

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Special Meeting of Board of Directors
September 16, 2010

The Board of Directors ("Board") of Harris County Municipal Utility District No. 249 ("District") met in special session at the Board's regular meeting place on September 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
Sue Cox, Vice President
Daniel Stage, Secretary
Willie Hodge, Assistant Secretary
Ralph V. Palermo, Assistant Secretary

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

Also present were Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MA&C"), who later entered the meeting; Ryan Fortner of Wheeler & Associates, Inc. ("Wheeler"), who later entered the meeting; Scott Novosad of Van De Wiele & Vogler Incorporated ("VVI"), who later entered the meeting; Eric Thiry and Karl Skarboszewski of Environmental Development Partners L.L.C. ("EDP"); Anthea Moran of First Southwest Company ("FSW"), who later entered the meeting; Dennis Tiff of Champions Hydro-Lawn, Inc. ("Champions"), who later entered the meeting; Nancy Blackwell of AEI Engineering, Inc. ("AEI"), who later entered the meeting; David Corbin of Costello, Inc. ("Costello"), who later entered the meeting; John Davis and Tim Hardin of Langford Engineering ("Langford"), who each later entered the meeting; John Sherrington and Sean Humble of Sherrington, Inc. ("Sherrington"), who each later entered the meeting; 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 19, 2010. After discussion of the minutes presented, Director Adamek moved that the August 19, 2010, minutes be approved, as written. Director Stage seconded said motion, which carried unanimously.

PRESENTATION OF STATEMENTS OF QUALIFICATION FOR ENGINEERING SERVICES

The Board next considered presentations regarding statements of qualification for engineering services. In connection therewith, Mr. Skinner reminded the Board that, pursuant to the Texas Professional Services Procurement Act, it can only make its decision to engage a particular engineering firm based on the firm's competence and qualifications and not on competitive bids.

Ms. Blackwell entered the meeting at this time and presented AEI's statement of qualifications and then responded to questions. Ms. Blackwell then exited the meeting.

Mr. Corbin entered the meeting at this time and presented Costello's statement of qualifications and then responded to questions. Mr. Corbin then exited the meeting.

Messrs. Davis and Hardin entered the meeting at this time and presented Langford's statement of qualifications and then responded to questions. Messrs. Davis and Hardin then exited the meeting.

Director Hodge exited the meeting at this time.

Messrs. Sherrington and Humble entered the meeting at this time and presented Sherrington's statement of qualifications and then responded to questions. Messrs. Sherrington and Humble then exited the meeting.

After a lengthy discussion, the Board deferred taking any action on the matter until later in the meeting.

Ms. Hernandez, Ms. Moran and Messrs. Fortner, Novosad and Tiff entered the meeting at this time.

COMMENTS FROM THE PUBLIC

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

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2010 TAX RATE

The Board next considered the Financial Advisor's recommendation concerning the District's proposed 2010 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. Moran then presented and reviewed with the Board a Tax Rate Analysis, a copy of which is attached hereto as Exhibit A. Ms. Moran advised that FSW is recommending a proposed 2010 debt service tax rate of \$0.84 per \$100 of assessed valuation. 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 Cox moved that the Board accept the financial advisor's recommendation of a proposed 2010 debt service tax rate of \$0.84 per \$100 of assessed valuation and set a 2010 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 2010 tax rate at its next meeting in the form and at the time required by law. Director Stage 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*.

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, 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 August 31, 2010, copies of which are attached hereto as Exhibit B. After discussion, Director Adamek moved that the tax assessor-collector report be approved and that the checks identified therein be approved for payment. Director Cox 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 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 C. Mr. Skinner informed the Board that Perdue is requesting authorization to move forward with filing suit against Lumbermen's Investment Corp. for delinquent taxes for the years 2006 through 2009. After discussion, Director Palermo moved that Perdue be authorized to move forward with filing suit against Lumbermen's Investment Corp. for delinquent taxes. Director Stage seconded the motion, which carried unanimously.

BOOKKEEPER'S REPORT

Ms. Hernandez presented to and reviewed with the Board the bookkeeper's report dated September 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 August 2010 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 Cox that the bookkeeper's report be approved and that the various checks identified therein be approved for payment. Director Stage seconded the motion, which carried unanimously.

Ms. Hernandez also presented and reviewed with the Board a City of Houston Sales Tax Rebate Historical Income Report, a copy of which Report is attached hereto as Exhibit E.

Ms. Hernandez next requested that the Board consider authorizing MA&C to submit an application to the State Comptroller's Office for unclaimed property in the amount of \$105.08 relative to an abandoned 1987 checking account from First Interstate Bank of Texas. After discussion, Director Cox moved that MA&C be authorized to submit said application. Director Stage seconded the motion, which carried unanimously.

