

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
December 15, 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 December 15, 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 Directors Hodge and Adamek, thus constituting a quorum. Director Hodge entered the meeting after it had been called to order, as noted herein.

Also present were Michael Murr of Murr Incorporated ("MI"), who entered the meeting after it had been called to order, as noted herein; John Davis of Langford Engineering, Inc. ("Langford"); Eric Thiry and Damon Brown of Environmental Development Partners, L.L.C. ("EDP"), who entered the meeting after it had been called to order, as noted herein; Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Stephanie Hendershot of Bob Leared Interests ("BLI"); 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 November 17, 2016. After discussion of the minutes presented, Director Palermo moved that the November 17, 2016, 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 security report for November 2016, a copy of which is attached hereto as **Exhibit A**.

Mr. Skinner next advised the Board that the District received a renewal Interlocal Agreement for Law Enforcement Services between Harris County and the District to be effective March 1, 2017, through February 28, 2018 (the "Agreement") and advised that SPH had reviewed same. After further discussion, Director Stage moved to (i) approve the Agreement, as presented, and (ii) authorize the President and Secretary to execute same on behalf of the Board and the District. Director Albright seconded said motion, which carried unanimously.

Director Hodge and Mr. Thiry entered the meeting at this time.

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 2016, a copy of which report is attached hereto as **Exhibit B**. After discussion on the report presented, Director Hodge 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 Palermo 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 December 15, 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 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 December 15, 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 November 2016 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**. Mr. Burton requested the Board authorize MAC to void check no. 7014 payable to Director Adamek for fees of office for the Board meeting. 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, and that MAC be authorized to void check no. 7014, as discussed. Director Stage seconded the motion, which carried unanimously.

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, 2017, copies of which draft budgets are included with **Exhibit D**. After discussion on the matter, Director Hodge 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, 2017, as presented. Director Albright seconded said motion, which carried unanimously.

FINANCIAL REPORTS FILING AND METHOD OF COMPLIANCE

Mr. Skinner explained to the Board that, as of January 1, 2016, state law requires political subdivisions, such as the District, to file certain financial information with the Texas Comptroller of Public Accounts (the "Comptroller") upon the conclusion of each fiscal year. This information may be submitted as a separate report, or as an alternative, districts subject to Chapter 49 of the Texas Water Code, including the District, may submit to the Comptroller copies of their annual audit. Mr. Skinner further explained that those districts with a website should also make the financial information available on such website or provide a link to the information on the Comptroller's website. Lastly, Mr. Skinner advised that the Board will need to select a method of compliance with the new requirement when it prepares its annual audit for the fiscal year ending December 31, 2016, and that more information will be available once the Comptroller adopts its official rules. Upon a motion made by Director Palermo, seconded by Director Albright and carried unanimously, the Board elected to authorize SPH to file its annual audit for the fiscal year ending on December 31, 2016, with the Comptroller and post the same on the District's website, if required.

DETENTION AND DRAINAGE FACILITIES REPORT

The Board deferred consideration of the detention and drainage facilities report, after noting that no representative from Storm Water Solutions, LP was present.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated December 15, 2016, a copy of which report is attached hereto as **Exhibit E**, relative to the status of various projects within the District.

Mr. Murr entered the meeting during the Engineer's Report.

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. Mr. Murr noted that a Landscape Maintenance Agreement between the District and Park Rangers, to include maintenance of the Lexington Road median project and Lexington Road landscape reserves, will need to be prepared for the Board's approval at its next Board meeting.

Mr. Brown entered the meeting during discussion of the Landscape Maintenance Agreement.

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

Mr. Skinner updated the Board on the status of provision of water and sanitary sewer to the Northland Shopping Center. In that regard he stated that Langford is in the process of finishing up the survey and that SPH has requested a proposal for the required appraisal for the lift station site.

BAYER PARK WASTEWATER CONVEYANCE PROJECT

With respect to the Bayer Park wastewater conveyance project, the Board deferred approval of an Interlocal Agreement ("Agreement") between the District and Harris County for the project pending receipt of comments on the draft Agreement from Harris County.

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 District's operator and engineer. Mr. Skinner noted that SPH has provided a draft of the operation and maintenance plan relative to the District's use of Type I reclaimed water to EDP for review and comments. The Board deferred any action regarding same until its next meeting.

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 15, 2016; a copy of the report is attached hereto as **Exhibit F**.

Mr. Thiry reported that EDP has been improperly billing the District for approximately 2 (two) years, resulting in the District being over billed approximately \$23,000 for EDP operating the Northland Shopping Center Waste Water Treatment Plant ("NSC WWTP"). Mr. Thiry stated

that EDP began billing the District for operating the NSC WWTP in September 2014. EDP, however, did not begin operating the NSC WWTP until February 2016. Mr. Thiry further stated that EDP has issued a reimbursement check to the District and that the District will need to reimburse Harris County Water Control and Improvement District No. 110 ("No. 110") for the amount No. 110 paid the District for same.

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

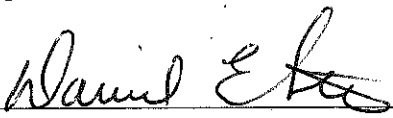
Mr. Skinner informed the Board that he had nothing more of a legal nature to report at this time.

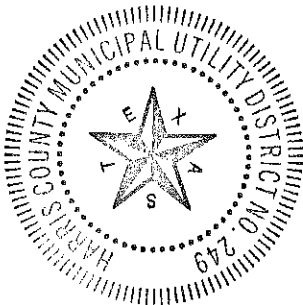
CLOSED SESSION

The Board did not enter Closed Session.

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 – Tax Assessor-Collector's Report

Exhibit C – Delinquent Tax Report

Exhibit D – Bookkeeper's Report

Exhibit E – Engineer's Report

Exhibit F – Operations and Maintenance Report