

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
July 15, 2010

The Board of Directors ("Board") of Harris County Municipal Utility District No. 249 ("District") met in regular session at the Board's regular meeting place on July 15, 2010, 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:

Norman C. Adamek, President
Sue Cox, Vice President
Daniel Stage, Secretary
Willie Hodge, Assistant Secretary
Ralph V. Palermo, Assistant Secretary

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

Also present were Anthea Moran of First Southwest Company ("First Southwest"), who entered later in the meeting; Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MA&C"); Ryan Fortner of Wheeler & Associates, Inc. ("Wheeler"); Asim Tufail of Van De Wiele & Vogler Incorporated ("VVI"); Eric Thiry of Environmental Development Partners L.L.C. ("EDP"); Dennis Tiff of Champions Hydro-Lawn, Inc. ("Champions"); Bill Parker of Jones & Carter, Inc. ("J&C"); Cindy Adamek and Edward Wade, who entered later in the meeting, residents of the District; and Christopher T. 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 reviewed the draft minutes of its meeting held on June 16, 2010. After discussion of the minutes presented, Director Cox moved that the June 16, 2010, minutes be approved, as written. Director Stage seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

PROPOSAL FROM CHAMPIONS HYDRO-LAWN, INC. FOR DESILTING OF VARIOUS DISTRICT FACILITIES

Mr. Tiff next presented to and reviewed with the Board a Detention and Drainage Facilities Report prepared by Champions, a copy of which is attached hereto as **Exhibit A**. Mr. Tiff informed the Board that Champions is recommending de-silting of various District facilities and discussed same in detail with the Board. He noted that the estimated cost for same is \$24,575. After discussion, the Board concurred that Champions not perform the de-silting project until the fall over-seeding takes place.

Mr. Tiff next advised the Board that erosion is occurring around one of the District's amenity ponds. He then discussed various methods for repair. After discussion, the Board requested that Mr. Tiff conduct a comprehensive review of the status of erosion around all of the District's amenity ponds and provide a proposal for the repair costs for the Board's consideration at a future meeting.

Mr. Tiff next advised the Board that the District resident located at 25915 Indian Springs Way recently installed a swimming pool and noted that the back-slope swale located behind the residence was partly covered and filled in with dirt from which can cause drainage problems and is in need of re-seeding. After discussion, Mr. Thiry informed the Board that he would contact the resident to discuss the need for a plumbing inspection and repair of the back-slope swale damages.

ENGINEERING REPORT

Mr. Tufail presented and reviewed with the Board a written engineering report dated July 15, 2010, a copy of which report is attached hereto as **Exhibit B**, relative to the status of various projects within the District.

Mr. Tufail informed the Board that the District's Emergency Preparedness Plan has been approved by the Texas Commission on Environmental Quality ("TCEQ").

There next ensued a discussion regarding re-rating of the District's wastewater treatment plant. In connection therewith, Mr. Tufail informed the Board that, as authorized at last month's meeting, VVI and EDP conducted additional sampling for thirty (30) consecutive days at the District's wastewater treatment plant and lift stations and discussed same in detail with the Board. Mr. Tufail noted that a re-rating of the wastewater treatment plant could produce an additional 67 equivalent single family connections of available wastewater treatment capacity. After discussion on

the matter, the Board concurred that VVI be authorized to proceed with submitting an application to the TCEQ for re-rating of the wastewater treatment plant.

Mr. Wade and Ms. Moran entered the meeting during discussion of the re-rating of the wastewater treatment plant.

Mr. Skinner next advised the Board that the District previously granted a utility commitment to Harris County Emergency Services District No. 7 ("HCESD No. 7") for water and sanitary sewer capacity. Mr. Skinner then advised the Board that VVI has requested that HCESD No. 7 grant a Water Meter Easement to the District and discussed same with the Board. After discussion on the matter, Director Cox moved that said Water Meter Easement be accepted and that the President be authorized to execute same on behalf of the Board and the District. Director Stage seconded the motion, which carried unanimously.

Mr. Tufail next advised the Board that the Spring Lakes Homeowners Association ("HOA") has indicated that it owns and operates the water well for its amenity lake, but is requesting that the District consider taking over the maintenance and operation of the water well or provide the water for said lake at no cost to the HOA. Mr. Tufail informed the Board that he discussed the matter with an HOA representative and recommended that the HOA contact the Harris County Subsidence District regarding the matter.

