

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
April 20, 2017

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 April 20, 2017, 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
Daniel Stage, Secretary
Willie Hodge, Assistant Secretary
Norman Adamek, Assistant Secretary

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

Also present were John Davis of Langford Engineering, Inc. ("Langford"); Blake Kridel of Storm Water Solutions, LP ("SWS"); Eric Thiry of Environmental Development Partners, L.L.C. ("EDP"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Michael Murr of Murr Incorporated ("MI"), who entered the meeting after it had been called to order, as noted herein; Blake Kridel of Storm Water Solution, LP ("SWS"); Stephanie Hendershot of Bob Leared Interests ("BLI"); prospective Board member Diana Moore; District resident Cindy Adamek; and Chris 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 March 16, 2017. After discussion of the draft minutes presented, Director Adamek moved that the March 16, 2017, minutes be approved, as written. Director Palermo seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

APPOINTMENT OF A DIRECTOR TO FILL VACANCY ON THE BOARD OF DIRECTORS CREATED BY RESIGNATION OF CHARLES ALBRIGHT

The Board considered the appointment of a Director to fill the vacancy created by the resignation of Charles Albright from the Board at this time. Ms. Moore then expressed interest in serving on the Board. Following discussion of the matter, Director Adamek moved that Ms. Moore be appointed to fill the vacancy on the Board. Director Hodge seconded said motion, which unanimously carried.

ACCEPTANCE OF OATH OF OFFICE, OFFICIAL BOND, STATEMENT OF ELECTED/APPOINTED OFFICER AND ELECTION NOT TO DISCLOSE PERSONAL INFORMATION

The Board next received the Oath of Office, Official Bond and Statement of Elected/Appointed Officer of Ms. Moore, in connection with her appointment to the Board. Following review, Director Adamek moved that such Oath of Office, Official Bond and Statement of Elected/Appointed Officer be approved and accepted and that SPH be directed to file the Oath of Office with the Texas Secretary of State, as required by law. The motion was seconded by Director Hodge, and carried by unanimous vote. Director Moore participated in the remainder of the meeting.

Mr. Skinner then advised Director Moore that she may elect to instruct the District to withhold public access to information in the custody of the District relating to her home address, home telephone number, social security number and information indicative of whether she has family members pursuant to Section 552.024 of the Texas Government Code. He noted that Director Moore had executed the necessary document electing not to disclose such information.

REORGANIZATION OF THE BOARD OF DIRECTORS AND ELECTION OF OFFICERS

The next item to be considered was the election of officers. The Board first considered the election of a President. After discussion, Director Adamek moved that Director Palermo remain President of the Board. Director Hodge seconded the motion, which carried unanimously.

The Board next considered the election of a Vice President. After discussion, Director Adamek moved that Director Stage be elected Vice President of the Board. Director Hodge seconded the motion, which carried unanimously.

The Board next considered the election of a Secretary. After discussion, Director Adamek moved that Director Moore be elected Secretary of the Board. Director Hodge seconded the motion, which carried unanimously.

The Board next considered the election of an Assistant Secretary. After discussion, Director Adamek moved that Director Hodge and Director Adamek each remain Assistant Secretaries of the Board. Director Hodge seconded the motion, which carried unanimously.

DISTRICT REGISTRATION FORM

The Board next considered approving a District Registration Form required by the Texas Commission on Environmental Quality ("TCEQ"). Mr. Skinner explained that, in accordance with the Texas Water Code, municipal utility districts are required to file names, mailing addresses and terms of new directors with the TCEQ within thirty days after an election or appointment. He advised that with the Board's approval, SPH will complete the District Registration Form to include Director Moore and will file same with the TCEQ. Following discussion, Director Hodge moved that SPH be authorized to complete the District Registration

Form, as discussed above, and file same with the TCEQ. The motion was seconded by Director Adamek and carried by unanimous vote.

OPEN GOVERNMENT TRAINING

Mr. Skinner next advised Director Moore that, pursuant to Chapter 551, Texas Government Code, public officials, including directors of a municipal utility district, must complete separate training courses regarding the Texas Open Meetings Act ("OMA") and the Texas Public Information Act ("PIA"). Mr. Skinner then presented Director Moore a memorandum prepared by SPH summarizing the training requirements for both the OMA and PIA. He advised that the deadline for completing such training is the 90th day after she either takes her oath of office or otherwise assumes her responsibilities as a public official. Mr. Skinner further noted that it is the responsibility of each Director to ensure that they complete the training by the deadline.

