

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

### Minutes of Meeting of Board of Directors May 19, 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 May 19, 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 Directors Hodge and Albright, thus constituting a quorum. Director Albright later entered the meeting.

Also present were Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MA&C"); Ryan Fortner of Wheeler & Associates, Inc. ("Wheeler"); Eric Thiry of Environmental Development Partners L.L.C. ("EDP"); John Davis of Langford Engineering ("Langford"); Jimmy Pappas and Garland Mann of Acclaim Energy Advisors ("Acclaim"); 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 April 21, 2011. A minor change was noted on page no. 4 of said draft minutes. After discussion of the minutes presented, Director Adamek moved that the April 21, 2011, minutes be approved, as amended. Director Stage seconded said motion, which carried unanimously.

Director Albright entered the meeting at this time.

#### **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. Mr. Skinner then advised the Board that, as previously instructed, SPH requested that the District's financial advisor prepare a cash defeasance analysis for its consideration and noted that 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. After discussion, the Board concurred with the financial advisor's recommendation and deferred taking any action at this time.

## **RATIFICATION OF PRIOR ACTION**

The Board next considered ratification of its prior action relative to the approval and execution of a Resolution Adopting Policies for Capitalization and Depreciation of District Assets. After discussion, Director Adamek moved that the Board's prior action be ratified in all respects. Director Stage seconded the 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 April 30, 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 April 30, 2011, copies of which are attached hereto as **Exhibit A**. 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 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 May 19, 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 B**. 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 May 19, 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 April 2011 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as **Exhibit C**. After discussion, it was moved by Director Adamek that the bookkeeper's report be approved and that the various checks identified therein

be approved for payment, except for check no. 4828 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 May 19, 2011, a copy of which report is attached hereto as **Exhibit D**, relative to the status of various projects within the District.

Mr. Skinner then advised the Board of the status of the District's records being transferred from Van De Wiele & Vogler, Inc. ("VWV"), the District's former engineer, to Langford. Mr. Skinner reported that Mr. Asim Tufail of VWV had confirmed that said records would be available for delivery to Langford within the next week.

Mr. Davis next presented to and reviewed with the Board a draft Emergency Preparedness Plan, a copy of which is included with **Exhibit D**. No action was taken by the Board at this time.

### **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 Langford intends to examine the status of the water levels relative to the repair work. A discussion ensued regarding same. Following discussion, the Board concurred with Mr. Davis' recommendation that the District delay performing the erosion control and repair work until sufficient rainfall was forecast to re-fill the pond.

### **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"). In connection therewith, Mr. Skinner reminded the Board that the District had received a tap fee installment payment from HOH, as previously agreed in writing by HOH. Mr. Skinner also reminded the Board, however, that the District has not yet finalized the Development, Financing and Annexation Agreement (the "Annexation Agreement") with HOH. Director Adamek then advised the Board that he spoke to HOH's engineer regarding the annexation and discussed same with the Board. After further discussion, the Board requested that SPH finalize the Annexation Agreement accordingly.

## **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 the \$10,000 deposit previously requested has been received such that Langford is now working 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 May 18, 2011, a copy of which is attached hereto as **Exhibit E**.

There next ensued a discussion regarding the adoption of a policy relative to writing off aged receivable of 120 days and over. In connection therewith, Mr. Thiry presented to and reviewed with the Board a list of aged receivables, a copy of which is included with **Exhibit E**. After discussion, the Director Stage moved that EDP be authorized to write off the 2007, 2008 and 2009 aged receivables reflected on said list Director Adamek seconded the motion, which carried unanimously.

## **ANNUAL REVIEW OF THE DISTRICT'S IDENTITY THEFT PREVENTION PROGRAM**

The Board considered review of the District's Identity Theft Prevention Program (the "Program"). In connection therewith, Mr. Thiry presented EDP's annual report, a copy of which is included with **Exhibit E**, and advised the Board regarding the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts maintained by the District and the District's business arrangements with other entities. Mr. Thiry recommended that no changes be made to the Program. After discussion on the matter, the Board concurred that no changes were necessary to the Program at this time.

## **EMERGENCY BACK-UP GENERATOR**

Mr. Pappas introduced himself to the Board and presented and reviewed a proposal from Acclaim relative to the provision of an emergency generator for use at the District's wastewater treatment plant facility, a copy of which proposal is attached hereto as **Exhibit F**. The Board then asked various questions, to which Mr. Pappas responded. Mr. Skinner and Mr. Thiry then presented and reviewed with the Board proposals from Stewart & Stevenson LLC ("Stewart") and Neal Technical Services ("NTS") copies of which proposals are included with **Exhibit E**, for stand-by lease options for a generator. After discussion on the matter, Director Stage moved that the Board accept Stewart's proposal for stand-by lease of a 180 kilowatt emergency generator for use at the District's wastewater treatment plant facility, subject to SPH's review and approval of the applicable lease documentation. Director Adamek seconded the motion, which carried unanimously. The Board then requested that Mr. Davis and Mr. Thiry research the various options for a permanent generator for the District's wastewater treatment plant.

## **AMENDMENT OF RATE ORDER**

The Board next considered amendment of its Rate Order to increase the District's deposit fees. Mr. Skinner advised the Board that the District currently charges a security deposit fee of (i) \$30.00 for residential and apartment customers (for apartments served by separate meters); (ii) \$100.00 for commercial customers; and (iii) \$30.00 for additional deposits after termination for failure to pay a delinquent bill. After discussion on the matter, it was moved by Director Adamek, seconded by Director Albright and unanimously carried, that (i) the District's Rate Order be amended to increase the security deposit fee for residential, apartment (served by separate meters) and commercial customers to \$150.00 and the additional deposit fee after termination of service to \$50.00; and (ii) the Rate Order attached hereto as **Exhibit G** be adopted; and (iii) all Rate Orders, and amendments thereto, previously adopted by the Board be revoked and rescinded as of May 19, 2011, the effective date of the Rate Order.

## **CONSUMER CONFIDENCE REPORT**

The Board considered the approval of a 2010 Consumer Confidence Report and authorizing the distribution of same to the District's customers prior to July 1, 2011. Mr. Thiry presented to the Board a draft of the 2010 Consumer Confidence Report, and requested that the Board authorize EDP to distribute same to the District's customers, subject to SPH's final review and approval. After discussion on the matter, Director Adamek moved that such Report be approved by the Board, subject to SPH's final review and approval, and that EDP be authorized to distribute same to the District's customers prior to July 1, 2011. Director Stage seconded said 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 advised the Board that he had nothing more of a legal nature to report at this time.

## **WEBSITE PROVIDER**

There next ensued a discussion regarding the District's website provider and working with said provider to improve the District's website. Director Adamek noted a minor correction

to be made to 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 April 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 Adamek seconded by Director Palermo and carried unanimously, the meeting was adjourned.

  
Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A – Tax Assessor-Collector's Report

Exhibit B – Delinquent Tax Report

Exhibit C– Bookkeeper's Report

Exhibit D – Engineer's Report

Exhibit E– Operator's Report

Exhibit F – Proposal from Acclaim Energy Advisors

Exhibit G – Rate Order

Exhibit H – District Security Report