

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors September 17, 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 September 17, 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, except Directors Palermo and Albright, thus constituting a quorum.

Also present were John Davis of Langford Engineering Inc. ("Langford"); Damon Brown and Eric Thiry, who later entered the meeting after it had been called to order, of Environmental Development Partners, LLC ("EDP"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Brenda McLaughlin and Stephanie Hendershot of Bob Leared Interests ("BLI"); Philip Rife of The Finial Group ("Finial"); Scott Leichtenberg of Light Hill Partners, LLC; James Stilwell of Martin, Earl & Stilwell LLP ("MES"); James Elmore and Troy Giani of Axis Development ("Axis"); Michael Murr of Murr Incorporated ("MI"); Christine Crotwell of First Southwest Company ("FSW"); 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 August 20, 2015. After discussion of the minutes presented, Director Adamek moved that the August 20, 2015 minutes be approved, as written. Director Stage seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

PRESENTATION BY AXIS

Mr. Elmore introduced himself to the Board and advised that there is an approximate 3.5 acre tract of land located at the intersection of Spring Cypress Rd. and Lexington Blvd. that Axis is looking to purchase and develop. He noted that the current development plans consist of a retail shopping center and a motel. He then advised the Board that Axis is requesting that the District authorize its engineer to prepare a feasibility study to determine if the District has capacity available to serve the tract (approximately 75 equivalent single family connections ("esfc") of water and sanitary sewer capacity). After discussion on the matter, Director Stage moved Langford be authorized to move forward with the preparation of a feasibility study for the property, subject to receipt of a \$5,000 deposit from Axis to cover the costs of said study. Director Hodge seconded the motion, which carried unanimously.

Mr. Thiry entered the meeting during the Axis presentation.

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

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2015 TAX RATE

The Board next considered the Financial Advisor's recommendation concerning the District's proposed 2015 tax rate and authorization of: (a) the required notice that the Board will consider adoption of a tax rate; and (b) the means of providing such notice.

Mr. Skinner advised that, pursuant to the Texas Water Code, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Skinner further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. He advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least ten days before the date of the meeting.

Ms. Crotwell then presented to and reviewed with the Board a Tax Rate Analysis, a copy of which is attached hereto as **Exhibit B**. Ms. Crotwell then informed the Board that, FSW is recommending a proposed 2015 debt service tax rate of \$0.55 per \$100 of assessed valuation. There then ensued a discussion regarding the recommended 2015 maintenance tax rate. After discussion on the matter, Director Adamek moved that the Board set a 2015 debt service tax rate of \$0.55 per \$100 of assessed valuation and set a 2015 maintenance tax rate of \$0.29 per \$100 of assessed valuation, and that the District's tax assessor-collector be authorized to publish notice of the District's intention to adopt a 2015 tax rate at its next meeting in the form and at the time

required by law. Director Hodge seconded said motion, which unanimously carried. The Board concurred that the notice be published by the tax assessor-collector in the *Ultimate Zone* section of the *Houston Chronicle*. The Board noted that the 2015 total tax rate of \$0.84 per \$100 of assessed valuation is a reduction of \$0.04 from the District's 2014 total tax rate of \$0.88 per \$100 of assessed valuation.

PROPOSED SERIES 2015 UNLIMITED TAX REFUNDING BONDS (THE "REFUNDING BONDS")

Ms. Crotwell next addressed the Board and presented to and reviewed with the Board (i) a Cost-Benefit Analysis Cash Defeasance vs. Financing Projects with Bonds, and (ii) a Sources and Uses of Funds in connection with the possible issuance of approximately \$2,250,000 par amount of unlimited tax refunding bonds; copies of the Cost-Benefit Analysis Cash Defeasance vs. Financing Projects with Bonds and Sources and the Uses of Funds are attached hereto as **Exhibit C**. Ms. Crotwell reported that the proposed Refunding Bonds would refund all of the District's outstanding Series 2006 Unlimited Tax Bonds. She also stated that the par amount of the Refunding Bonds was subject to change depending on the market conditions at the time of sale. Ms. Crotwell then explained various requirements of the City of Houston relative to the issuance of refunding bonds by the District and noted that, at this time, the transaction meets all of said requirements. After discussion regarding the possible defeasance of the Series 2006 Bonds versus refunding, Director Adamek moved that the District's consultants be authorized to proceed with the preparation of the necessary documents for the refunding of the District's Series 2006 Unlimited Tax Bonds and that the appropriate items be added to the next agenda. Director Hodge seconded the motion, which carried unanimously.

