

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors April 21, 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 April 21, 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 of Environmental Development Partners L.L.C. ("EDP"); John Davis of Langford Engineering ("Langford"); Mark Roth, Mark Eyring and Teresa Rosenbaum of Mark L. Roth, CPA ("Roth"); Dennis Tiff of Champions Hydro-Lawn, Inc. ("Champions"); 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 March 17, 2011. Director Adamek noted a revision to said draft minutes. After discussion of the minutes presented, Director Stage moved that the March 17, 2011, minutes be approved, as amended. Director Adamek seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

AUDIT REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2010

Mr. Roth first introduced Mr. Eyring and Ms. Rosenbaum to the Board. He then reviewed with the Board a draft of the District's audit report prepared for the fiscal year ended December 31, 2010, a copy of which is attached hereto as **Exhibit A**. After discussion concerning the audit presented, Director Hodge moved that the audit report for the fiscal year ended December 31, 2010, be approved, that the President be authorized to execute the Annual

Filing Affidavit on behalf of the Board and the District, and that such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality (the "TCEQ"). Director Palermo seconded said motion, which unanimously carried. Mr. Skinner then advised the Board that the continuing disclosure report due June 30, 2011, will not be completed until after the District's audit for the fiscal year ended December 31, 2010, is completed.

RESOLUTION ADOPTING POLICIES FOR CAPITALIZATION AND DEPRECIATION OF DISTRICT ASSETS

The Board next considered the adoption of capitalization and depreciation policies relative to General Accounting Standards Board Statement No. 34 requirements. Mr. Skinner then presented and reviewed a Resolution Adopting Policies for Capitalization and Depreciation of District Assets recommended by Mr. Roth; a copy of said Resolution is attached hereto as **Exhibit B**. He advised the Board that municipal utility districts must report depreciation of fixed assets and various other issues related to same. After discussion on the matter, Director Adamek moved that the Resolution be approved as presented and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Palermo seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Fortner presented to and reviewed with the Board the tax assessor-collector's report dated as of March 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 March 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. Director Hodge seconded said motion, which carried unanimously.

Mr. Fortner next distributed and discussed with the Board a sales tax report for the month of March 2011, prepared by Sales Tax and Revenue Tracking ("START"), a division of Wheeler, in connection with revenue tracking and administration of the District's Strategic Partnership Agreement with the City of Houston.

DELINQUENT TAX COLLECTION ATTORNEYS REPORT

Mr. Skinner presented to and reviewed with the Board a Delinquent Tax Collection Attorneys Report, dated April 21, 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 hereto as **Exhibit D**. Mr. Skinner noted that no Board action was required at this time with respect to the accounts listed in the Report.

RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Mr. Skinner advised that the Board is authorized, pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on taxes that remain delinquent as of July 1 of the year in which they become delinquent. After discussion, it was moved by Director Adamek, seconded by Director Hodge and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, attached hereto as **Exhibit E**, be adopted by the Board.

BOOKKEEPER'S REPORT

Ms. Hernandez presented to and reviewed with the Board the bookkeeper's report dated April 21, 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 March 2011 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. 4794, which was voided. Director Adamek seconded the motion, which carried unanimously.

Ms. Hernandez also presented and reviewed with the Board a Quarterly Investment Inventory Report, prepared by MA&C, relative to the District's various funds and accounts for the reporting period ending March 31, 2011, a copy of which Report is attached hereto as **Exhibit G**. After review of the Quarterly Investment Inventory Report and upon motion duly made by Director Stage, seconded by Director Adamek and carried unanimously, said Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and the District.

ADOPTION OF ORDER SELECTING DEPOSITORY

The Board next considered the designation of a depository bank for the District. Ms. Hernandez advised that Compass Bank was well qualified to act as a depository for the District. After discussion of the matter, and upon motion made by Director Adamek and seconded by Director Palermo, the Board voted unanimously to adopt the Order Selecting Depository, attached hereto as **Exhibit H**, designating Compass Bank as a depository for the District.

