

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
September 15, 2011

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 249 (the "District") met in regular session at the Board's regular meeting place on September 15, 2011, 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, thus constituting a quorum.

Also present were Caryn Adams and Cory Burton of Municipal Accounts & Consulting, L.P. ("MA&C"); Ryan Fortner of Wheeler & Associates, Inc. ("Wheeler"); Eric Thiry and Damon Brown of Environmental Development Partners L.L.C. ("EDP"); John Davis of Langford Engineering ("Langford"); Christina Crotwell of First Southwest Company ("FSW"); Dennis Tiff of Champions Hydro-Lawn, Inc.; Cindy Adamek, a resident 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 August 18, 2011. After discussion of the minutes presented, Director Adamek moved that the August 18, 2011, 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.

POSSIBLE CASH DEFEASANCE OF A PORTION OF DISTRICT'S OUTSTANDING BONDS

Mr. Skinner discussed the possible cash defeasance of the District's \$2,375,000 Unlimited Tax Bonds, Series 2001. He noted that said Bonds were callable on September 1, 2011. In connection therewith, Ms. Crotwell presented to and reviewed with the Board an analysis prepared by FSW examining the financial impacts to the District from a defeasance of the Bonds; a copy of the analysis is attached hereto as **Exhibit A**. After further discussion, the

Board deferred taking any action at this time and requested that FSW prepare an additional analysis for its consideration at next month's meeting.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2011 TAX RATE

The Board next considered the Financial Advisor's recommendation concerning the District's proposed 2011 tax rate and authorization of: (a) the required notice that the Board will consider adoption of a tax rate; and (b) the means of providing such notice.

Mr. Skinner advised that, pursuant to the Texas Water Code, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Skinner further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. He advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least ten days before the date of the meeting.

Ms. Crotwell then presented and reviewed with the Board a Tax Rate Analysis, a copy of which is included with **Exhibit A**. Ms. Crotwell advised that FSW is recommending a proposed 2011 debt service tax rate of \$0.84 per \$100 of assessed valuation based upon no cash defeasance. Ms. Crotwell also presented and reviewed with the Board two (2) additional Tax Rate Analyses based upon the proposed cash defeasance, copies of which are included with **Exhibit A**. The Board next reviewed the current maintenance tax collections versus the annual budget and the effect of any adjustment to the maintenance tax rate. After a lengthy discussion on the matter, Director Adamek moved that the Board set a 2011 debt service tax rate of \$0.77 per \$100 of assessed valuation and set a 2011 maintenance tax rate of \$0.27 per \$100 of assessed valuation, and that the District's tax assessor-collector be authorized to publish notice of the District's intention to adopt a 2011 tax rate at its next meeting in the form and at the time required by law. Director Palermo seconded said motion, which unanimously carried. The Board concurred that the notice be published by the tax assessor-collector in the *Neighborhood News* section of the *Houston Chronicle*.

Director Hodge exited the meeting during the financial advisor's tax rate recommendation.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Fortner presented to and reviewed with the Board the tax assessor-collector's report dated as of August 31, 2011, 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 August 31, 2011, copies of which are attached hereto as **Exhibit B**. After discussion, Director Stage moved that the tax assessor-collector report be approved, and that the checks identified

therein be approved for payment from the District's tax account. Director Albright seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented to and reviewed with the Board a Delinquent Tax Collection Attorneys' Report, dated September 15, 2011, 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 here to as **Exhibit C**. Mr. Skinner noted that no Board action was required at this time with respect to the accounts listed in the Report.

BOOKKEEPER'S REPORT

Mr. Burton presented to and reviewed with the Board the bookkeeper's report dated September 15, 2011, 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 August 2011 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as **Exhibit D**. 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, which was voided. Director Adamek seconded the motion, which carried unanimously.

UNCLAIMED PROPERTY

Mr. Burton next advised the Board that the District had fees, funds, etc. representing unclaimed property totaling \$175.14 for the reporting period ended June 30, 2008. After discussion on the matter, Director Adamek moved that the Unclaimed Property Report for the period ended June 30, 2008, be approved and that the Board authorize MA&C to transfer funds and file the Report with the State Comptroller. Director Palermo seconded the motion, which carried unanimously.

INVESTMENT POLICY

The Board considered the annual review of an Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order"), and the adoption of a Resolution in connection therewith, copies of which are attached hereto as **Exhibit E**. Mr. Skinner presented for the Board's consideration a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Resolution"). Mr. Skinner also presented to and reviewed with the Board a memorandum prepared by SPH summarizing the proposed changes to the Order, a copy of which is included with **Exhibit E**. After discussion on the matter, Director Palermo moved that the Order be adopted to reflect the proposed changes, that the Board adopt the Resolution and that the President and Secretary be authorized to execute same. Director Stage seconded said motion, which unanimously carried.

ENGINEERING REPORT

Mr. Davis presented and reviewed with the Board a written engineering report dated September 15, 2011, a copy of which report is attached hereto as **Exhibit F**, relative to the status of various projects within the District.

Mr. Davis next advised the Board that, relative to the proposed submittal of an application to the Texas Commission on Environmental Quality ("TCEQ") for re-rating of the District's Wastewater Treatment, Langford is recommending that the District not submit said application at this time and discussed same in detail with the Board. After discussion, the Board concurred with Mr. Davis' recommendation.

