviewed a copy of said letter with the Board. No action was taken by the Board on the matter at this time.

Director Adamek and Ms. Adamek entered the meeting at this time.

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 Operations Report prepared by EDP, dated as of March 24, 2015; a copy of the Report is attached hereto as **Exhibit H**.

Mr. Thiry next discussed the plans and process for constructing the connections for Splashtown's water line.

Mr. Thiry next presented to and reviewed with the Board correspondence received from District resident Juli Stibbe of 25807 Austin Springs requesting an adjustment to her September water bill, a copy of which correspondence is included with **Exhibit H**. Mr. Thiry noted that Ms. Stibbe's water bill was significantly higher than normal. After discussion on the matter, the Board concurred that EDP be authorized to give a one-time credit to Ms. Stibbe's account in an amount not to exceed \$25.00.

Mr. Thiry informed the Board that EDP will be replacing the missing "No Trespassing" signs within the District.

LANDSCAPING AT WASTEWATER TREATMENT PLANT

A discussion ensued regarding the various landscaping options for the District's wastewater treatment plant. After further discussion, the Board deferred taking any action on the matter at this time.

AMENDMENT OF RATE ORDER

Mr. Skinner next presented to and reviewed with the Board correspondence from Best Trash notifying the District that, effective April 2015, there will be a 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%. 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 Adamek, seconded by Director Albright and unanimously carried, that the Board amend the Rate Order effective April 1, 2015, to reflect the CPI rate increase for such services, and that the District's monthly residential sanitary sewer fee be increased from \$24.86 to \$25.20.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Skinner reminded the Board that it previously granted a Utility Commitment Letter to Finial Group in connection with the development of the Louetta Business Park and that a portion of the Louetta Business Park has been completed but that Finial Group has received an offer for purchase of the remaining undeveloped property for the construction of an apartment project. Mr. Skinner further reminded the Board that Mr. Mike Sperandio has requested 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 concurred that Langford be authorized to move forward with the preparation of a feasibility study for the property, subject to (i) receipt of a \$5,000 deposit from Finial Group to cover the costs of said study and (ii) Langford having said study ready for presentation at the June 2015 meeting.

WEBSITE PROVIDER

No updates to the website were requested at this time.

ATTORNEY'S REPORT

Mr. Skinner next presented and reviewed with the Board correspondence dated February 24, 2015 received from Jerry Homan, General Manager of Harris County Fresh Water Supply District No. 61, a copy of which is attached hereto as **Exhibit I**, notifying the Board of two public meetings being held this month, and requesting the District's support of the Water Users Coalition formed for the purposes of establishing a constructive dialogue with the North Harris County Regional Water Authority ("NHCRWA"), independent review of NHCRWA actions, and purposeful discussions regarding surface water. After discussion, the Board deferred taking any action on the matter at this time.

Mr. Skinner next discussed with the Board House Bill 2389 and Senate Bill 1000 relative to Strategic Partnership Agreements. A discussion then ensued regarding same.

Mr. Skinner next advised the Board that correspondence was received from the Texas Commission on Environmental Quality requesting Homeland Security Contact Information and requested that the Board consider authorizing EDP to provide said information on the District's behalf. After discussion, Director Adamek moved that EDP be authorized to provide said information on the District's behalf. Director Albright seconded the motion, which carried unanimously.

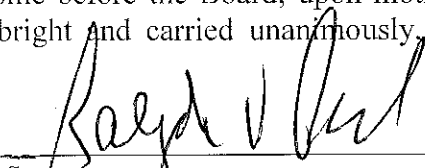
CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.072

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 – 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 – Engineer's Report
- Exhibit G– Proposal from Stewart & Stenvson
- Exhibit H – Operations and Maintenance Report
- Exhibit I – Correspondence regarding Water Users Coalition