Mr. Park next presented and reviewed a request from Splashtown (PARC Management, LLC) for sanitary sewer treatment services, a copy of which request is attached hereto as Exhibit C. A discussion ensued regarding same and the possibility of annexing the Splashtown property into the boundaries of the District as a condition precedent to the provision of sanitary sewer treatment services. No action was taken by the Board on the matter at this time.

\$2,445,000 UNLIMITED TAX REFUNDING BONDS, SERIES 2010 (THE "REFUNDING BONDS")

Ms. Moran presented to and reviewed with the Board a final Plan of Financing in connection with the Refunding Bonds, a copy of which Plan of Financing is attached hereto as Exhibit D. She noted that, based on today's current market conditions, the Refunding Bonds transaction has resulted in a net present value savings on the District's current debt of approximately 8.903270%, which is above the three percent (3%) net present value savings required by the City of Houston. The Board then considered the approval and execution of a Letter Agreement between the District and First

Southwest in connection with the sale of the Refunding Bonds. After discussion, Director Cox moved that said Letter Agreement be approved and that the President be authorized to execute same on behalf of the Board and the District. Director Stage seconded the motion, which carried unanimously. A copy of the Letter Agreement is attached hereto as Exhibit E.

The Board then considered disbursements of bond proceeds from the Refunding Bonds. After discussion on the matter, Director Adamek moved that said disbursements be authorized in all respects, subject to closing of the Refunding Bonds transaction, and that the President be authorized to execute the disbursement letter on behalf of the Board. Director Palermo seconded said motion, which unanimously carried.

CLOSING DOCUMENTATION RELATIVE TO THE REFUNDING BONDS

There was discussion regarding the approval of various documents to be utilized at the closing scheduled for Thursday, August 5, 2010, relative to the Refunding Bonds. Mr. Skinner reviewed the subject documents with the Board. After discussion on the matter, Director Adamek moved that the closing documents be approved and that the President be authorized to execute same on behalf of the Board and the District. Director Cox seconded said motion, which unanimously carried.

INTERNAL REVENUE SERVICE REPORTING FORM

The Board considered the approval and execution of Internal Revenue Service Form 8038-G ("Form") relative to the Refunding Bonds. After discussion on the matter, Director Adamek moved that same be approved by the Board, that the President be authorized to execute same on behalf of the Board and the District, and that the Form be filed as required. Director Palermo seconded said motion, which unanimously carried.

AUTHORIZE DISCLOSURE COUNSEL TO FILE MATERIAL EVENTS NOTICE

Mr. Skinner recommended that the Board authorize McCall, Parkhurst & Horton L.L.P. ("McCall"), the District's disclosure counsel, to file appropriate material event filings on behalf of the District relative to the District's Series 1999 and Series 2000 Refunded Bonds. After discussion, Director Cox moved that McCall be authorized to file appropriate material event notices on behalf of the District relative to the District's Series 1999 and Series 2000 Refunded Bonds. Director Stage seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Fortner presented to and reviewed with the Board the tax assessor-collector's report dated as of June 30, 2010, including the checks presented for payment from the tax account, as listed therein, historical valuation and collection data, and the Delinquent Collections Listing as of June 30, 2010, copies of which are attached hereto as **Exhibit F**. After discussion, Director Stage moved that the tax assessor-collector report be approved and that the checks identified therein be approved for payment. Director Palermo seconded said motion, which carried unanimously.

APPROVAL AND EXECUTION OF AMENDEMENT TO AGREEMENT FOR SERVICES OF TAX ASSESSOR AND COLLECTOR

The Board deferred approval of an Amendment to Agreement for Services of Tax Assessor and Collector until next month's meeting.

DELINQUENT TAX COLLECTION ATTORNEYS REPORT

The Board deferred consideration of a report and legal action taken by the District's delinquent tax collections attorney after noting that no report had been received for the current period.

BOOKKEEPER'S REPORT

Ms. Hernandez presented to and reviewed with the Board the bookkeeper's report dated July 15, 2010, including (i) the checks presented for payment from the 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 June 2010 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as **Exhibit G**. After discussion, it was moved by Director Stage that the bookkeeper's report be approved and that the various checks identified therein be approved for payment, except for check no. 4466, which was voided. Director Cox seconded the motion, which carried unanimously.

STATUS OF PROPOSED ANNEXATION OF TRACT FOR HOME-OF-HOPE, TEXAS

The Board considered the status of the annexation of a tract of land for Home-of-Hope, Texas ("HOH"). In connection therewith, Mr. Skinner stated that SPH is working to finalize the annexation agreement. No action was taken by the Board on the matter at this time.

