

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors January 19, 2012

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 January 19, 2012, 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 Cory Burton and Caryn Adams 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 Inc. ("Langford"); Cindy Adamek and Edward Wade, who entered the meeting after it had been called to order, residents of the District; Christine Crotwell of First Southwest Company ("FSW"); 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 December 15, 2011. A revision was noted to said draft minutes. After discussion of the minutes presented, Director Adamek moved that the December 15, 2011, minutes be approved, as revised. Director Palermo seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

SERIES 2012 UNLIMITED TAX REFUNDING BONDS (THE "REFUNDING BONDS")

Ms. Crotwell next addressed the Board and presented to and reviewed with the Board a Preliminary Plan of Financing in connection with the possible issuance of approximately \$6,025,000 par amount of unlimited tax refunding bonds; a copy of the Preliminary Plan of Financing is attached hereto as **Exhibit A**. Ms. Crotwell reported that the proposed Refunding Bonds would refund a portion of the District's outstanding Series 2002 Unlimited Tax Bonds and

Series 2003 Unlimited Tax Bonds. She also stated that the par amount of the Refunding Bonds was subject to change depending on the market conditions at the time of sale. Ms. Crotwell then explained various requirements of the City of Houston relative to the issuance of refunding bonds by the District and noted that, at this time, the transaction meets all of said requirements. After discussion on the proposal outlined by Ms. Crotwell, the Board concurred that the District's consultants be authorized to proceed with the preparation of documentation and related matters in connection with the proposed issuance of the Refunding Bonds.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Fortner presented to and reviewed with the Board the tax assessor-collector's report dated as of December 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 December 31, 2011, 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 from the District's tax account. Director Albright seconded said motion, which carried unanimously.

Mr. Fortner next distributed and discussed with the Board a sales tax report for the month of January 2012, 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 January 19, 2012, 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 file suit on the account of Faron L. & Rebecca L. Long for delinquent 2010 taxes. After discussion, Director Stage moved that Perdue's request to file suit on said account be granted. Director Adamek seconded the motion, which carried unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Skinner outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2012, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2012, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After further discussion of the matter, Director Adamek moved that the District (i) grant the residential homestead exemption of

20%, but not less than \$5,000, (ii) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$15,000 from ad valorem taxes levied by the District during the calendar year 2012, and (iii) that the Resolution attached hereto as **Exhibit D** relative to same be approved and adopted by the Board and the District. Director Stage seconded said motion, which carried unanimously.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit E**. Mr. Skinner advised that the Board is authorized, pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property taxes that remain delinquent as of said 60th day, as more fully described in said Resolution. After discussion, it was moved by Director Adamek, seconded by Director Albright and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be adopted by the Board.

BOOKKEEPER'S REPORT

Mr. Burton presented to and reviewed with the Board the bookkeeper's report dated January 19, 2012, 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 December 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 Adamek that (i) bookkeeper's report be approved and that the various checks identified therein be approved for payment. Director Stage seconded the motion, which carried unanimously.

AMENDED CODE OF ETHICS

Mr. Skinner next distributed and reviewed with the Board an Order Adopting the Amended and Restated Code of Ethics, Fees and Expense Policy, Policy Relating to Consulting Services, Uniform Financial Accounting and Reporting Standards, Policy Relating to Adoption of Annual Operating Budget, and Creating an Audit Committee of the Board of Directors (the "Code of Ethics") and a Memorandum regarding proposed revisions to the Code of Ethics and Fees and Expense Policy of the District, a copy of which Memorandum is attached hereto as **Exhibit G**. After discussion, the Board deferred taking any action on the matter until the Board's meeting next month.

ENGINEERING REPORT

Mr. Davis presented and reviewed with the Board a written engineering report dated January 19, 2012, a copy of which report is attached hereto as **Exhibit H**, relative to the status of various projects within the District.

Mr. Davis informed the Board that an air header at the District's Wastewater Treatment Plant failed and is need of repair. He then presented to and reviewed with the Board a proposal from NTS Pumps, Motors and Controls in the amount of \$5,420 to make the necessary repairs, a copy of which proposal is included with **Exhibit H**. After discussion, the Board concurred to accept NTS's proposal in the amount of \$5,420 for said repair.

