

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
Minutes of Meeting of Board of Directors
January 21, 2016

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 January 21, 2016, 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.

Also present were John Davis of Langford Engineering Inc. ("Langford"); 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"); District residents Cindy Adamek and Cindy Hamilton; 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 December 17, 2015. After discussion of the minutes presented, Director Adamek moved that the December 17, 2015, minutes be approved, as written. Director Albright seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Ms. Hamilton introduced herself to the Board and advised of her concerns relative to the apartment complex to be constructed behind the Harris County Flood Control District's drainage channel. Mr. Murr then discussed the landscaping plan for tree planting along the channel to serve as a screen and buffer to the proposed project. Mr. Skinner next discussed the history relative to the apartment project, and the legal requirements of the District in connection with same.

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

The Board next considered ratification of its prior action relative to the approval and execution of an Interlocal Agreement for Law Enforcement Services between the District and Harris County. After discussion, Director Adamek moved that the Board's prior action be ratified in all respects. Director Albright 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 December 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 Adamek seconded said motion, which unanimously carried.

Ms. Hamilton exited the meeting during presentation of 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 January 21, 2016, 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.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Skinner next outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2016, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2016, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After further discussion of the matter, Director Stage moved that the District (i) grant the residential homestead exemption of 20%, but not less than \$5,000, (ii) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$25,000 from ad valorem taxes

levied by the District during the calendar year 2016, and (iii) that the Resolution attached hereto as **Exhibit D** relative to same be approved and adopted by the Board and the District. Director Albright seconded said motion, which carried unanimously.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit E**. Mr. Skinner advised that the Board is authorized, pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, an additional penalty not to exceed 20% of the total taxes, penalty and interest due the District on personal property taxes that remain delinquent as of said 60th day, as more fully described in said Resolution. After discussion, it was moved by Director Adamek, seconded by Director Palermo and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be adopted by the Board.

BOOKKEEPER'S REPORT

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated January 21, 2016, 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 December 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**. 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, except for check no. 6610 issued to Director Hodge, which was voided. Director Adamek 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 advised that, pursuant to the Public Funds Investment Act, the Board is required to review, and revise as necessary, such list at least annually. He presented to 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 G**. Mr. Skinner further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Adamek 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 Vice

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

DETENTION AND DRAINAGE FACILITIES REPORT

The Board deferred consideration of a Detention and Drainage Facilities Report after noting that no representative was present at the meeting.

ENGINEERING REPORT

Mr. Davis next presented to and reviewed with the Board the Engineering Report, dated January 21, 2016, a copy of which report is attached hereto as **Exhibit H**, relative to the status of various projects within the District.

Mr. Skinner next presented to and reviewed with the Board a Correction Water Line Easement from CLP Splashtown, LLC. Mr. Skinner advised that said Correction Water Line Easement is being granted to correct the legal description attached to the original water line easement, and requested that the Board consider approving said Easement and authorizing the Vice President to execute same on behalf of the Board and the District. After discussion, Director Adamek moved that the Board approve said Easement and that the Vice President be authorized to execute same on behalf of the Board and the District. Director Stage seconded the motion, which carried unanimously.

Mr. Skinner next presented to and reviewed with the Board (i) a Correction Water Line Easement from Cynthia A. Davenport and (ii) a Correction Forcemain Easement from Cynthia A. Davenport (collectively, the "Easements"). Mr. Skinner advised that the Easements are being granted to correct the original grantor to that of Cynthia A. Davenport, instead of the Charles Oscar Davenport, A/K/A Charles Oscar Davenport, Jr., Independent Administrator with Will Annexed of the Estate of Hulda Ann Davenport, Deceased, and requested that the Board consider approving said Easements and authorizing the Vice President to execute same on behalf of the Board and the District. After discussion, Director Albright moved that the Board approve said Easements and that the Vice President be authorized to execute same on behalf of the Board and the District. Director Stage 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. Skinner reminded the Board that, at the last meeting, Mr. Jack Fields presented and reviewed a Memorandum regarding Northland Shopping Center Costs and Other Matters, along with a summary regarding Advantages to the District of using "Plan B" and requested that the Board consider sharing in some of the costs incurred by Northland Joint Venture. 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. A discussion next ensued regarding same. After discussion, the Board concurred to offer a \$2,000

per month credit against Northland Joint Venture's water bills for a period of twelve (12) months, and to include details of said credit in the Amended and Restated Annexation and Utility Service Agreement currently being prepared.

