

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors  
December 16, 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 December 16, 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  
Willie Hodge, Vice President  
Daniel Stage, Secretary  
Ralph V. Palermo, Assistant Secretary  
Charles Albright, Director

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

Also present were Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MA&C"); Ryan Fortner of Wheeler & Associates, Inc. ("Wheeler"), who later entered the meeting; Eric Thiry and Karl Skarboszewski of Environmental Development Partners L.L.C. ("EDP"); Mark Roth and Teresa Rosenbaum of Mark L. Roth, CPA ("Roth"); John Davis of Langford Engineering ("Langford"); Cindy Adamek, a resident of the District; and Jonathan Roach of Schwartz, Page & Harding, L.L.P. ("SPH").

In the absence of the President, the Vice President called the meeting to order and declared it open for such business as might regularly come before it.

**MINUTES**

The Board reviewed the draft minutes of its meeting held on November 18, 2010. After discussion of the minutes presented, Director Palermo moved that the November 18, 2010, minutes be approved, as written. Director Hodge seconded said motion, which carried unanimously.

**COMMENTS FROM THE PUBLIC**

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

Mr. Fortner entered the meeting at this time.

**ENGAGEMENT OF AUDITOR FOR PREPARATION OF AUDIT FOR DISTRICT'S FISCAL YEAR ENDING DECEMBER 31, 2010**

The Board next considered statements of qualifications relative to the engagement of an auditing firm to conduct an audit of the District's records for the fiscal year ending December 31, 2010. Mr. Roach advised the Board that, as authorized at the last meeting, SPH solicited a qualification statement from Roth for its consideration at today's meeting. In connection therewith, Mr. Roach reminded the Board that, pursuant to the Texas Professional Services Procurement Act, it can only make its decision to engage a particular auditing firm based on the firm's competence and qualifications and not on competitive bids. Mr. Roth then introduced himself and Ms. Rosenbaum, and he delivered a presentation to the Board on behalf of Roth to provide such auditing services and answered various questions from the Board. Mr. Roth and Ms. Rosenbaum then exited the meeting. After a lengthy discussion on the matter, Director Stage moved that the Board engage Roth to prepare the District's audit report for the fiscal year ending December 31, 2010, and that the Vice President be authorized to execute the engagement letter on behalf of the Board and the District. Director Albright seconded the motion, which carried unanimously.

**TAX ASSESSOR-COLLECTOR'S REPORT**

Mr. Fortner presented to and reviewed with the Board the tax assessor-collector's report dated as of November 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 November 30, 2010, copies of which are attached hereto as **Exhibit A**. 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.

**DELINQUENT TAX COLLECTION ATTORNEYS REPORT**

Mr. Roach presented to and reviewed with the Board a Delinquent Tax Collection Attorneys Report, dated December 16, 2010, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), the District's delinquent tax collection attorneys; a copy of the Report is attached hereto as **Exhibit B**. Mr. Roach noted that no Board action was required at this time with respect to the accounts listed in such report.

**BOOKKEEPER'S REPORT**

Ms. Hernandez presented to and reviewed with the Board the

bookkeeper's report dated December 16, 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 November 2010 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as Exhibit C. After discussion, it was moved by Director Palermo that the bookkeeper's report be approved and that the various checks identified therein be approved for payment, except for check no. 4696, which was voided. Director Stage seconded the motion, which carried unanimously.

Ms. Hernandez next presented to and reviewed with the Board correspondence received from Dun & Bradstreet Credibility Corp. ("D&B") requesting various District information for the District's business credit profile with D&B, a copy of which correspondence is included with Exhibit C. After discussion, the Board requested that SPH review said correspondence to determine whether the District is required to take any action on the matter.

#### OPERATING BUDGET

Ms. Hernandez next reviewed with the Board draft budgets for the District's General Operating Fund and the Sewage Treatment Plant for the fiscal year ending December 31, 2011, copies of which are included with Exhibit C. The Board noted it would like to consider adding an expense item, possibly as a future budget amendment, for the amenity pond erosion repairs once the costs for same have been determined. After discussion on the matter, Director Stage moved that the Board approve the Operating and Sewage Treatment Plant budgets for the fiscal year ending December 31, 2011, as presented. Director Hodge seconded said motion, which carried unanimously.

#### ENGINEERING REPORT

Mr. Davis presented and reviewed with the Board a written engineering report dated December 16, 2010, a copy of which report is attached hereto as Exhibit D, relative to the status of various projects within the District.