There next ensued a discussion regarding a possible refund to Harris County Water Control and Improvement District No. 110 ("No. 110") in connection with the Wastewater Treatment Plant Headworks Structure Rehabilitation project. After discussion, the Board concurred to reimburse No. 110 in connection with the project.

UNCLAIMED PROPERTY

The Board next considered the approval of an Unclaimed Property Report as of June 30, 2010. In that regard, Mr. Skinner advised the Board that the District's bookkeeper and tax assessor-collector have confirmed that the District has no unclaimed property to report for the current period, and noted that no action by the Board was required at this time.

ENGINEERING REPORT

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

There next ensued a discussion regarding the current capacity utilization of the District's Wastewater Treatment Plant (the "Plant"). In connection therewith, Mr. Novosad reminded the Board that it previously authorized VVI to proceed with submitting an application to the Texas Commission on Environmental Quality ("TCEQ") for re-rating of the Plant in an effort to increase the authorized number of utility connections capable of service from the Plant, and he discussed the status of same in detail with the Board.

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 advised the Board that the District had received the first tap fee installment payment from HOH. Mr. Skinner then reminded the Board that the District has not yet finalized the Development, Financing and Annexation Agreement (the "Agreement") with HOH. Accordingly, Mr. Skinner stated that SPH would work to finalize the Agreement and, pending completion, would either hold the HOH payment in escrow or return 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. Skinner 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. In connection therewith, Mr. Skinner advised the Board that, since last month's meeting, SPH was in receipt of a formal written request from SplashTown and had prepared and forwarded a response to SplashTown as the Board had previously requested. He presented and reviewed a copy of said correspondence with the Board, a copy of which is attached hereto as **Exhibit G**.

REQUEST FROM HARRIS COUNTY FOR UTILITY SERVICE TO BAYER PARK

Mr. Skinner next advised the Board that SPH was in receipt of e-mail correspondence from Harris County requesting that the District consider providing out-of-district sanitary sewer service to Bayer Park, and he discussed same in detail with the Board. After discussion, the Board concurred 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. Skinner informed the Board that SPH would prepare and forward correspondence to Harris County requesting said deposit.

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 16, 2010, a copy of which is attached hereto as **Exhibit H**.

Mr. Thiry advised the Board that, as previously authorized, Magna Flow Environmental has cleaned out aeration basin nos. 2 and 3 at the Plant. Mr. Thiry also advised the Board that repairs were made to aeration no. 2 and discussed same in detail with the Board.

PROPOSAL FROM CHAMPIONS FOR EROSION REPAIRS OF AMENITY PONDS

Mr. Tiff next presented to and reviewed with the Board photographs of the District's various detention facilities being maintained by Champions, copies of which photographs are attached hereto as **Exhibit I**. Mr. Tiff informed the Board that the District's amenity ponds are in need of erosion repair and discussed same in detail with the Board. Mr. Tiff then informed the Board that Champions recommends that a cement edge be constructed to address the erosion issue. Mr. Tiff advised that the proposed project is beyond Champions' scope of expertise and

noted that Champions would hire a sub-contractor for the project. After discussion, the Board deferred taking any action on the matter 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, Director Adamek reminded the Board that, as previously authorized, he forwarded correspondence to the NHCRWA and noted that no official response has been received to date.

REVIEW OF PROPOSALS FOR SOLID WASTE COLLECTION/RECYCLING SERVICES

The Board deferred review of proposals for solid waste collection/recycling services until next month's meeting.

ISSUANCE OF UTILITY COMMITMENTS

The Board deferred the issuance of utility commitments, as no additional 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 August 2010, a copy of which is attached hereto as Exhibit J.

WEBSITE PROVIDER

There next ensued a discussion regarding the District's website provider. In connection therewith, Mr. Skinner advised the Board that he contacted Ms. Barbara Payne regarding the matter and discussed same with the Board. The Board requested that SPH contact Ms. Payne and request her attendance at the District's November 2010 Board meeting.

PRESENTATION OF STATEMENTS OF QUALIFICATION FOR ENGINEERING SERVICES

The Board next discussed the statements of qualification presentations for engineering services received earlier in the meeting. After a lengthy discussion on the matter, the Board requested that SPH obtain a contract for engineering services from Langford for the Board's consideration at next month's meeting.

ADJOURN

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


Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A- Tax Rate Analysis
- Exhibit B - Tax Assessor-Collector's Report
- Exhibit C - Delinquent Tax Report
- Exhibit D - Bookkeeper's Report
- Exhibit E - City of Houston Sales Tax Rebate Historical
Income Report
- Exhibit F - Engineer's Report
- Exhibit G - Correspondence to SplashTown
- Exhibit H - Operator's Report
- Exhibit I - Photographs of District facilities maintained by
Champions Hydro-Lawn, Inc.
- Exhibit J - District Security Report