

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors December 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 December 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 Director Hodge, thus constituting a quorum. Director Hodge entered the meeting after it had been called to order, as noted herein.

Also present were John Davis of Langford Engineering Inc. ("Langford"); Damon Brown and Eric Thiry of Environmental Development Partners, LLC ("EDP"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Stephanie Hendershot of Bob Leared Interests ("BLI"); Michael Murr of Murr Incorporated ("MI"); Blake Kridel of Storm Water Solutions, LP ("SWS"); Jack Fields of Andrews Kurth LLP, counsel for Northland Joint Venture, who entered the meeting after it had been called to order, as noted herein; District resident Cindy Adamek; and Christopher Skinner of Schwartz, Page & Harding, L.L.P. ("SPH").

In the absence of the President, the Vice 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 November 19, 2015. After discussion of the minutes presented, Director Adamek moved that the November 19, 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 next considered the report regarding District security issues. Mr. Skinner distributed the Harris County Sheriff's Office call sheet summary for November 2015, a copy of which summary is attached hereto as **Exhibit A**.

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 November 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 Stage seconded said motion, which unanimously carried.

Director Hodge entered the meeting during the Tax Assessor-Collector's Report.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Collection Attorneys' Report, dated December 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 C**. 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 December 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 November 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 Adamek 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.

Mr. Fields entered the meeting during the Bookkeeper's Report.

OPERATING BUDGET

Mr. Burton next reviewed with the Board draft budgets for the District's General Operating Fund and the Sewage Treatment Plant Operations Account for the fiscal year ending December 31, 2016, copies of which draft budgets are included with **Exhibit C**. After discussion on the matter, Director Adamek moved that the Board approve the District's General Operating Fund and Sewage Treatment Plant Operations Account budgets for the fiscal year ending December 31, 2016, as presented. Director Albright seconded said motion, which carried unanimously.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Kridel gave the Board a verbal update on the condition of the District's facilities. Mr. Kridel reminded the Board that there is a sinkhole along a District drainage channel in need of repair and noted that said sinkhole is not located above or near a District sanitary sewer line as previously suspected. Mr. Kridel then informed the Board that SWS is proposing to perform the necessary repair at a cost of \$1,800. After discussion, Director Hodge moved that the Board accept SWS' proposal in the amount of \$1,800 for said repair. Director Adamek seconded the motion, which carried unanimously.

ENGINEERING REPORT

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

Mr. Davis next informed the Board that Langford received bids on December 16, 2015, for the Spring-Cypress Road water and sanitary sewer lines project. He then presented to and reviewed with the Board two (2) bids that were received for the project. Mr. Davis recommended that the Board award the contract to the low bidder, C.E. Barker, Ltd. ("CEB"), at a cost of \$482,810.90. After further discussion on the matter, Director Adamek moved that the project be awarded to the low bidder, CEB, at a cost of \$482,810.90, subject to the District's attorney's review of the payment and performance bonds and insurance certificate submitted in connection with the contract to determine if the payment and performance bonds and insured meet the requirements of the bid specifications, the Texas Insurance Code, the rules of the Texas Commission on Environmental Quality and the provision of the Texas Water Code. Director Stage seconded the motion, which carried unanimously.

Mr. Davis next requested that the Board consider authorizing Langford to renew the District's stormwater quality permit that is due to expire in the near future. After discussion, Director Adamek moved that Langford be authorized to renew said permit. Director Albright seconded the motion, which carried unanimously.

PROVISION OF WATER AND SANITARY SEWER SERVICE TO NORTHLAND SHOPPING CENTER

Mr. Skinner updated the Board on the status of provision of water and sanitary sewer to the Northland Shopping Center and applicable pad sites. In connection therewith, Mr. Fields introduced himself to the Board and presented and reviewed a Memorandum regarding Northland Shopping Center Costs and Other Matters, a copy of which Memorandum is attached hereto as **Exhibit F** and requested that the Board consider sharing in some of the costs incurred by Northland Joint Venture as outlined in the attached Memorandum. Mr. Fields then presented to and reviewed with the Board a summary regarding Advantages to the District of using "Plan B", a copy of which is included with **Exhibit F**, and as discussed at the previous meeting. Mr. Davis reminded the Board that under Plan B, the District's only customer would be Northland Joint Venture, and Northland Joint Venture would be the provider of water and sanitary service

to the pad sites. Mr. Davis next discussed the scope of work related to the sanitary sewer system that would serve Northland Joint Venture. A discussion next ensued regarding same. After discussion, Mr. Skinner requested that the Board consider (i) approval and execution of a Conveyance and Bill of Sale of Utility Facilities for the Wastewater Treatment Plant owned by Northland Joint Venture, (ii) acceptance of a Temporary Wastewater Treatment Plant and Access Easement from Northland Joint Venture; and (iii) approval and execution of a Side Agreement with Northland Joint Venture regarding the transfer of the waste discharge permit from Northland Joint Venture to the District. After discussion on the matter, Director Adamek moved that the Board approve the Conveyance and Bill of Sale of Utility Facilities for the Wastewater Treatment Plant and that 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. Director Hodge then moved that the Board accept the Temporary Wastewater Treatment Plant and Access Easement 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. Director Adamek then move that the Board approve the Side Agreement with Northland Joint Venture and that the President be authorized to execute same on behalf of the Board and the District. 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 reported on the status of the Interlocal Agreement between the District and Harris County for the project.

There next ensued a discussion regarding the possibility of relocating the County's lift station in order to serve the Home of Hope tract. Mr. Davis informed the Board that he is working with the County and Home of Hope on the matter at this time. No action was taken by the Board.