Mr. Davis next presented to and reviewed with the Board a proposal from NTS in the amount of \$4,420 for the replacement of the blower building vent fans at the Wastewater Treatment Plant, a copy of which proposal is included with **Exhibit F**. After discussion on the matter, Director Albright moved that the Board accept NTS's proposal in the amount of \$4,420. Director Stage seconded the motion, which carried unanimously.

Mr. Davis next presented to and reviewed with the Board correspondence received from the manufacturer and contractor of the bar screen located at the District's Wastewater Treatment Plant regarding the cause of the recent failure of said bar screen, a copy of which correspondence is included with **Exhibit F**.

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. Thiry advised the Board that, as previously authorized, EDP is in the process of replacing the drain valve to the detention pond at this time due to a corroded operating system.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Tiff next presented to and reviewed with the Board a Detention and Drainage Facilities Report, a copy of said Report being attached hereto as **Exhibit G**.

The Board next requested that EDP replace the No-Trespassing signs at the District's drainage channel located behind Wal-Mart and examine the condition of all of the No-Trespassing signs located within the District.

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"). Mr. Skinner reminded the Board that it previously approved a Development, Financing and Annexation Agreement ("Agreement") between the District and HOH and noted that HOH is reviewing said Agreement 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. Skinner reminded the Board that Langford is continuing to work on an annexation feasibility study. Mr. Davis then presented to and reviewed with the Board a preliminary wastewater treatment plant capacity analysis, a copy of which is attached hereto as **Exhibit H**. The Board requested that Mr. Davis finalize said analysis for its review at next month's meeting.

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 September 14, 2011, a copy of which is attached hereto as **Exhibit I**.

Mr. Thiry next advised the Board that the electrical wiring that connects Clarifier No. 1 to RAS Pump no. 2 is in need of replacement and noted that NTS has submitted a proposal for said replacement in the amount of \$1,982.50. After discussion on the matter, the Board concurred that EDP be authorized to engage NTS to replace said electrical wiring at a cost not to exceed \$1,982.50.

Mr. Thiry next advised the Board that several of the lights located at the District's Water Plant Site are non-functioning and are in need of repair. After discussion, the Board concurred that EDP be authorized to hire an electrician to examine each of the light fixtures at the Water Plant Site and that EDP provide an evaluation report for its review at next month's meeting.

Relative to the chloramination disinfection conversion project, Mr. Thiry presented to and reviewed with the Board draft correspondence and a brochure prepared by EDP that includes the TCEQ's required notification language to be provided to District customers advising of the change in disinfection systems, copies of which are included with **Exhibit I**. After discussion, the Board requested that Mr. Thiry e-mail a word version of same to the Board for review and comment.

There next ensued a discussion regarding the current drought conditions. No action was taken by the Board on the matter at this time.

There next ensued a discussion regarding the District's high water accountability. After discussion, the Board requested that EDP conduct testing on the District's various emergency water interconnects to try and determine the cause for said high water accountability.

COMMUNICATIONS REGARDING SURFACE WATER CONVERSION POLICIES AND PRICING STRUCTURE

The Board next considered the status of communications with the North Harris County Regional Water Authority, Harris-Galveston Subsidence District and the Texas State Legislature

relative to surface water conversion policies and pricing structure. In connection therewith, Director Adamek informed the Board that he had nothing new to report at this time.

ISSUANCE OF UTILITY COMMITMENTS

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

WEBSITE PROVIDER

There next ensued a discussion regarding the District's website provider and working with said provider to improve the District's website. No changes or updates were requested by the Board 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 August 2011, a copy of which is attached hereto as **Exhibit J**.

ATTORNEY'S REPORT

Mr. Skinner next presented to and reviewed with the Board correspondence received from Green Co. regarding services offered, a copy of which is attached hereto as **Exhibit K**. The Board took no action thereon.

Mr. Skinner next presented to and reviewed with the Board correspondence received from the Spring Volunteer Fire Department requesting that the District consider making a contribution toward the purchase of various items to accommodate the new Administration Building and Fire Station, a copy of which correspondence is attached hereto as **Exhibit L**. After discussion, the Board concurred not make a contribution at this time and requested that SPH relay the Board's decision to the appropriate representative of the Spring Volunteer Fire Department.

CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071

The Board convened in Closed Session at 7:49 p.m., as authorized pursuant to Texas Government Code Section 551.071. Those in attendance, with the exception of the Board, and Mr. Skinner, exited at this time.

At 8:25 p.m., the Board reconvened in public session.

ADJOURN

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


Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Cash defeasance analysis
- Exhibit B – Tax Assessor-Collector's Report
- Exhibit C – Delinquent Tax Report
- Exhibit D– Bookkeeper's Report
- Exhibit E – Resolution Regarding Review of Investment Policy
- Exhibit F – Engineer's Report
- Exhibit G – Detention and Drainage Facilities Report
- Exhibit H – Preliminary wastewater treatment plant capacity analysis
- Exhibit I– Operator's Report
- Exhibit J – District Security Report
- Exhibit K – Correspondence from Green Co.
- Exhibit L– Correspondence received from Spring Volunteer Fire Department