

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

### Minutes of Meeting of Board of Directors October 20, 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 October 20, 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:

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

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

Also present were Michael Murr of Murr Incorporated ("MI"); John Davis of Langford Engineering, Inc. ("Langford"); Eric Thiry and Damon Brown of Environmental Development Partners, L.L.C. ("EDP"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Stephanie Hendershot of Bob Leared Interests ("BLI"); Blake Kridel of Storm Water Solutions, LP ("SWS"); Jack Fields of Andrews Kurth Kenyon LLP ("AK"), legal counsel for Northland Joint Venture, who entered the meeting after it had been called to order, as noted herein; Refugio Trejo of Momentum Engineering ("Momentum"); Mike Patel, Alex Patel and Anjoly Patel, representing investors interested in developing a motel on the Davenport property; Ron Saikowski, Greg Belcher and Brian Fowler of Quest Engineering ("Quest"); District resident Cindy Adamek; and Christopher Skinner and Rick Barker 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 September 15, 2016. After discussion of the minutes presented, Director Hodge moved that the September 15, 2016, minutes be approved, as written. Director Albright seconded said motion, which carried unanimously.

#### **COMMENTS FROM THE PUBLIC**

Mr. Trejo next introduced himself and Messrs. Mike Patel, Alex Patel and Anjoly Patel to the Board. Mr. Trejo advised the Board that he has submitted a request on behalf of Mr. Mahesh Puna for a utility commitment letter ("UCL") for water and wastewater treatment capacity to serve a proposed motel/hotel on the Davenport property along Spring Cypress Road outside the

boundaries of the District. Mr. Trejo informed the Board that Mr. Puna is requesting a total sanitary sewer capacity of 4,050 gallons per day, average daily flow, and related water capacity. Mr. Trejo then addressed the Board regarding the proposed development. There then ensued a discussion regarding the possible annexation of the property into the District's boundaries. After discussion, the Board concurred not to annex the property into the District's boundaries at this time.

Mr. Trejo, Messrs. Patels and Ms. Patel exited the meeting at this time.

### **DISTRICT SECURITY ISSUES**

The Board next considered the report regarding District security issues. Mr. Skinner distributed the Harris County Sheriff's Office Security Report for September 2016, a copy of which is attached hereto as **Exhibit A**.

### **PUBLIC HEARING REGARDING THE ADOPTION OF THE DISTRICT'S 2016 TAX RATES**

The Board next conducted a public hearing regarding adoption of the District's proposed 2016 debt service and maintenance tax rates. After noting that the members of the public present at the meeting did not wish to offer comments regarding the proposed tax rates, the hearing was closed.

### **LEVY OF THE DISTRICT'S 2016 TAXES**

The Board next discussed the setting of the District's 2016 tax rates and levying the taxes. Ms. Hendershot confirmed that the notice regarding the Board's intention to adopt the District's 2016 tax rates had been published in *The Houston Chronicle* in accordance with all legal requirements and as directed by the Board at its previous meeting. After discussion on the matter, Director Stage moved that: (i) the Board adopt the tax rates proposed at the District's September 15, 2016, meeting and as reflected in the notice; (ii) the Board levy a 2016 debt service tax rate of \$0.50 per \$100 of valuation and a maintenance tax rate of \$0.32, resulting in a 2016 total tax rate of \$0.82 per \$100 of valuation; and (iii) an Order Levying Taxes be adopted in connection therewith, and the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. The Order is attached hereto as **Exhibit B**. Director Albright seconded said motion, which carried unanimously.

### **AMENDED DISTRICT INFORMATION FORM**

Mr. Skinner next presented to and discussed with the Board an Amendment to the Fourth Amended and Restated District Information Form relative to the levy of the District's 2016 taxes. After discussion on the matter, Director Stage moved that the Amendment be approved and that all Board members present be authorized to execute same on behalf of the Board and the District. Director Hodge seconded said 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 September 2016, a copy of which report is attached hereto as **Exhibit C**. 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 October 20, 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 D**. Mr. Skinner noted that no Board action was required with respect to any of the delinquent tax accounts listed in the report.

## **BOOKKEEPER'S REPORT**

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated October 20, 2016, including (i) the disbursements presented for payment from the District's General Operating Fund, Capital Projects Fund and the Sewage Treatment Plant ("STP") Fund, (ii) a Fund Balance Report, (iii) a Pledged Securities Report, (iv) an Actual versus Budget Comparison for August 2016 for the Operating Fund and the STP Fund, (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 Hodge that the Bookkeeper's Report be approved and that the various disbursements identified therein be authorized for payment, except for check no. 6944 issued to Directors Adamek, which was voided. Director Stage seconded the motion, which carried unanimously.

