

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors June 16, 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 June 16, 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, except Director Albright, thus constituting a quorum.

Also present were Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MA&C"); Ryan Fortner of Wheeler & Associates, Inc. ("Wheeler"); Eric Thiry and Karl Skarboszewski of Environmental Development Partners L.L.C. ("EDP"); John Davis of Langford Engineering ("Langford"); Dennis Tiff of Champions Hydro-Lawn, Inc. ("Champions"); and Bryan T. Yeates 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 May 19, 2011. A minor revision was requested to page no. 4 of said draft minutes. After discussion of the minutes presented, Director Hodge moved that the May 19, 2011, minutes be approved, as revised. 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.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Tiff presented to and reviewed with the Board a Detention and Drainage Facilities Report, a copy of which is attached hereto as **Exhibit A**. Mr. Tiff noted that Champions has repaired two (2) separate sinkholes, and he presented and reviewed photographs of same with the Board, copies of which are included with **Exhibit A**.

DESTRUCTION OF CERTAIN DISTRICT RECORDS

The Board next considered a request from the District's Records Management Officer to destroy SPH's handwritten notes of Board meetings from March 18, 2010, to March 17, 2011, a copy of which request is attached hereto as **Exhibit B**. After discussion on the matter, Director Adamek moved that the destruction of said notes be authorized as requested in accordance with the provisions of the District's Records Management Program. Director Hodge seconded said motion, which unanimously carried.

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

Mr. Yeates discussed the possible cash defeasance of the District's \$2,375,000 Unlimited Tax Bonds, Series 2001. He noted that said Bonds are callable on September 1, 2011. Mr. Yeates then reminded the Board that, as previously discussed, the financial advisor has recommended that the Board defer review of said analysis until August 2011, at which time the District's funds available for such defeasance will be quantifiable with more certainty. The Board deferred taking any action at this time.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Fortner presented to and reviewed with the Board the tax assessor-collector's report dated as of May 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 May 31, 2011, copies of which are attached hereto as **Exhibit C**. After discussion, Director Adamek 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 Palermo seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Yeates presented to and reviewed with the Board a Delinquent Tax Collection Attorneys' Report, dated June 16, 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 D**. Mr. Yeates noted that no Board action was required at this time with respect to the accounts listed in the Report.

AUTHORIZE DELINQUENT TAX COLLECTIONS ATTORNEY TO PURSUE THE COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue to proceed with the collection of delinquent taxes for 2010 and prior years, including the filing of lawsuits, as necessary. After discussion on the matter, Director Palermo moved that Perdue be authorized to proceed with the collection of the District's 2010 and prior years' delinquent real property tax accounts beginning on July 1, 2011, including filing of lawsuits, as necessary. Director Stage seconded said motion, which carried unanimously.

BOOKKEEPER'S REPORT

Ms. Hernandez presented to and reviewed with the Board the bookkeeper's report dated June 16, 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 May 2011 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, 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 checks identified therein be approved for payment, except for check no. 4851, which was voided. Director Adamek seconded the motion, which carried unanimously.

FIRST AMENDMENT TO ELECTRIC SALES AGREEMENT WITH TEXAS GENERAL LAND OFFICE

The Board next considered its participation in the amendment and extension of the existing electricity pool established by Acclaim Energy Advisors ("Acclaim") and MA&C. In connection therewith, Ms. Hernandez presented to and reviewed with the Board a summary of terms of the amendment and extension, a copy of which summary is included with the bookkeeper's report. Ms. Hernandez reminded the Board that the current electricity pool contract with the Texas General Land Office ("GLO") expires in April 2014 and includes a fixed rate for electricity at \$0.08115/kWh. Ms. Hernandez stated that the proposed amendment and extension will initially reduce the fixed rate to \$0.07269/kWh for twenty-four (24) months (through June 2013). Thereafter, on behalf of the pool participants, Acclaim and MA&C will negotiate subsequent six (6) to twelve (12) month rate locks for the natural gas component of the contract price and extend the electricity pool contract for an additional thirty-six (36) months (through April 2017). Ms. Hernandez stated that, as previously authorized by the Board, Mr. Mark Burton executed a letter agreement on the District's behalf in order to secure the electricity rate through June 2013, and that the terms and form of the First Amendment to Electric Sales Agreement has been agreed upon by the GLO, Reliant Energy and the various attorneys representing the pool participants. After discussion, Director Hodge moved to approve the First Amendment to Electric Sales Agreement, as discussed, and authorize the President to execute same on behalf of the Board and the District. Director Palermo seconded the motion which carried unanimously.