CONFLICTS DISCLOSURE STATEMENT REPORTING REQUIREMENTS

Mr. Skinner next discussed with the Board the conflicts disclosure statement reporting requirements for officers of certain local governmental entities, including municipal utility district directors, pursuant to Chapter 176 of the Texas Local Government Code. Mr. Skinner then presented Director Moore with a memorandum prepared by SPH which summarizes the conflicts disclosure requirements.

Mr. Murr entered 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 March 2017, a copy of which is attached hereto as **Exhibit A**.

CONTINUING DISCLOSURE REPORT

With respect to the District's outstanding bonds, Mr. Skinner advised the Board that McCall, Parkhurst & Horton L.L.P. ("McCall"), the District's continuing disclosure counsel, is in the process of completing the District's annual continuing disclosure report at this time and requested that the Board authorize McCall to file same upon completion prior to the June 30, 2017, due date. After discussion, Director Adamek moved that McCall be authorized to file said report upon completion prior to the June 30, 2017, due date. Director Palermo 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 March 2017, a copy of which report is attached hereto as **Exhibit B**. 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. Director Moore seconded said motion, which unanimously carried.

DELINQUENT TAX REPORT

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Report, dated April 20, 2017, 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.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, attached hereto as **Exhibit D**. Mr. Skinner advised that the District is authorized, pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on real property taxes that remain delinquent as of July 1 of the year in which they become delinquent. After discussion, it was moved by Director Adamek, seconded by Director Palermo and unanimously carried, that the attached Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes be adopted by the Board, and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District.

BOOKKEEPER'S REPORT

Mr. Burton next presented to and reviewed with the Board the Bookkeeper's Report dated April 20, 2017, 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) an Account Balance Report, (iii) a Summary of Pledged Securities Report, (iv) an Actual versus Budget Comparison for March 2017 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 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. Director Adamek seconded the motion, which carried unanimously.

STATUS OF ARBITRAGE REPORT

The Board next considered the status of the 5th Year Arbitrage Rebate Report for the District's Series 2012 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.

LANDSCAPING WITHIN THE DISTRICT

The Board next discussed landscaping within the District. In connection therewith, Mr. Murr presented to and reviewed with the Board a Progress Report-Landscape Projects, a copy of which

Report is attached hereto as **Exhibit F**. Mr. Murr informed the Board that there are some dead trees in the Lexington Road Median and requested that the Board consider authorizing MI to replace such trees. Mr. Murr also requested that the Board consider authorizing MI to install a cage around the backflow preventer for the drainage channel tree irrigation system. After discussion, Director Adamek moved that MI be authorized to (a) replace the dead trees within the Lexington Road median and (b) install a cage around the backflow preventer for the drainage channel tree irrigation system. Director Hodge seconded the motion, which carried unanimously.

DETENTION AND DRAINAGE FACILITIES REPORT

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

There was next a discussion regarding an additional pipe in need of erosion repair that may not be owned by the District. In connection therewith, Mr. Kridel informed the Board that he conducted research to see if he could determine who the owner of the pipe is and noted that there are three (3) separate parcels that are served by the storm water quality feature and noted that each parcel has a separate owner. Mr. Kridel then informed the Board that the storm water quality feature was not built according to Harris County's standards. Mr. Kridel additionally informed the Board that SWS had temporarily repaired the erosion. After a lengthy discussion on the matter, Director Adamek moved that Langford be authorize to submit an information package to Harris County regarding the storm water quality feature and the issues surrounding same. Director Palermo seconded the motion, which carried unanimously.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated April 20, 2017, a copy of which report is attached hereto as **Exhibit H**, relative to the status of various projects within the District.

RENEWAL OF DISTRICT WASTE DISCHARGE PERMIT

The Board next considered the status of the District's application to the TCEQ for the renewal of the District's Waste Discharge Permit due to expire February 1, 2018. Mr. Davis advised the Board that said application is being prepared at this time.

Mr. Skinner next informed the Board that correspondence was received from the TCEQ regarding renewal of the Waste Discharge Permit for the Northland Shopping Center due to expire January 31, 2018. In connection therewith, Mr. Davis noted that the renewal of said Permit is on hold pending the progress of taking the wastewater treatment plant off-line and replacing it with the lift station.

