

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
October 19, 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 October 19, 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, Vice President
Diana Moore, Secretary
Willie Hodge, Assistant Secretary
Norman Adamek, Assistant Secretary

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

Also present were John Davis of Langford Engineering, Inc. ("Langford"); 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"); Stephanie Hendershot of Bob Leared Interests ("BLI"); Blake Kridel of Storm Water Solutions, LP ("SWS"); District residents Cindy Adamek, Doreen Wells, James McConville, John Wright and Gwen Wright; Christine Crotwell of FirstSouthwest, a division of Hilltop Securities, Inc. ("FSW"); Mark Eyring of Roth & Eyring, PLLC ("R&E"); 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 September 21, 2017. After discussion of the minutes presented, Director Stage moved that the September 21, 2017, minutes be approved, as written. Director Palermo seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Mr. and Mrs. Wright introduced themselves to the Board. Mr. Wright then informed the Board that allegedly sand from the commercial property located across from the District's drainage channel is being blow into their pool and their deck and presented evidence of sand in his pool filter. Mr. Wright noted that he is concerned about possible water quality issues and airborne contamination. Mr. Skinner then discussed the District's role and responsibilities with respect to the matter. Mr. Thiry then discussed EDP's scope of investigation relative to the matter and noted that Harris County was also notified accordingly. Mr. Thiry informed the Board that Harris County advised that they conducted an investigation and found no

abnormalities. A discussion then ensued regarding same. No action was taken by the Board at this time.

Mr. Murr entered the meeting during the above discussion and Mr. and Mrs. Wright exited the meeting following the above discussion.

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 2017, a copy of which is attached hereto as **Exhibit A**.

ENGAGEMENT OF AUDITOR

The Board next considered the engagement of an auditor to audit the District's financial statements and prepare the District's audit report for the fiscal years ending December 31, 2017 and December 31, 2018. Mr. Eyring advised that the annual fee for said audit is \$10,900, and the annual fee for the audit for the joint sewage treatment plant is \$2,275. After discussion on the matter, Director Palermo moved that R&E be engaged to conduct the audit of the District's financial records for the fiscal years ending December 31, 2017 and December 31, 2018, that the President be authorized to execute R&E's engagement letter on behalf of the Board and the District, that the Texas Ethics Commission Form ("TEC") 1295 submitted by R&E relative to such engagement be accepted by the District, and that SPH be authorized to acknowledge the District's receipt of same with the TEC. Director Moore seconded said motion, which unanimously carried.

PUBLIC HEARING REGARDING THE ADOPTION OF THE DISTRICT'S 2017 TAX RATES

The Board next conducted a public hearing regarding adoption of the District's proposed 2017 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 2017 TAXES

The Board next discussed the setting of the District's 2017 tax rates and levying the taxes. Ms. Hendershot confirmed that the notice regarding the Board's intention to adopt the District's 2017 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 Hodge moved that: (i) the Board adopt the tax rates proposed at the District's September 21, 2017, meeting and as reflected in the notice; (ii) the Board levy a 2017 debt service tax rate of \$0.45 per \$100 of valuation and a maintenance tax rate of \$0.35, resulting in a 2017 total tax rate of \$0.80 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 Palermo 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 2017 taxes. After discussion on the matter, Director Palermo 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 Stage 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 2017, a copy of which report is attached hereto as **Exhibit C**. After discussion on the report presented, Director Moore 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.

DELINQUENT TAX REPORT

Mr. Skinner presented to and reviewed with the Board the Delinquent Tax Report, dated October 19, 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 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 19, 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 September 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 Palermo that the Bookkeeper's Report be approved and that the various disbursements identified therein be authorized for payment. Director Moore 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 Cost and Usage Report, a copy of which is included with **Exhibit E**.

LANDSCAPING WITHIN THE DISTRICT

The Board next discussed landscaping within the District. In connection therewith, Mr. Murr discussed with the Board landscaping plans for the Lexington Median and advised that the cost for the project is approximately \$175,000. It was then noted that the cost for the project will be included in the District's 2018 budget. A discussion then ensued regarding erosion around the lakes. After discussion, the Board requested that Messrs. Murr, Davis and Kridel research the matter further and provide additional information and erosion control options for its consideration at the next meeting.

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 F**. Mr. Kridel then presented to and reviewed with the Board a proposal in the amount of \$6,038 for the repair of a sinkhole and the re-grading of the backslope swale, a copy of which proposal is included with **Exhibit F**. After discussion, Director Adamek moved that the Board approve said proposal in the amount of \$6,038. Director Moore seconded the motion, which carried unanimously.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board the Engineering Report, dated October 19, 2017, a copy of which report is attached hereto as **Exhibit G**, 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 reminded the Board that said application is complete and has been submitted to the TCEQ for review.

BAYER PARK WASTEWATER CONVEYANCE PROJECT

With respect to the Bayer Park wastewater conveyance project, the Board deferred approval of an Interlocal Agreement between the District and Harris County for the project pending receipt of approval of 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 as previously authorized, SPH prepared and forwarded correspondence to Old Town Spring Improvement District ("OTSID") regarding the District's intention to disconnect the interconnect facilities in accordance with the Demand Letter. Mr. Skinner then informed the Board that he was contacted by a representative of OTISD regarding said correspondence and discussed same with the Board. After discussion, the Board requested that SPH provide notice of the prospective disconnection to County Commissioner Cagle and Chief Seifert with the Spring Fire Department.

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 October 19, 2017; a copy of the report is attached hereto as **Exhibit H**.

Director Adamek next advised that there are several locations in the District where a portion of the sidewalk is severely sunken, which may be an indication of a sanitary sewer or storm sewer line having infiltration. After discussion on the matter, the Board concurred that EDP be authorized to make any necessary repairs.

RATE ORDER

The Board next considered amendment to the District's Rate Order relative to changes related to the fees and restoration of water service for new tenants or properties that have an uncollected balance. In connection therewith, Mr. Skinner presented and reviewed with the Board a summary of the proposed amendments. After discussion, the Board deferred taking any action at this time and requested that SPH prepare a draft amendment for its review at the next meeting.

CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071

The Board deferred convening in Closed Session at this time.

WEBSITE PROVIDER

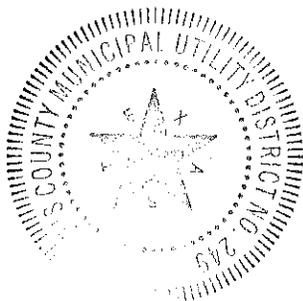
The Board next discussed website compliance relative to legal requirements. It was noted that the District boundary map needs to be updated on the website. It was also noted that the links provided on the website are not working properly.

ATTORNEY'S REPORT

Mr. Skinner advised 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 Palermo and carried unanimously, the meeting was adjourned.



Diana S. Moore
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 – Drainage Facilities Report
- Exhibit G – Engineer's Report
- Exhibit H – Operator's Report