ENGINEERING REPORT

Mr. Davis presented and reviewed with the Board a written engineering report dated April 21, 2011, a copy of which report is attached hereto as **Exhibit I**, relative to the status of various projects within the District.

Mr. Davis next presented to and reviewed with the Board a Wastewater Treatment Plant Improvement Want List, a copy of which is included with **Exhibit I**. Mr. Davis then advised the Board that he is recommending that the Board consider authorizing Langford to move forward with item nos. 1, 2, 3 and 6 on said List. After discussion on the matter, Director Stage moved that Langford and EDP be authorized to move forward with addressing item nos. 1, 2, 3 and 6 on said List. Director Adamek 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.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Tiff next presented to and reviewed with the Board a Detention and Drainage Facilities Report regarding the status of maintenance of certain District facilities, a copy of which is attached hereto as **Exhibit J**. Mr. Tiff advised that there is a sinkhole located at the southwest corner of the Regional Detention Pond in need of repair and that the estimated cost for same is \$4,995. After discussion, Director Palermo moved that the Board authorize Champions to repair said sinkhole at a cost not to exceed \$4,995. Director Stage seconded the motion, which carried unanimously.

There next ensued a discussion regarding the recent graffiti activity on the outfall structure leading to Cypresswood Drive. After discussion, the Board concurred that the District continue paying EDP to paint over graffiti.

The Board next requested that Champions examine the possibility of tree restoration along Lexington Drive and to provide a cost estimate for same at next month's meeting.

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. Accordingly, Mr. Skinner stated that SPH would work to finalize the Annexation Agreement and, pending completion, would either hold the HOH payment in escrow or return same to HOH.

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 April 20, 2011, a copy of which is attached hereto as **Exhibit K**.

The Board then requested that EDP contact the manufacturer and contractor of the bar screen located at the District's Wastewater Treatment Plant to determine the cause of the recent failure of said bar screen.

Mr. Thiry next recommended that the Board consider writing off aged receivable of 120 days and over. After discussion, the Board deferred taking any action and requested that an item be placed on the next meeting agenda for the implementation of a write-off policy.

AUTHORIZATION OF CONSUMER CONFIDENCE REPORT ("CCR")

The Board considered authorizing EDP to prepare the District's CCR, the format of which is dictated by the TCEQ. After discussion on the matter, Director Adamek moved that EDP be authorized to prepare said CCR for the Board's review. Director Stage seconded said motion, which unanimously carried.

IDENTITY THEFT PREVENTION PROGRAM

The Board deferred consideration of the operator's annual report regarding the District's Identity Theft Prevention Program at this time.

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 discussed a possible cash defeasance of the Districts \$2,375,000 Unlimited Tax Bonds, Series 2001. He noted that said Bonds are callable on September 1, 2011. After discussion, the Board deferred taking any action at this time and requested that the District's

financial advisor prepare a cash defeasance analysis for its consideration at next month's meeting.

There next ensued a discussion regarding the sales tax authorization election to be held by Harris County Emergency Services District No. 7 and the impact of same on the District.

WEBSITE PROVIDER

There next ensued a discussion regarding the District's website provider and working with said provider to improve the District's 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 March 2011, a copy of which is attached hereto as **Exhibit L**.

ADJOURN

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


Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A Audit Report; Management Letter

Exhibit B – Resolution Adopting Policies for Capitalization and Depreciation of District Assets

Exhibit C – Tax Assessor-Collector's Report

Exhibit D – Delinquent Tax Report

Exhibit E – Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes

Exhibit F– Bookkeeper's Report

Exhibit G – Quarterly Investment Inventory Report

Exhibit H - Order Selecting Depository

Exhibit I – Engineer's Report

Exhibit J – Detention and Drainage Facilities Report

Exhibit K– Operator's Report

Exhibit L – District Security Report