

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
October 21, 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 October 21, 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 Cox, 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"); Cindy Adamek, Shannon Bledsoe, Charles Albright, and John Konen and Gloria Konen, 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 September 16, 2010. A revision was noted on page one of the draft minutes. After discussion of the minutes presented, Director Palermo moved that the September 16, 2010, minutes be approved, as amended. Director Adamek seconded said motion, which carried unanimously.

RESIGNATION OF DIRECTOR

Mr. Skinner next presented to the Board a letter of resignation from Sue Cox as a Director of the Board, effective as of October 18, 2010. A copy of said resignation letter is attached hereto as **Exhibit A**. Upon motion duly made by Director Adamek,

seconded by Director Palermo and unanimously carried, said resignation was accepted.

There next ensued a discussion regarding the appointment of a new Director to fill the vacancy on the Board left by Director Cox's resignation. In connection therewith, Mr. Skinner presented correspondence received from Ms. Bledsoe expressing her interest in serving on the Board; a copy of Ms. Bledsoe's correspondence is included with Exhibit A. Mr. Albright and Ms. Bledsoe each then addressed the Board and expressed their respective interest in serving on the Board. After discussion, the Board deferred taking any action on the matter until later in the meeting.

COMMENTS FROM THE PUBLIC

Mr. Skinner presented to and reviewed with the Board correspondence received from District resident Rocco Infantino expressing his appreciation to the Board for the guidance and support it has provided to the Spring Lakes Homeowners Association and its dedication to on-going community projects; a copy of Mr. Infantino's correspondence is attached hereto as Exhibit B.

PUBLIC HEARING REGARDING THE ADOPTION OF THE DISTRICT'S 2010 TAX RATE

The Board next considered conducting a public hearing regarding adoption of the District's proposed 2010 tax rates. After noting that the members of the public present at the meeting did not wish to offer comment regarding the proposed tax rates, the hearing was closed.

LEVY OF THE DISTRICT'S 2010 DEBT SERVICE AND MAINTENANCE TAX RATES

As the next order of business, the Board considered the levy of the District's 2010 debt service and maintenance tax rates and the adoption of an Order in connection therewith. Mr. Fortner confirmed that the notice of public hearing and intent to set the 2010 tax rate had been published in the appropriate *Neighborhood News* section of the *Houston Chronicle* in accordance with all legal requirements. After discussion on the matter, Director Stage moved that: (i) the Board adopt the tax rates as proposed at the District's September 16, 2010, meeting and as reflected in the notice; (ii) the Board levy a 2010 debt service tax rate of \$0.84 per \$100 of assessed valuation and a 2010 maintenance tax rate of \$0.27 per \$100 of valuation, resulting in a total 2010 tax rate of \$1.11 per \$100 of assessed valuation; and (iii) the Order Levying Taxes, attached hereto as Exhibit C, be adopted in connection therewith and that the President be authorized to execute and the

Secretary to attest same on behalf of the Board and the District. Director Hodge seconded said motion, which carried unanimously.

AMENDMENT TO SECOND AMENDED AND RESTATED DISTRICT INFORMATION FORM

The Board next considered the approval and execution of an Amendment to Second Amended and Restated District Information Form (the "Amendment"). Mr. Skinner presented to the Board the Amendment relative to the District's 2010 tax rate and discussed the requirement to file same with the Texas Commission on Environmental Quality (the "TCEQ") and in the real property records of Harris County. After discussion regarding same, Director Adamek moved that the Amendment be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Hodge seconded said 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 September 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 September 30, 2010, copies of which are attached hereto as Exhibit D. After discussion, Director Stage moved that the tax assessor-collector report be approved and that the checks identified therein be approved for payment. Director Hodge 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 October 21, 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 E. Relative to the delinquent tax account of Victor Thomas, Mr. Fortner presented to and reviewed with the Board correspondence from Victor and Denise Thomas advising that they have been unable to pay their delinquent 2009 taxes due to various circumstances; a copy of the Thomas' correspondence is included with Exhibit E. Mr. Fortner noted that Perdue plans to file suit on said account in the near future, but that Mr. Thomas has indicated that he plans to pay said delinquent taxes in full by the end of November 2010. After discussion on the matter, Director Stage moved that Wheeler be authorized to (i) instruct Perdue not to file suit on the Thomas' account until further notice, and (ii) offer the Thomas' the opportunity to enter into an installment payment plan with the

District for payment of their delinquent taxes. Director Hodge seconded the motion, which carried unanimously.

BOOKKEEPER'S REPORT

Ms. Hernandez presented to and reviewed with the Board the bookkeeper's report dated October 21, 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 September 2010 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as **Exhibit F**. 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. 4648, which was voided. Director Hodge seconded the motion, which carried unanimously. Ms. Hernandez then requested that the Board consider authorizing MA&C to transfer the District's Money Market Account within the Debt Service Fund from Amegy Bank to Compass Bank. After discussion, Director Palermo moved that MA&C be authorized to transfer said account from Amegy Bank to Compass Bank. Director Hodge 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 G**.