AMENDED AND RESTATED ANNEXATION AND UTILITY SERVICE AGREEMENT

The Board deferred the approval and execution of an Amended and Restated Annexation and Utility Service Agreement by and between the District and Northland Joint Venture at this time.

PURCHASE AND SALE AGREEMENT

Mr. Skinner next presented to and reviewed with the Board a Purchase and Sale Agreement between the District and Bringing Hope, Inc. d/b/a Home of Hope-Texas ("HOH"), in connection with the HOH's conveyance of the lift station site. Mr. Davis reminded the Board that said lift station would serve Bayer Park and the HOH tract. Mr. Skinner next discussed with the Board obtaining a Phase I environmental site assessment for the lift station site and requested that the Board consider approving said Agreement and authorizing the Vice President to execute same on behalf of the Board and the District. After discussion, Director Adamek moved that the Board (i) approve said Agreement and that the Vice President be authorized to execute same on behalf of the Board and the District, and (ii) authorize Langford to obtain a Phase I environmental site assessment for the lift station site from Berg Oliver. Director Stage seconded the motion, which carried unanimously.

BAYER PARK WASTEWATER CONVEYANCE AND TREATMENT PROJECT

With respect to the Bayer Park wastewater conveyance and treatment project, the Board deferred approval of an Interlocal Agreement between the District and Harris County for the project pending conveyance of the lift station site from HOH.

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 a draft of said agreement had been received from Quadvest's attorney. Mr. Skinner then presented and reviewed same with the Board. A discussion next ensued regarding various provisions that the Board will require to be included in the Agreement to protect the District since Quadvest is not a governmental entity. After further discussion on the matter, the Board deferred taking any action at this time and requested that SPH prepare a revised Agreement for its consideration.

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

January 21, 2016; a copy of the Report is attached hereto as **Exhibit I**. Mr. Thiry noted that EDP is trying to determine the cause for the low water accountability at this time.

Mr. Thiry next informed the Board that non-potable pump no. 2 at the wastewater treatment plant is in need of replacement and that the cost for said replacement would be approximately \$2,700. After discussion, the Board concurred that EDP be authorized to replace said pump at a cost not to exceed \$2,700.

CONSUMER CONFIDENCE REPORT

The Board next considered authorizing EDP to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. Mr. Skinner advised the Board that, pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide, by April 2016, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District through an interconnect. After discussion on the matter, Director Adamek moved that the Board authorize EDP to provide the required information as set forth hereinabove. Director Palermo seconded said motion, which carried unanimously.

LANDSCAPING AT WASTEWATER TREATMENT PLANT

The Board next discussed landscaping at the wastewater treatment plant. In connection therewith, Mr. Murr informed the Board that the trees have been delivered to the wastewater treatment plant site and discussed the planned planting locations with the Board. Mr. Murr additionally informed the Board that approximately 30-35 trees will be planted on the east side of Wunsche Gulley along the back of the residential houses. No further action was taken by the Board at this time.

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, 2016, 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 Palermo 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 Vice President be authorized to execute same on behalf of the Board and the District. Director Albright seconded said motion, which unanimously carried.

ALTERNATIVES FOR LANDSCAPING OPTIONS FOR LEXINGTON ROAD MEDIAN

The Board next discussed landscaping alternatives for the Lexington Road median, including the use of donated trees through the "Trees for Houston" program for said project. In

connection therewith, Mr. Murr discussed the proposed planting locations for the 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

No updates to the District's website were recommended at this time.

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

Mr. Skinner presented to and reviewed with the Board a draft Order Establishing Policy of District's Allocation of Potable Water and Sanitary Sewer Capacities. Mr. Skinner advised the Board that James Stilwell of Martin, Earl & Stilwell LLP has reviewed and approved the proposed policy. After discussion, the Board deferred taking any action on the matter at this time.