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 connection therewith, Mr. Davis informed the Board that Harris County has approved the plans and noted that the plans will be sent to the City of Houston

for approval and signature upon finalization and recordation of the Permanent Access and Force Main Easement. Mr. Skinner next reminded the Board that, at the last meeting, it authorized Edward B. Schulz & Co. ("Schulz") to revise and re-submit the appraisal for the lift station site based on the Board's questions and concerns. Mr. Skinner then advised the Board that Schulz has revised and re-submitted the appraisal and presented and reviewed the revised appraisal with the Board. A discussion then ensued regarding same. No action was taken by the Board at this time.

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 Quadvest previously 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, SPH 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 has provided comments to Quadvest's attorney accordingly.

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 ("Plan") relative to the District's use of Type I reclaimed water from the District's wastewater treatment plant and provided a draft of the plan to the District's operator and engineer for review and comment. Mr. Skinner then informed the Board that the District's operator and engineer had provided comments to the Plan and noted that said comments had been incorporated therein. Mr. Skinner then presented to and reviewed the Plan with the Board along with a Resolution Adopting Operation and Maintenance Plan for Use of Reclaimed Water. After discussion on the matter, Director Hodge moved that said Plan be approved and that the Board adopt the Resolution Adopting Operation and Maintenance Plan for Use of Reclaimed Water attached hereto as **Exhibit I**. Director Palermo seconded the motion, which carried unanimously.

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 Operator's Report prepared by EDP, dated as of April 20, 2017; a copy of the report is attached hereto as **Exhibit J**. There next ensued a discussion regarding the possible repair of the gravel road that leads to the District's wastewater treatment plant. After discussion, Mr. Thiry informed the Board that he would research the

matter further. Director Adamek then moved that EDP be authorized to make any necessary repairs to the gravel road, subject to the cost not exceeding \$5,000. Director Moore seconded the motion, which carried unanimously.

ANNUAL REPORT ON IDENTITY THEFT PREVENTION PROGRAM

The Board next considered review of the District's Identity Theft Prevention Program (the "Program"). In connection therewith, Mr. Thiry presented EDP's annual report regarding administration of the Program, a copy of which is included with **Exhibit J**, and advised the Board regarding the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts maintained by the District and the District's business arrangements with other entities. Mr. Thiry recommended that no changes be made to the Program. After discussion on the matter, Director Palermo moved that no changes be made to the Program at this time. Director Moore seconded the motion, which carried unanimously.

AUTHORIZATION OF CONSUMER CONFIDENCE REPORT

The Board considered authorizing EDP to prepare the District's Consumer Confidence Report in the format promulgated by the TCEQ. Mr. Skinner advised the Board that, pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency and the TCEQ, the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2017. After discussion on the matter, Director Adamek moved that EDP be authorized to prepare said Consumer Confidence Report for the Board's and SPH's review. Director Moore seconded the motion, which carried unanimously.

WEBSITE PROVIDER

The Board next discussed website compliance relative to legal requirements. After discussion on the matter, no further action was taken at this time.

ATTORNEY'S REPORT

Mr. Skinner next presented to and reviewed with the Board correspondence received from Build America Mutual Assurance Company ("BAM") regarding BAM's 2017 Annual Meeting, a copy of which correspondence is attached hereto as **Exhibit K**.

CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071

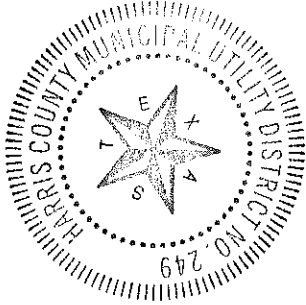
Director Adamek moved that the Board convene in Closed Session at 8:30 p.m., as authorized pursuant to Texas Government Code Section 551.071. Director Palermo seconded the motion which carried unanimously. Those in attendance, with the exception of the Board and Mr. Skinner, exited at this time.

At 9:02 p.m. Director Adamek moved that the Board reconvene in public session. Director Palermo seconded the motion, which carried unanimously.

ADJOURN

There being no further business to come before the Board, upon motion duly made by Director Adamek, seconded by Director Hodge 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 Authorizing an Additional Penalty on Delinquent Real Property Taxes
- Exhibit E – Bookkeeper's Report
- Exhibit F – Progress Report-Landscape Projects
- Exhibit G – Drainage Facilities Report
- Exhibit H – Engineer's Report
- Exhibit I – Resolution Adopting Operation and Maintenance Plant for Use of Reclaimed Water
- Exhibit J – Operations and Maintenance Report
- Exhibit K – Correspondence from BAM