## **COMPLIANCE BY DISTRICT WITH TEXAS GOVERNMENT CODE, CHAPTER 2265 RELATIVE TO ENERGY REPORTING REQUIREMENTS**

The Board next considered the status of compliance by the District with Texas Government Code, Chapter 2265, relative to energy reporting requirements. In connection therewith, Mr. Burton presented and reviewed with the Board a Utility Usage & Expense report, a copy of which is included with **Exhibit E**, and noted that the District's expense is under \$200,000, and, therefore, no further action is required by the District at this time.

## **ANNUAL REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER**

The Board considered the annual review of its Order Establishing Policy for Investment of District Funds and Appointing Investment Officer (the "Investment Policy"), and the adoption of a resolution in connection therewith. Mr. Skinner presented for the Board's adoption the Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and

Appointing Investment Officer (the "Resolution"), a copy of which is attached hereto as **Exhibit F**. He advised that there were no recommended changes to the Investment Policy at this time. After discussion on the matter, Director Hodge moved that the Investment Policy be affirmed, that the Resolution be adopted, and that the President and Secretary be authorized to execute same. Director Palermo seconded said motion, which unanimously carried.

Messrs. Sikowski, Belcher and Fowler entered the meeting during discussion of the Investment Policy.

### **DETENTION AND DRAINAGE FACILITIES REPORT**

Mr. Kridel presented to and reviewed with the Board a Drainage Facilities Report prepared by Storm Water Solutions, LP, a copy of which is attached hereto as **Exhibit G**.

### **ENGINEERING REPORT**

Mr. Davis introduced Messrs. Saikowski, Belcher and Fowler to the Board. Mr. Saikowski noted that he is requesting water and wastewater treatment capacity to serve a proposed gun range and retail establishment to be located within the boundaries of the District. Mr. Saikowski further noted the he is requesting a total sanitary sewer capacity of 600 gallons per day, average daily flow, and related water capacity. After discussion, Director Palermo moved that Mr. Davis provide correspondence to Mr. Saikowski advising that the District has water and wastewater treatment capacity to serve the proposed development. Director Stage seconded said motion, which carried unanimously.

Messrs. Saikowski, Belcher and Fowler exited the meeting following discussion.

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated October 20, 2016, a copy of which report is attached hereto as **Exhibit H**, relative to the status of various projects within the District.

There next ensued a discussion regarding the status of the District's reimbursement from the North Harris County Regional Water Authority relative to the District's chloramine conversion costs. Mr. Skinner explained that the Authority is offering to reimburse the District one-half of the District's conversion costs. Mr. Davis noted that the Board may want to wait to submit reimbursement for the project until the scope of the project is larger. The Board requested that Mr. Davis contact the appropriate parties with Bayer Park regarding the possibility of incorporating the park within the project.

Mr. Fields entered the meeting during discussion on the Engineering Report.

### **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 ("Agreement") between the District and Harris County for the project pending conveyance of the lift station site from Bringing Hope, Inc. d/b/a

Home of Hope-Texas ("HOH") to the District. In connection therewith, Mr. Skinner noted that SPH sent the draft of the Agreement to Harris County for review and comment.

**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 that a draft of said agreement had been received from Quadvest's attorney. Mr. Skinner then informed the Board that, as previously discussed, he advised Quadvest's attorney of the various provisions that the Board will require to be included in the agreement to protect the District since Quadvest is not a governmental entity. Mr. Skinner then reminded the Board that SPH had received a copy of the proposed revisions to the Agreement from Quadvest's attorney and noted that SPH will be providing comments to Quadvest's attorney accordingly. Mr. Davis then informed the Board that relocation of the District's waterline had been completed and that the water meter needs to be relocated as well.

**OPERATION AND MAINTENANCE PLAN RELATIVE TO DISTRICT'S USE OF  
TYPE I RECLAIMED WATER FROM WASTEWATER TREATMENT PLANT**

Mr. Skinner informed the Board that SPH has prepared a draft operation and maintenance plan relative to the District's use of Type I reclaimed water from the District's wastewater treatment plant and has received comments to same from the operator and engineer. Mr. Skinner noted that SPH will finalize the operation and maintenance plan relative to the District's use of Type I reclaimed water from the District's wastewater treatment plant and present same for the Board's approval at its next meeting.

**LANDSCAPING AT WASTEWATER TREATMENT PLANT**

The Board next discussed landscaping at the wastewater treatment plant. In connection therewith, Mr. Murr discussed the status of landscape projects within the District.