PROPOSED ANNEXATION OF COMMERCIAL TRACT

There next ensued a discussion regarding the possible annexation of a commercial tract of land located at the southeast corner of Highway 2920 and Interstate 45 frontage road. Mr. Skinner informed the Board that he had nothing new to report on the matter at this time.

OPERATIONS AND MAINTENANCE REPORT

The Board considered the Operations and Maintenance Report. Mr. Thiry presented and reviewed in detail with the Board a written Operations Report prepared by EDP dated as of July 9, 2010, a copy of which is attached hereto as Exhibit H.

Mr. Thiry discussed with the Board EDP's plan to inspect the aeration basins at the District's wastewater treatment plant in three separate phases and noted that he will inform the Board of the schedule in the near future.

Mr. Thiry next informed the Board that EDP has plans to remove the branches and pine needles from the clarifiers at the wastewater treatment plant and noted that the estimated cost for same is \$2,000.

Mr. Thiry next presented to and reviewed with the Board a Performance Test Report prepared by G-M Services, a copy of which is included with Exhibit H, and discussed same in detail with the Board.

Mr. Thiry next requested that the Board consider authorizing EDP to conduct testing on 38 commercial meters at an estimated cost of \$5,000. After discussion, Director Palermo moved that EDP be authorized to conduct said testing at a cost not to exceed \$5,000. Director Stage seconded the motion, which carried unanimously.

Mr. Wade next addressed the Board regarding possible inaccurate meter readings on his water meter and discussed same in detail with the Board. After discussion, the Board concurred that EDP be authorized to replace the meter and send the original meter for testing.

COMMUNICATIONS REGARDING SURFACE WATER CONVERSION POLICIES AND PRICING STRUCTURE

There next ensued a discussion regarding communications with the North Harris County Regional Water Authority ("NHCRWA"), Harris-Galveston Subsidence District and the Texas State Legislature relative to surface water conversion policies and

pricing structure. In connection therewith, Director Adamek presented to and reviewed with the Board draft correspondence to the NHCRWA, a copy of which is attached hereto as Exhibit I. After discussion, the Board concurred that said correspondence be approved and distributed subject to said correspondence being executed by the Board members present at the meeting.

REVIEW OF PROPOSALS FOR SOLID WASTE COLLECTION/RECYCLING SERVICES

Mr. Skinner next advised the Board that, as requested at last month's meeting, SPH solicited proposals from (i) Best Trash of Texas, (ii) Waste Corporation of America, (iii) Republic Waste Services of Texas and (iv) Waste Management for the Board's consideration at today's meeting. Director Stage then noted that he would like for a proposal to be obtained from Waste Connections of Texas for consideration. After discussion, the Board deferred taking any action on the matter at this time and requested that SPH obtain a proposal from Waste Connections of Texas.

POSSIBLE IMPLEMENTATION OF EMERGENCY RESPONSE NOTIFICATION SYSTEM

The Board deferred discussions regarding the District's possible participation with Spring Lakes Homeowners Association for implementation of an emergency response notification system for routine and/or emergency messages to residents at this time.

ISSUANCE OF UTILITY COMMITMENTS

The Board deferred the issuance of utility commitments, as no requests for same had been received.

ATTORNEY'S REPORT

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

DISTRICT SECURITY ISSUES

The Board considered the report regarding District security issues. Mr. Skinner distributed the Harris County Sheriff Office's call sheet summary for June 2010, a copy of which is attached hereto as Exhibit J.

OTHER MATTERS

There next ensued a discussion regarding the possible solicitation of proposals from various firms for engineering services. After discussion, the Board concurred that SPH be

authorized to solicit proposals for engineering services for its consideration at next month's meeting.

FUTURE AGENDA ITEMS

The Board next requested that various items be added to a future agenda for its consideration.

ADJOURN

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


Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A - Detention and Drainage Facilities Report
- Exhibit B - Engineer's Report
- Exhibit C - Request from Splashtown for sanitary sewer capacity
- Exhibit D - Plan of Financing
- Exhibit E - Letter Agreement
- Exhibit F - Tax Assessor-Collector's Report
- Exhibit G- Bookkeeper's Report
- Exhibit H - Operator's Report
- Exhibit I - Draft correspondence to NHCRWA
- Exhibit J - District Security Report