ISSUANCE OF UTILITY COMMITMENTS

The Board deferred the issuance of utility commitments, as no requests for same had been received. The Board requested that said item be removed from future agendas.

ATTORNEY'S REPORT

Mr. Skinner informed the Board that, pursuant to recently enacted Senate Bill 1812, all political subdivisions with the power of eminent domain, including the District, are now required to file an annual eminent domain report by February 1 of each year with the Texas Comptroller of Public Accounts (the "Comptroller"). He explained that the report will contain the District's contact information as well as information related to the District's ability to exercise the power of eminent domain. After discussion, it was moved by Director Palermo, seconded by Director Albright and unanimously carried, that the Board authorize SPH to file the annual eminent domain report with the Comptroller on behalf of the District.

Mr. Skinner next presented to and reviewed with the Board correspondence received from Harris County Appraisal District regarding the results of its 2015 director election, a copy of which is attached hereto as **Exhibit K**.

Mr. Skinner next presented to and reviewed with the Board correspondence received from First Southwest Company ("FSW"), the District's financial advisory council, advising that effective January 22, 2016, FSW will be merged with and into Hilltop Securities, Inc., a copy of which correspondence is attached hereto as **Exhibit L**.

Mr. Skinner next presented to and reviewed with the Board correspondence received from North Harris County Regional Water Authority regarding a make-up briefing for utility directors, a copy of which correspondence is attached hereto as **Exhibit M**.

There next ensued a discussion regarding the unauthorized clearing of District property located on the greenbelt along Lexington Road by District resident Tony Bunch. The Board then requested that Mr. Murr prepare a remediation plan for the District's property; and a proposal outlining the costs associated with said remediation. Mr. Murr informed the Board that he would inspect the site and provide a recommendation and estimate of costs. The Board then requested that SPH prepare and forward a demand letter to Mr. Bunch advising that he is obligated to pay for all the costs associated with the remediation.

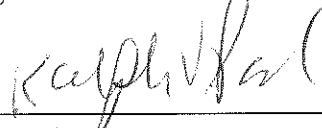
SUPPLEMENTAL AGENDA

The Board considered the calling of a Directors Election in accordance with the requirements of the Texas Water Code. There was presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit N** calling such election to be held on May 7, 2016. It was noted that the terms of office of Directors Hodge, Stage and Albright expire in May of this year. In reviewing the Order with the Board, Mr. Skinner advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Maranda Lawson as such agent (the "Election Agent"). Mr. Skinner further advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code, and that the Order provides for such notice to be given by posting same at the locations where notice of meetings of the Board are posted and on the District's website. After discussion on the matter, Director Stage moved that said Order be passed and adopted, that the Vice President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Albright seconded said motion, which unanimously carried. Mr. Skinner advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 23, 2016, the Board may thereafter cancel the Directors Election in accordance with Chapter 2, Texas Election Code.

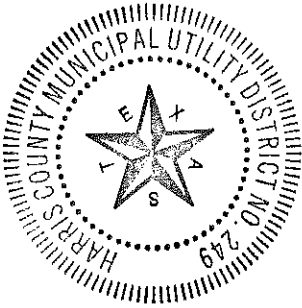
The Board considered the establishment of fees to be paid to officials for the Directors Election. Mr. Skinner advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum wage rate. After discussion on the matter, Director Stage moved that the judges and clerks for the Directors Election, including early voting clerks, be paid \$30.00 per hour. Director Albright seconded said motion, which unanimously carried.

ADJOURN

There being no further business to come before the Board, upon motion duly made by Director Stage, 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 – Resolution Concerning Exemptions from Taxation
- Exhibit E – Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit F – Bookkeeper's Report
- Exhibit G - Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions, with lists of qualified brokers
- Exhibit H – Engineer's Report
- Exhibit I – Operations and Maintenance Report
- Exhibit J – AquaSurance , LLC insurance proposal
- Exhibit K –Correspondence from HCAD
- Exhibit L –Correspondence from First Southwest Company regarding merger
- Exhibit M–Correspondence from NHCRWA
- Exhibit N–Order Calling Directors Election