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 August 2015, which report is attached hereto as **Exhibit D**. Ms. Hendershott additionally presented check no. 1183 to HARCO in the amount of \$250 for approval, which is not reflected on the report. 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, including check no. 1183. Director Hodge 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 September 17, 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 E**. Mr. Skinner 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 September 17, 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 August 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 F**. A discussion ensued regarding check no. 6496 issued to the Spring Lakes Homeowners Association ("HOA"). It was noted that the HOA's maintenance contractor(s) had recently destroyed certain landscaping at the District's lakes. 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, subject to MAC holding check no. 6496 until Director Adamek talks with the HOA regarding the maintenance of the landscaping surrounding the lakes. Director Stage seconded the motion, which carried unanimously.

AMENDMENT TO AGREEMENT FOR BOOKKEEPING SERVICES

Mr. Burton next presented and reviewed with the Board a Second Amendment to Agreement for Bookkeeping Services with MAC reflecting certain fee increases. After discussion on the matter, Director Adamek moved that the Board accept the fee adjustments requested by MAC and that the President be authorized to execute the Second Amendment to Agreement for Bookkeeping Services on behalf of the Board and District. Director Hodge seconded the motion, which carried unanimously.

STATUS OF ARBITRAGE REBATE REPORT

The Board next considered the status of the 5th Year Arbitrage Rebate Report for the District's Series 2010 Unlimited Tax Refunding Bonds being prepared by Arbitrage Compliance Specialists ("ACS"). Mr. Skinner informed the Board that ACS is in the process of preparing said report at this time.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Brown gave the Board a verbal report on the condition of the District's detention and drainage facilities.

ENGINEERING REPORT

Mr. Davis next presented to and reviewed with the Board the Engineering Report, dated September 17, 2015, a copy of which report is attached hereto as **Exhibit G**, relative to the status of various projects within the District.

Mr. Davis updated the Board on the status of provision of water and sanitary sewer to the Northland Shopping Center and applicable pad sites. A discussion then ensued regarding same.

Mr. Skinner next presented to and reviewed with the Board a Water Line Easement from Northland Joint Venture in connection with the provision of water service to the Northland Shopping Center. Mr. Skinner then requested that the Board consider approving said easement and authorizing the President to execute same on behalf of the Board and the District. After discussion, Director Hodge moved that the Board approve said easement 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.

Mr. Davis next requested that the Board consider authorizing Langford to advertise for bids for the Spring Cypress Road water and sanitary sewer line project. After discussion, Director Stage moved that Langford be authorized to move forward with advertising for bids for said project. Director Adamek seconded the motion, which carried unanimously.

PROPOSED ANNEXATION

A discussion next ensued regarding the proposed annexation and construction of a senior living center or a business park on the property located at 708 E. Cypresswood, Spring, Texas. In connection therewith, Mr. Skinner informed the Board that he had nothing new to report 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. No action was taken by the Board on the matter at this time.

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

Mr. Skinner reminded the Board that he had previously reported that Quadvest authorized its attorney to prepare a proposed Emergency Water Supply Agreement for the District's review and approval and noted that he is waiting on a draft of said agreement from Quadvest's attorney.

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 September 17, 2015; a copy of the Report is attached hereto as **Exhibit H**.

Mr. Thiry informed the Board that EDP is in the process of replacing various District signs that have recently been stolen or defaced.