AUTHORIZE PREPARATION OF UNCLAIMED PROPERTY REPORT

The Board considered authorizing the preparation of an Unclaimed Property Report as of June 30, 2011, for the period ended June 30, 2008, and the filing of same with the State Comptroller prior to November 1, 2011. After discussion on the matter, Director Adamek moved that the District's consultants be authorized to prepare an Unclaimed Property Report, if necessary, and that MA&C be authorized to file same with the State Comptroller prior to November 1, 2011. Director Hodge seconded said motion, which unanimously carried.

ENGINEERING REPORT

Mr. Davis presented and reviewed with the Board a written engineering report dated June 16, 2011, a copy of which report is attached hereto as **Exhibit F**, relative to the status of various projects within the District.

Relative to the chloramination disinfection conversion project, Mr. Davis informed the Board that correspondence was received from the Texas Commission on Environmental Quality conditionally approving the project, and he presented and reviewed same with the Board, a copy of which correspondence is included with **Exhibit F**. Mr. Davis then presented to and reviewed with the Board a cost estimate for the project received from Derrick Systems, LLC, a copy of which estimate is included with **Exhibit F**. No action was taken by the Board at this time.

Mr. Davis next advised the Board that Langford received the District's records from Van De Wiele & Vogler, Inc. ("VWV"), the District's former engineer, on June 7, 2011 and noted that Langford is in the process of reviewing said records at this time.

LEASE OF EMERGENCY BACK-UP GENERATOR

Mr. Yeates next reviewed with the Board lease documentation from Stewart & Stevenson LLC ("Stewart") relative to the lease of an emergency generator for use at the District's wastewater treatment plant facility per the proposal previously approved by the Board. After discussion on the matter, Director Adamek moved that the Board approve Stewart's lease agreement and related documentation for lease of an emergency generator for use at the District's wastewater treatment plant facility. Director Hodge seconded the motion, which carried unanimously.

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 at this time.

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. Yeates reminded the Board that the District had received a tap fee installment payment from HOH, as previously agreed in writing by HOH. Mr. Yeates advised the Board that SPH is in the process of finalizing the Development, Financing and Annexation Agreement with HOH 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. Yeates reminded the Board

that the \$10,000 deposit previously requested was received and that Langford is continuing to work on an annexation feasibility study.

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 June 15, 2011, a copy of which is attached hereto as **Exhibit G**.

Mr. Thiry next presented to and reviewed with the Board a Water Well No. 1 Performance Test Report prepared by G-M Services, a copy of which is included with **Exhibit G**. He noted that said Report indicates that the water well is operating satisfactorily.

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.

ATTORNEY'S REPORT

Mr. Yeates advised the Board that McCall, Parkhurst & Horton L.L.P. ("McCall") is in the process of completing the District's continuing disclosure report at this time and requested that the Board authorize McCall to file same by the June 30, 2011 due date. After discussion, the Board concurred that McCall be authorized to file said report by the June 30, 2011 due date.

VOTING SYSTEM ANNUAL FILING FORM

The Board considered authorizing the completion, execution and filing of a Voting System Annual Filing Form ("Form") from the Secretary of State's Office. Mr. Yeates advised that, pursuant to Section 123.061 of the Texas Election Code, each political subdivision in the State of Texas is required to complete and file said Form with the Secretary of State's Office. After discussion on the Form, Director Palermo moved that same be approved and that SPH be authorized to file same with the Secretary of State's Office, as required by law. Director Adamek seconded said motion, which unanimously carried.

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 corrections to the website were noted.

DISTRICT SECURITY ISSUES

The Board considered the report regarding District security issues. Mr. Yeates distributed the Harris County Sheriff Office's call sheet summary for May 2011, a copy of which is attached hereto as **Exhibit H**.

ADJOURN

There being no further business to come before the meeting, upon motion made by Director Hodge 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 – Records Destruction Request

Exhibit C – Tax Assessor-Collector's Report

Exhibit D – Delinquent Tax Report

Exhibit E– Bookkeeper's Report

Exhibit F – Engineer's Report

Exhibit G– Operator's Report

Exhibit H – District Security Report