

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
August 18, 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 August 18, 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 Lisa Hernandez, Karen 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"); Anthea Moran and Christina Crotwell of First Southwest Company ("FSW"); Cindy Adamek and Edward Wade, 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 July 21, 2011. After discussion of the minutes presented, Director Adamek moved that the July 21, 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 are callable on September 1, 2011. In connection therewith, Ms. Moran 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**. Director Adamek noted that, for

various reasons, he believes that the defeasance would be beneficial to the District and discussed same in detail with the Board. The Board then asked various questions, to which Ms. Moran responded. 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.

RECEIVE FINANCIAL ADVISOR'S TAX RECOMMENDATION

The Board next deferred consideration of the financial advisor's 2011 tax recommendation until next month's meeting pending receipt of the certified tax roll from the Harris County Appraisal District.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Fortner presented to and reviewed with the Board the tax assessor-collector's report dated as of July 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 July 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 August 18, 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

Ms. Hernandez presented to and reviewed with the Board the bookkeeper's report dated August 18, 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 July 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 Palermo that the bookkeeper's report be approved and that the various checks identified therein be approved for payment, which was voided. Director Stage seconded the motion, which carried unanimously.

ENGINEERING REPORT

Mr. Davis presented and reviewed with the Board a written engineering report dated August 18, 2011, a copy of which report is attached hereto as **Exhibit E**, relative to the status of various projects within the District.

Mr. Davis next advised the Board that Langford has prepared three (3) short form contracts between the District and Neil Technical Services Corp. and one (1) short form contract between the District and Derrick Systems, LLC for several improvement projects at the Wastewater Treatment Plant and requested that the Board consider approving said contracts and authorizing the President to execute same on behalf of the Board and the District. After discussion, Director Palermo moved that said contracts be approved and that the President be authorized to execute same on behalf of the Board and the District. Director Stage seconded the motion, which carried unanimously.

Mr. Davis next advised the Board that Langford is currently working on the design plan for the catwalk at the District's Wastewater Treatment Plant.

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 informed the Board that the drain valve to the detention pond is not operational at this time due to a corroded operating system. He noted that NTS is in the process of preparing a proposal to make the necessary repair to the valve stem so that EDP can proceed with the draining and inspection process. He also noted that the estimated cost for said repair is \$1,000 to \$1,500. After discussion, the Board concurred to authorize EDP to engage NTS to repair said valve subject to the cost not exceeding \$1,500.

DETENTION AND DRAINAGE FACILITIES REPORT

The Board deferred consideration of a Detention and Drainage Facilities Report as no Report was presented.

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.

REQUEST FOR SERVICE TO APPROXIMATE 13-ACRE TRACT

Mr. Davis next reminded the Board that he was contacted by a representative of the owner of the approximately 13-acre tract located east of Wal-Mart relative to the District possibly providing water and sanitary sewer service to the tract. Mr. Davis then advised the Board that, as requested, he contacted Champions Hydro-Lawn, Inc. regarding the maintenance

of a small drainage ditch on said tract and noted that Champions has confirmed that it is part of Champions' routine maintenance for the District. Mr. Davis further noted that the District has a 100' easement in place for maintenance of the subject ditch. A discussion ensued regarding same, but no action was taken by the Board 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 reminded the Board 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 first introduced Mr. Brown to the Board. He then presented and reviewed in detail with the Board a written Operations Report prepared by EDP dated as of August 17, 2011, a copy of which is attached hereto as **Exhibit F**.

Mr. Thiry next advised the Board that, as previously requested, EDP contacted the contractor, EI2, that installed the new brush assembly on the fine screen located at the Wastewater Treatment Plant to determine the cause of the equipment failure in order to avoid future repairs. He then advised the Board that on August 17, 2011, he, along with Mr. Davis and Director Stage met a representative of EI2 and Mr. John Meunier, a representative of the brush assembly's manufacturer, at the Wastewater Treatment Plant to discuss the matter. He then discussed the details of the meeting with the Board and noted that the manufacturer is going to conduct additional research to determine the cause of the premature failure.

Relative to the chloramination disinfection conversion project, the Board requested that EDP provide the Texas Commission on Environmental Quality's ("TCEQ") required notification language to Director Stage for preparation of a draft notice to be provided to District customers advising of the change in disinfection systems.

CRITICAL LOAD LISTS

Mr. Skinner reported that House Bill 2619, recently enacted by the 82nd Texas Legislature, amends Section 13.1396, Water Code, to require that a district must annually submit to each electric distribution utility and each retail electric utility provider, on forms reasonably required by each entity, its facilities which qualify for critical load status and various emergency contact information, in lieu of providing such information to the county judge of each county in which the district has critical load facilities. After discussion on the matter, Director Hodge moved that the District's operator be authorized to make such annual filings on behalf of the District. Director Albright seconded the motion, which carried unanimously.

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. Skinner next presented and reviewed with the Board information received from the Bacteria Implementation Group ("BIG") regarding a proposed Implementation Plan ("Plan") for total maximum daily loads for bacteria in the Houston-Galveston Region for submission to the TCEQ on behalf of all stakeholder Districts. In connection therewith, Mr. Skinner presented a Resolution in Support of Proposed Implementation Plan for Total Maximum Daily Loads for Bacteria in the Houston-Galveston Region Developed by the BIG ("Resolution"), and explained that, if the Board is in support of the proposed Plan, said Resolution will be provided to the TCEQ by the BIG as a supporting document with the proposed Plan. After discussion, the Board deferred taking any action on the matter at this time.

Mr. Skinner next presented to and reviewed with the Board an informational packet received from Environmental Allies ("EA"), a copy of which informational packet is attached hereto as **Exhibit G**, regarding services offered relative to erosion control.

WEBSITE PROVIDER


There next ensued a discussion regarding the District's website provider and working with said provider to improve the District's website. The Board requested that once the notice regarding the chloramination disinfection conversion project is finalized, said notice be placed on the District's website. The Board also requested that the October 2010 minutes be placed on the website.

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 July 2011, a copy of which is attached hereto as **Exhibit H**. Mr. Skinner informed the Board that, as previously requested, SPH contacted the HCSO and requested that the patrolling hours be changed .

ADJOURN

There being no further business to come before the meeting, upon motion made by Director Adamek seconded by Director Albright 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 – Engineer's Report

Exhibit F– Operator's Report

Exhibit G– Information packet received from Environmental Allies

Exhibit H – District Security Report