LANDSCAPING AT WASTEWATER TREATMENT PLANT

The Board next discussed landscaping at the wastewater treatment plant. In connection therewith, Mr. Murr informed the Board that, as requested at last month's meeting, he requested a

proposal and additional information from the "Trees for Houston" program for the Board's consideration and noted that the "Trees of Houston" program is willing to donate 150 trees to the District, which is equivalent to approximately \$20,000 worth of trees. The Board expressed its interest in planting trees along Cypresswood Dr. Mr. Murr noted that the total estimated cost for planting the 150 trees is \$3,500, plus irrigation. There then ensued a discussion regarding the use of grey water for irrigation purposes. After further discussion on the matter, Mr. Davis informed the Board that he would look into the possibility of the District using non-potable irrigation for the trees. Mr. Murr indicated that he would coordinate with the "Trees of Houston" program accordingly, and provide additional information at the next meeting.

ALTERNATIVES FOR LANDSCAPING OPTIONS FOR LEXINGTON ROAD MEDIAN

The Board next discussed landscaping alternatives for the Lexington Road median, including the possible use of donated trees through the "Trees for Houston" program for said project. Mr. Murr informed the Board that, as requested, he prepared a cost estimate for the project and noted that he has estimated that approximately 45 trees would be needed for each median at a total cost of \$93,000. He noted that if the "Trees for Houston" program were to donate trees for the project, the District would have an approximate \$18,000 cost savings. He additionally noted that the cost does not include the borings underneath the street, which would cost approximately \$5,000. After further discussion on the matter, the Board deferred taking any action until the next meeting.

LANDSCAPING ALONG SPRING CYPRESS ROAD FROM I-45

The Board deferred discussion of landscaping along Spring Cypress Road from I-45 until the next meeting.

FIRST AMENDMENT TO ANNEXATION AGREEMENT

The Board considered the approval and execution of a First Amendment to Annexation Agreement ("First Amendment") by and between the District and Bringing Hope, Inc. d/b/a Home of Hope-Texas ("HOH"). Mr. Skinner reminded the Board that HOH has requested a refund of its tax-exempt tap fees since it lost its tax exempt status and is currently paying District taxes on the property and that the bookkeeper confirmed that the refund amount would be \$28,000. Mr. Skinner then reminded the Board that it agreed to HOH's request for said refund and authorized the District's bookkeeper to issue a check for said amount subject to HOH executing a mutual termination or appropriate amendment of the annexation agreement between HOH and the District, and said refund check not being released to HOH until said termination or amendment has been received and approved by the Board. Mr. Skinner then presented to and reviewed the First Amended with the Board. After discussion, Director Adamek moved that (i) said First Amendment be approved and that the President be authorized to execute same on behalf of the Board and the District and (ii) the District's bookkeeper be authorized to release HOH's check upon receipt of the executed First Amendment from HOH. Director Hodge seconded the motion, which carried unanimously.

WEBSITE PROVIDER

Director Adamek noted several updates to the District's website.

CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071 AND/OR SECTION 551.072

Director Stage moved that the Board convene in Closed Session at 7:56 p.m., as authorized pursuant to Texas Government Code Section 551.071 and/or Section 551.072. Director Adamek seconded the motion which carried unanimously. Those in attendance, with the exception of the Board, Mr. Stillwell and Mr. Skinner, exited at this time.

At 9:10 p.m. Director Adamek moved that the Board reconvene in public session. Director Stage seconded the motion, which carried unanimously.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Board next considered adoption of a Resolution Providing for Indemnification of Directors and Officers. Mr. Skinner presented the Resolution, attached hereto as **Exhibit I**, which provides that in consideration and in partial compensation for the public benefits which are to be derived from the services rendered or to be rendered by the Directors and Officers, the District shall, to the greatest extent permitted by the laws of the State of Texas, but subject to certain limitations, provide financial reimbursement for, and indemnification against, all costs, losses and expenses which may be incurred by such Directors and Officers. After discussion, on motion made by Director Adamek and seconded by Director Hodge, the Board voted unanimously to adopt the attached Resolution Providing for Indemnification of Directors and Officers and to authorize the President to execute and the Secretary to attest same.