Mr. Davis advised the Board that the Storm Water Quality Permit for Spring Lakes, Section Eight (the "Permit"), will expire on January 30, 2011. He then requested that the Board consider authorizing Langford to prepare the necessary application for renewal of said Permit including transferring said Permit to EDP as operator. After discussion, the Board deferred taking any action

on the matter at this time and requested that SPH confirm whether said Permit should be transferred to EDP as operator.

**OPTIONS FOR EROSION REPAIRS OF AMENITY PONDS**

There next ensued a discussion regarding the various options available to remedy the District's amenity pond erosion issues. Mr. Davis informed the Board that he had nothing new to report on the issue at this time as Langford and EDP are waiting for better weather in order to continue evaluating the issues. There additionally ensued a discussion regarding the Spring Lakes Homeowners Association's ("HOA") ownership of the water well that is used or is intended to be used to maintain water levels in the HOA's amenity ponds. Ms. Adamek and Mr. Davis noted that they would discuss the matter further with the HOA.

**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. Roach reminded the Board that the District had received a tap fee installment payment from HOH, as previously agreed in writing by HOH. Mr. Roach then reminded the Board, however, that the District has not yet finalized the Development, Financing and Annexation Agreement (the "Agreement") with HOH. Accordingly, Mr. Roach stated that SPH would work to finalize the Agreement and, pending completion, would either hold the HOH payment in escrow or return same to HOH.

**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. Roach informed the Board that he had nothing new to report on the matter at this time.

**PROPOSED ANNEXATION OF SPLASHTOWN PROPERTY**

There next ensued a discussion regarding the proposed annexation of SplashTown Waterpark ("SplashTown") into the boundaries of the District. Mr. Roach informed the Board of the status of communications with SplashTown and noted that the \$10,000 deposit previously requested has been received such that Langford is now working on an annexation feasibility study.

**REQUEST FROM HARRIS COUNTY FOR UTILITY SERVICE TO BAYER PARK**

Mr. Roach reminded the Board that, as previously discussed, Harris County is requesting that the District consider providing

out-of-district sanitary sewer service to Bayer Park. He also reminded the Board that it previously indicated that it is amenable to considering said request, subject to receipt of a deposit from Harris County to cover the costs of a feasibility study, an out-of-district service contract, and any other costs in connection therewith. Mr. Roach then advised the Board that SPH has prepared and forwarded correspondence to Harris County requesting said deposit, but noted that no response has been received to date.

**OTHER MATTERS**

Ms. Hernandez informed the Board that a check in the amount of \$62,680 was received from the Spring Volunteer Fire Department for its tap fee. Mr. Thiry then asked for written confirmation that EDP has permission to proceed with the installation of said tap.

**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 December 16, 2010, a copy of which is attached hereto as Exhibit E. Mr. Thiry noted that the meter replacement program previously authorized by the Board has commenced.

**AMENDMENT OF RATE ORDER**

The Board deferred amendment of the District's Rate Order at this time.

**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, Mr. Roach informed the Board that he had nothing new to report at this time.

**REVIEW OF PROPOSALS FOR SOLID WASTE COLLECTION/RECYCLING SERVICES**

The Board deferred review of proposals for solid waste collection/recycling services until the Board's meeting in January 2011, at which the Board indicated it would like to interview representatives of Best Trash, L.L.C. and WCA Waste Corporation.

**ISSUANCE OF UTILITY COMMITMENTS**

Mr. Roach next advised the Board that Forestar (USA) Real Estate Group, Inc. ("Forestar") is requesting renewal of its utility commitment letter previously issued for its remaining undeveloped property in the District and discussed same with the Board. After discussion, the Board deferred taking any action on the matter at this time.

**ATTORNEY'S REPORT**

Mr. Roach presented to and reviewed with the Board correspondence received from the Texas Water Development Board regarding Solicitation of Project Information for Inclusion in the State Fiscal Year 2012 Clean Water State Revolving Fund Intended Use Plan, a copy of which is attached hereto as **Exhibit F**.

**DISTRICT SECURITY ISSUES**


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

**WEBSITE PROVIDER**

There next ensued a discussion regarding the District's website provider. Mr. Roach advised the Board that, as previously requested, SPH contacted Ms. Barbara Payne and requested her attendance at the January 2011 meeting. The Board noted that it would like Ms. Payne to discuss options for a more "user-friendly" website for on-line payments for District customers.

**ADJOURN**

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

  
Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A - Tax Assessor-Collector's Report

Exhibit B - Delinquent Tax Report

Exhibit C- Bookkeeper's Report

Exhibit D - Engineer's Report

Exhibit E - Operator's Report

Exhibit F - Correspondence from Texas Water Development  
Board

Exhibit G - District Security Report