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, which Quadvest's attorney previously advised is forthcoming. Mr. Skinner stated he has attempted to discuss the matter with Quadvest's attorney but has yet to make contact.

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

Mr. Thiry next advised the Board that the resident located at 25711 Beckham Springs Ct. has requested that the District remove a large water oak tree located behind the property to

eliminate root intrusion on the resident's property. After discussion, the Board concurred to deny the request.

WATER LOSS AUDIT

The Board next considered authorizing the District's operator and engineer to perform a 2015 Water Loss Audit. Mr. Skinner advised the Board that Section 16.0121 of the Texas Water Code requires any retail public utility providing potable water to perform and file a water loss audit with the Texas Water Development Board every five (5) years. Mr. Skinner advised the Board that such Audit is due May 31, 2016. After discussion on the matter, Director Hodge moved that the District's operator and engineer be authorized to perform such water loss audit on a calendar year basis and provide same for the Board's review. Director Albright seconded the motion, which carried unanimously.

SETTLEMENT AGREEMENT WITH NORTH LEXINGTON REALTY, LLC

The Board next considered the approval and execution of a Settlement Agreement with North Lexington Realty, LLC ("Lexington") relative to Lexington's unauthorized removal of the existing old-growth trees located on a portion of the District's water plant site (the "Property"). In connection therewith, Mr. Skinner informed the Board that, as previously authorized, SPH prepared a Settlement Agreement for its consideration with the following terms: (1) the District will engage MI to prepare a plan for landscaping, tree planting and irrigation of the Property (the "Plan") and Lexington will pay the District all fees and expenses incurred by MI with development of the Plan; (2) Lexington will engage a contractor to implement the Plan at its expense; and (3) Lexington will maintain the irrigation system and irrigate the trees in a manner to maintain good health. Mr. Skinner then presented and reviewed a copy of said Agreement with the Board along with a proposal prepared by MI for landscaping, tree planting and irrigation of the Property. Mr. Skinner noted that Lexington was provided with a copy of the Agreement prior to the meeting today and advised that Lexington has executed and returned said Agreement accordingly. After discussion on the matter, Director Adamek moved that the Board approve said Agreement along with MI's proposal and that the President be authorized to execute said Agreement and proposal on behalf of the Board and the District. Director Albright seconded the motion, which carried unanimously.

LANDSCAPING AT WASTEWATER TREATMENT PLANT

The Board next discussed landscaping at the wastewater treatment plant. In connection therewith, Mr. Murr reminded the Board that the "Trees of Houston" program is willing to donate 150 trees to the District. Mr. Murr then recommended that approximately 50 trees be planted at the wastewater treatment plant. A discussion also ensued regarding the planting of approximately 25 trees along Wunsche Gulley behind the apartment complex. Mr. Murr noted that he is working with EDP to provide irrigation to the area at this time. A discussion then ensued regarding same. No further action was taken by the Board at this time.

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. In connection therewith, Mr. Murr reminded the Board that, he previously 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 75 trees to the District. Mr. Murr then presented and reviewed with the Board a landscaping plan for the Lexington Road median. No action was taken by the Board at this time.

LANDSCAPING ALONG SPRING-CYPRESS ROAD FROM I-45

The Board deferred discussion of landscaping along Spring-Cypress Road from I-45 until completion of the water line and sanitary sewer line along Spring-Cypress Road.

WEBSITE PROVIDER

Director Adamek recommended that the District's website be updated with the removal of the "Construction" section from the District's website. After discussion, the Board concurred with said recommendation.

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

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

ORDER ESTABLISHING POLICY OF DISTRICT'S ALLOCATION OF POTABLE WATER AND SANITARY SEWER CAPACITIES

The Board deferred the adoption of an Order Establishing Policy of District's Allocation of Potable Water and Sanitary Sewer Capacities at this time.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Skinner reminded the Board that there is an approximate 3.5 acre tract of land located at the intersection of Spring Cypress Rd. and Lexington Blvd. that Axis Development is looking to purchase and develop and that the current development plans consist of a retail shopping center and a motel. He then reminded the Board that it previously authorized Langford to prepare a feasibility study to determine if the District has capacity available to serve the tract (approximately 75 equivalent single family connections of water and sanitary sewer capacity), subject to receipt of a \$5,000 deposit from Axis to cover the costs of said study. Mr. Skinner noted that said deposit has not been received to date.

IMPLEMENTATION OF HOUSE BILL 1295

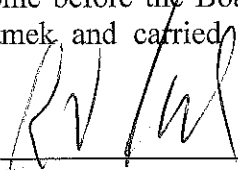
Mr., Skinner informed the Board that, as of January 1, 2016, recently enacted House Bill 1295 ("HB 1295") will apply to all District contracts that require Board approval or have a total value of \$1,000,000 or more. He further explained that, pursuant to the bill, the District may not enter into a contract with a business entity unless that entity has (1) filed a Texas Ethics Commission ("TEC") Form 1295 and (2) supplied a signed copy of same and a Certification of Filing from the TEC to the District. Mr. Skinner informed the Board that SPH is working on issues related to the implementation of HB 1295.

ATTORNEY'S REPORT

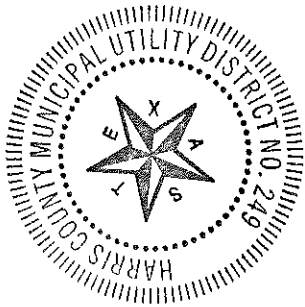
Mr. Skinner informed the Board that he had nothing more of a legal nature to report at this time.

ADJOURN

There being no further business to come before the Board, upon motion duly made by Director Hodge, seconded by Director Adamek 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 – Engineer's Report
- Exhibit F – Memorandum and Summary
- Exhibit G – Operations and Maintenance Report