**LANDSCAPING FOR LEXINGTON ROAD MEDIAN**

The Board next discussed the Lexington Road median landscaping project. In connection therewith, Mr. Murr advised that Trees for Houston is willing to donate between 242-305 trees for the project. Mr. Murr further advised that the trees will be delivered in December and that construction of the irrigation system will occur in October and November.

**LANDSCAPING ALONG SPRING-CYPRESS ROAD FROM I-45**

The Board deferred discussion of landscaping along Spring-Cypress Road from I-45.

## **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 October 20, 2016; a copy of the Report is attached hereto as **Exhibit I**. Mr. Thiry noted that EDP tested the commercial meters on September 10, 2016 and is requesting the Board authorize EDP to repair the seven (7) commercial meters at an estimated cost of \$3,000. After discussion, Director Hodge moved that the Board authorize EDP to repair the seven (7) commercial meters at an estimated cost of \$3,000. Director Stage seconded the motion, which carried unanimously.

Mr. Murr exited the meeting during the Operations and Maintenance Report.

## **APPROVAL OF DOCUMENTATION IN CONNECTION WITH PROPOSED ELECTRONIC PAYMENT PROGRAM FOR DISTRICT CUSTOMER'S WATER BILLS**

Mr. Thiry advised that EDP is in the process of moving the credit/debit card payment and automated clearing house ("ACH") payment options (the "Primary Payment Options") of its electronic payment program for customer water bills from Compass Bank ("Compass") to a new program through First Mobile Trust, L.L.C. ("First Mobile"). He noted that EDP is still deciding whether to retain the options under the existing Compass program to pay at certain retail locations and to pay utilizing the online banking feature of customers' banks (the "Secondary Payment Options"), pending EDP's review of additional information from Compass. Mr. Thiry advised that EDP is requesting the District to authorize EDP to send a notice of termination to Compass for the applicable payment options once this decision is made.

Mr. Thiry next briefly summarized the terms and documentation for the First Mobile program. He noted that First Mobile and EDP have submitted the required Texas Ethics Commission ("TEC") Form 1295 relative to their respective agreements with the District. Following discussion, upon motion by Director Albright, seconded by Director Stage and unanimously carried, the Board approved the following items: (i) authorization for EDP to send Compass a notice of termination for the applicable payment options under the current Compass program once a decision is made by EDP whether to retain the Secondary Payment Options, (ii) a Payment Services Agreement between the District and First Mobile, (iii) an Addendum to the Operations and Professional Services Agreement between the District and EDP and (iv) acceptance of TEC Form 1295 for the applicable agreements by the District and acknowledgement of same with the TEC. Mr. Thiry advised that additional documentation may be required by Compass in the event the Secondary Payment Options are ultimately retained.

## **WEBSITE PROVIDER**

The Board next discussed website compliance relative to legal requirements. No updates to the website were noted 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.

Messrs. Thiry and Kridel exited the meeting at this time.

**PROVISION OF WATER AND SANITARY SEWER SERVICE TO NORTHLAND SHOPPING CENTER AND AMENDED AND RESTATED ANNEXATION AND UTILITY SERVICES AGREEMENT**

Mr. Fields introduced himself to himself to the Board. Mr. Fields presented to and reviewed with the Board correspondence from David Z. Mafridge Interests dated October 18, 2016, a copy of which is attached hereto as **Exhibit J**.

Mr. Brown exited the meeting during discussion.

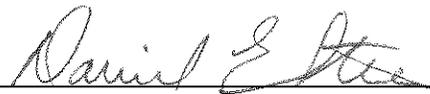
**CLOSED SESSION**

The Board President then announced at 8:28 p.m. that the Board would convene in Closed Session, as authorized pursuant to Texas Government Code, Section 551.072 to discuss the proposed settlement options with Northland Joint Venture.

At 8:47 p.m., the Board reconvened in Open Session. Following discussion, Director Palermo moved that the Board authorize SPH to begin settlement negotiations with Northland Joint Venture pursuant to the terms discussed in Closed Session. Director Albright seconded said motion, which carried unanimously.

**ADJOURN**

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

  
Secretary



**LIST OF ATTACHMENTS TO MINUTES**

Exhibit A – Security Report

Exhibit B – Order Levying Taxes

Exhibit C – Tax Assessor-Collector's Report

Exhibit D – Delinquent Tax Report

Exhibit E – Bookkeeper's Report

Exhibit F – Resolution Regarding Review of Investment Policy

Exhibit G – Drainage Facilities Report

Exhibit H – Engineer's Report

Exhibit I – Operations and Maintenance Report

Exhibit J – Correspondence from David Z. Mafridge Interests dated October 18, 2016