**COMPLIANCE BY DISTRICT WITH TEXAS GOVERNMENT CODE, CHAPTER 2265
RELATIVE TO ENERGY REPORTING REQUIREMENTS**

The Board next considered the status of compliance by the District with Texas Government Code, Chapter 2265, relative to energy reporting requirements. In connection therewith, Ms. Hernandez presented and reviewed with the Board a Utility Usage & Expense report, a copy of which is included with **Exhibit F**.

**ANNUAL REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF
DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER**

The Board considered the annual review of its Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Investment Policy"). Mr. Skinner presented for the Board's adoption a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Resolution"), a copy of which is attached hereto as **Exhibit H**. He advised that there were no recommended changes to the Investment Policy at this time. After discussion on

the matter, Director Hodge moved that the Investment Policy be affirmed, that the Resolution attached hereto as Exhibit H be adopted, and that the President and Secretary be authorized to execute same. Director Stage seconded said motion, which unanimously carried.

ENGINEERING REPORT

Mr. Davis advised the Board that Langford will work with EDP to analyze the flow capacity of the District's wastewater treatment plant.

REVIEW AND APPROVAL OF AGREEMENT FOR ENGINEERING SERVICES

Mr. Skinner next presented to and reviewed with the Board a proposed Agreement for Engineering Services by and between the District and Langford, a copy of which is attached hereto as Exhibit I. After discussion on the matter, Director Adamek moved that said Agreement in substantially the same form as attached hereto be approved and that the President be authorized to execute same on behalf of the Board and the District, subject to SPH's review of same. Director Stage 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 reminded 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 it 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. Mr. Skinner informed the Board that he had nothing new to report on the matter at this time.

REQUEST FROM HARRIS COUNTY FOR UTILITY SERVICE TO BAYER PARK

Mr. Skinner reminded the Board that, as discussed at last month's meeting, 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. Skinner then advised the Board that SPH is preparing correspondence to Harris County requesting said deposit. Mr. Davis noted that he would contact the appropriate Harris County representative to discuss the District's sanitary sewer capacity availability.

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 October 20, 2010, a copy of which is attached hereto as **Exhibit J**.

Mr. Thiry advised the Board that the sludge return pump at the District's wastewater treatment plant is in need of repair and requested that the Board consider authorizing EDP to proceed with said repair. After discussion, the Board concurred that EDP be authorized to proceed with said repair.

Mr. Thiry next advised the Board that the Spring Volunteer Fire Department's Fire Station No. 71 is ready to receive water service from the District upon installation by the District of the necessary tap connection and related facilities.

PROPOSAL FROM CHAMPIONS FOR EROSION REPAIRS OF AMENITY PONDS

Mr. Skinner reminded the Board that, as previously discussed, the District's amenity ponds are in need of erosion repair and that Mr. Dennis Tiff of Champions Hydro-Lawn, Inc. has recommended that a cement edge be constructed to address the erosion issue. After discussion, the Board deferred taking any action on the matter at this time and requested that Mr. Davis meet with Director Palermo to discuss the repairs.

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 September 2010, a copy of which is attached hereto as **Exhibit K**. Mr. Skinner then advised the Board that correspondence was received from Harris County advising that there will be a fee increase for law enforcement services in 2011 and discussed same in detail with the Board.

WEBSITE PROVIDER

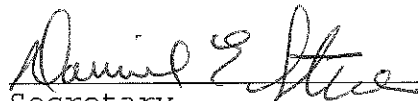
There next ensued a discussion regarding the District's website provider. In connection therewith, Mr. Skinner advised the Board that he contacted Ms. Barbara Payne regarding the matter and discussed same with the Board. Mr. Skinner then advised the Board that, as previously requested, SPH will contact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

APPOINTMENT OF DIRECTOR

There next ensued a discussion regarding the appointment of a new Director to fill the vacancy on the Board left by Director Cox's resignation. After considerable discussion on the matter, Director Adamek moved that Mr. Albright be appointed to the Board at the next meeting. Director Palermo seconded the motion, which carried by a vote of three (3) in favor and one (1) abstention, with Directors Adamek, Stage and Palermo being in favor and Director Hodge abstaining.

ADJOURN

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


Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A - Resignation Letter

Exhibit B - Correspondence from Rocco Infantino

Exhibit C - Order Levying Taxes

Exhibit D - Tax Assessor-Collector's Report

Exhibit E - Delinquent Tax Report

Exhibit F- Bookkeeper's Report

Exhibit G - City of Houston Sales Tax Rebate Historical
Income Report

Exhibit H - Resolution Regarding Review of Investment Policy

Exhibit I - Agreement for Engineering Services

Exhibit J - Operator's Report

Exhibit K - District Security Report