Mr. Wade entered the meeting at this time.

Mr. Davis next advised the Board that he was contacted by a representative of Spring Independent School District ("SISD") regarding the possibility of the District providing wastewater conveyance and treatment service to Wunsche Academy and discussed same with the Board. Mr. Davis reminded the Board that the District currently provides water service to Wunsche Academy. After discussion, the Board requested that Langford obtain a formal request from SISD for said wastewater conveyance and treatment service for its consideration at a future meeting. 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 advised the Board that, as previously requested, Langford has conducted additional research regarding the option to repair the erosion problems by utilizing a specialty product based on rubber material from recycled tires as well as other possible solutions. Mr. Davis then advised the Board that it would cost approximately \$200,000 to \$300,000 to remedy both of the District's amenity ponds. There then ensued discussion regarding the scope of the erosion issues. There additionally ensued a discussion regarding the repair of the erosion on the slope near the pavilion. After further discussion on the matter, the Board concurred that Langford be authorized to obtain ideas and proposals from a landscaper for its consideration.

DETENTION AND DRAINAGE FACILITIES REPORT

The Board deferred the review of a Drainage Facilities Report after noting that no representative of Champions Hydro-Lawn, Inc. was present at the 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"). Mr. Skinner informed the Board that he is working with HOH to have all the required documents signed.

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 January 18, 2012, a copy of which is attached hereto as **Exhibit I**.

Mr. Thiry reminded the Board that, at last month's meeting, it authorized EDP to perform a flow test on each of the District's fire hydrants. Mr. Thiry then recommended that the Board consider authorizing EDP to provide notice to District residents regarding same and presented a draft notice for the Board's review, a copy of which is included with **Exhibit F**. After discussion, the Board approved distribution of said notice and flow tests of the District's fire hydrants.

Mr. Thiry next informed the Board of the status of installation of the new "No Trespassing" signs within the District and noted that said signs should be installed prior to next month's meeting.

CONSUMER CONFIDENCE REPORT

The Board next considered authorizing EDP to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. Mr. Skinner advised the Board that pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide, by April 2012, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District through an interconnect. After discussion on the matter, Director Stage moved that the Board authorize EDP to provide the required information as set forth hereinabove. Director Hodge seconded said motion, which carried unanimously.

ISSUANCE OF UTILITY COMMITMENTS

The Board deferred the issuance of utility commitments, as no requests for same had been received.

WEBSITE PROVIDER

There next ensued a discussion regarding the District's website provider and working with said provider to improve the District's website. No changes or updates were requested by the Board 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 December 2011, a copy of which summary is attached hereto as **Exhibit J**. Director Adamek then informed the Board that

he provided a map to the HCSO reflecting the District's boundaries and the location of the District's facilities.

SOLICITATION OF PROPOSALS FOR RENEWAL OF DISTRICT INSURANCE POLICIES

The Board next considered authorizing the solicitation of proposals for renewal of the District's insurance policies. Mr. Skinner reported that the District's current insurance coverages acquired through AquaSurance, L.L.C. ("AquaSurance") expire on March 31, 2012. Following discussion, the Board concurred that SPH be authorized to solicit written proposals for the District's insurance policies for the term March 31, 2012 through March 31, 2013, from AquaSurance.

ATTORNEY'S REPORT


Mr. Skinner advised the Board that he had nothing more of a legal nature to report at this time.

CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071

The Board deferred convening in Closed Session at this time.

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 – Preliminary Plan of Financing

Exhibit B – Tax Assessor-Collector's Report

Exhibit C – Delinquent Tax Report

Exhibit D – Resolution Concerning Exemptions from Taxation

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

Exhibit F– Bookkeeper's Report

Exhibit G – Memorandum regarding revisions to the Code of Ethics and Fees and
Expense Policy

Exhibit H – Engineer's Report

Exhibit I– Operator's Report

Exhibit J – District Security Report