ORDER ESTABLISHING POLICY OF DISTRICT'S ISSUANCE OF UTILITY COMMITMENTS

The Board deferred the adoption of an Order Establishing Policy of District's Issuance of Utility Commitments at this time.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Skinner addressed the Board regarding the request for a utility commitment letter for the proposed apartment project to be located in the Louetta Business Park. Mr. Skinner reminded the Board that it previously granted a Utility Commitment Letter to an affiliated entity of Finial 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 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 of Finial, and the proposed purchaser of the property, Light Hill Partners, LLC ("Light Hill"), have requested that the District grant a Utility Commitment Letter for the remaining undeveloped property for the proposed apartment project. Mr. Skinner additionally reminded the Board that Langford prepared a feasibility study for the

property, which was presented to the Board at its June 25, 2015 meeting. Messrs. Rife and Leichtenberg each then addressed the Board regarding the Utility Commitment Letter request and expressed their concern in the delay of the Board's approval of said utility commitment letter. After discussion, the Board deferred taking any action until Directors Palermo and Albright could be advised by Mr. Stillwell on the matter.

Mr. Skinner next reminded the Board that it previously issued a Utility Commitment Letter to Dhanani Investment Inc. ("Dhanani") for sanitary sewer capacity of 8,000 gallons per day, average daily flow, and related water capacity to serve a 3.017 acre tract of land ("Tract"). Mr. Skinner reminded the Board that Dhanani has advised SPH that a related entity purchased the Tract and requested a utility commitment letter be issued to the related entity, North Lexington Realty, LLC since it is the current owner of the Tract. After discussion on the matter, the Board deferred taking any action until Directors Palermo and Albright could be advised by Mr. Stillwell on the matter.

DISTRICT CODE OF ETHICS AND LIST OF LOCAL GOVERNMENT OFFICERS

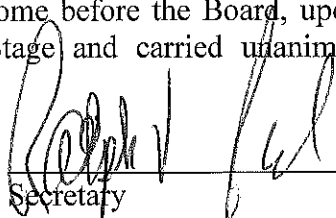
Mr. Skinner distributed and reviewed with the Board copies of (i) a draft Order Adopting a Code of Ethics, Fees and Expense Policy, Policy Relating to Consulting Services, Uniform Financial Accounting and Reporting Standards, Policy Relating to Adoption of Annual Operating Budget, and Creating an Audit Committee of the Board of Directors (the "Code of Ethics"), and (ii) a Memorandum from SPH regarding recent statutory changes in the conflicts disclosure reporting requirements for District Board members, copies of which are attached hereto as **Exhibit J**. Mr. Skinner reviewed with the Board the Memorandum from SPH and discussed the proposed revisions to the Code of Ethics. He also advised the Board that the District is now required to prepare and maintain a list of local government officers and make such list available to the public and any vendor who may be required to file a conflict of interest questionnaire. After further discussion, the Board deferred adopting said Order at this time.

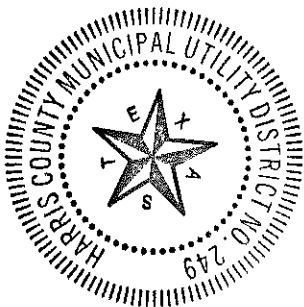
ATTORNEY'S REPORT

Mr. Skinner informed 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 Adamek, seconded by Director Stage and carried unanimously, the meeting was adjourned.


Secretary



LIST OF ATTACHMENTS TO MINUTES

Exhibit A – Security Report

Exhibit B – Tax Rate Analysis

Exhibit C – Cost-Benefit Analysis Cash Defeasance vs. Financing Projects with
Bonds ; Sources and Uses of Funds

Exhibit D – Tax Assessor-Collector's Report

Exhibit E – Delinquent Tax Report

Exhibit F – Bookkeeper's Report

Exhibit G – Engineer's Report

Exhibit H – Operations and Maintenance Report

Exhibit I – Resolution Providing for Indemnification of Directors and Officers

Exhibit J – Memorandum regarding recent statutory changes in the conflicts
disclosure reporting requirements; Order Adopting Code of Ethics