

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors  
March 15, 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 March 15, 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, except Director Hodge, who later entered the meeting after it had been called to order as noted herein, thus constituting a quorum.

Also present were Cory Burton of Municipal Accounts & Consulting, L.P. ("MA&C"); Ryan Fortner and Cathy Wheeler, who later entered the meeting after it had been called to order as noted herein, of Wheeler & Associates, Inc. ("Wheeler"); Eric Thiry of Environmental Development Partners L.L.C. ("EDP"); Mark Eyring and Theresa Rosenbaum of Roth & Eyring, PLLC ("R&E"); John Davis of Langford Engineering Inc. ("Langford"); Cindy Adamek a resident of the District; Christine Crotwell of First Southwest Company ("FSW"); and Bryan Yeates 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 February 16, 2012. After discussion of the minutes presented, Director Stage moved that the February 16, 2012, minutes be approved, as written. Director Albright seconded said motion, which carried unanimously.

**COMMENTS FROM THE PUBLIC**

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

Director Hodge entered the meeting at this time.

**STATUS OF ISSUANCE OF \$6,020,000 UNLIMITED TAX REFUNDING BONDS, SERIES 2012 (THE "REFUNDING BONDS")**

The Board considered the status of the issuance of the Refunding Bonds. Ms. Crotwell informed the Board that the pricing of the Refunding Bonds took place on March 1, 2012, and noted that the purchaser of the Refunding Bonds was RBC Capital Markets, LLC Ms. Crotwell advised the Board that the issuance of the Refunding Bonds resulted in a net present value savings to the District of 5.826662%, well above the minimum three percent (3%) net present value savings required by applicable ordinances of the City of Houston and within the parameters established by the Board at its meeting on February 16, 2012.

**AUTHORIZE DISBURSEMENT OF REFUNDING BOND PROCEEDS**

The Board next considered the disbursement of certain proceeds of the Refunding Bonds, subject to the closing on same scheduled to occur on March 29, 2012. After discussion on the matter, Director Palermo moved that said disbursements be authorized, subject to the closing of the Refunding Bonds transaction, and that the President be authorized to execute the disbursement letter on behalf of the Board and the District. Director Adamek seconded said motion, which unanimously carried.

**CLOSING DOCUMENTATION RELATIVE TO THE REFUNDING BONDS**

A discussion followed regarding the approval of various documents to be utilized at the closing on the Refunding Bonds scheduled for March 29, 2012. Mr. Yeates reviewed the subject documents with the Board. After discussion concerning said documentation, Director Palermo moved that the closing documents be approved and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Adamek seconded said motion, which unanimously carried.

**INTERNAL REVENUE SERVICE REPORTING FORM**

The Board considered the approval and execution of Internal Revenue Service Form 8038-G ("Form") relative to the issuance of the Refunding Bonds. After Mr. Yeates explained the purpose of the Form to the Board, Director Palermo moved that the Form be approved by the Board, that the President be authorized to execute same on behalf of the Board and the District, and that the Form be filed with the Internal Revenue Service as required. Director Adamek seconded said motion, which unanimously carried.

**AUTHORIZE DISCLOSURE COUNSEL TO FILE MATERIAL EVENTS NOTICES**

Mr. Yeates next recommended that the Board authorize McCall, Parkhurst & Horton L.L.P. ("McCall"), the District's disclosure counsel, to prepare and file appropriate material event notices on behalf of the District relative to the proposed early redemption of a portion of the District's outstanding Series 2002 and Series 2003 Unlimited Tax Bonds as a result of the Refunding Bonds transaction. After discussion, Director Palermo moved that McCall be authorized to prepare and file appropriate material event notices on behalf of the District relative

to the District's refunded Series 2002 and Series 2003 Unlimited Tax Bonds. Director Adamek seconded said motion, which unanimously carried.

### **AUDIT REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2011**

Mr. Eyring reviewed with the Board a draft of the District's audit report prepared for the fiscal year ended December 31, 2011, a copy of which is attached hereto as **Exhibit A**. After discussion concerning the audit presented, Director Stage moved that the audit report for the fiscal year ended December 31, 2011, be approved, subject to review and comment by SPH, 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 Adamek seconded said motion, which unanimously carried. Mr. Yeates then advised the Board that the continuing disclosure report due June 30, 2012, will not be completed until after the District's audit for the fiscal year ended December 31, 2011, is completed.

### **TAX ASSESSOR-COLLECTOR'S REPORT**

Mr. Fortner presented to and reviewed with the Board the tax assessor-collector's report, dated as of February 29, 2012, including the checks presented for payment from the District's tax account, as listed therein, historical valuation and collection data, and the Delinquent Collections Listing as of February 29, 2012, 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 Hodge seconded said motion, which carried unanimously.

### **DELINQUENT TAX COLLECTION ATTORNEYS' REPORT**

Mr. Yeates presented to and reviewed with the Board a Delinquent Tax Collection Attorneys' Report, dated March 15, 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. Yeates noted that no specific Board action was required at this time with respect to any of the accounts listed in such report.

### **BOOKKEEPER'S REPORT**

Mr. Burton presented to and reviewed with the Board the bookkeeper's report dated March 15, 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 February 2012 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 the bookkeeper's report be approved and that the various checks identified therein be approved for payment. Director Albright seconded the motion, which carried unanimously.

## **AWBD SUMMER CONFERENCE**

The Board discussed the AWBD conference to be held in June. No action was taken by the Board on the matter at this time.

## **ADOPTION OF RESOLUTION CONCERNING RECORDS RETENTION SCHEDULES**

The Board considered the status of its Records Retention Schedules for General, Election, Public Works, Property Taxation and Utility Service (collectively, the "Current Records Retention Schedules"). Mr. Yeates reminded the Board that, pursuant to Section 203.041(a) of the Local Government Records Act, the District's Records Management Officer ("RMO") is required to prepare and file with the Texas State Library and Archives Commission (the "Commission") records retention schedules listing all records created or received by the District and the retention period for each record. Mr. Yeates outlined for the Board, the option available to the District that in lieu of such filing, the District may adopt the Commission's promulgated records retention schedules and file a Declaration of Compliance of same with the Commission. Mr. Yeates reminded the Board that the RMO has previously filed and the Commission accepted the Current Records Retention Schedules. However, in 2011 the Commission amended the Commission's form records retention schedules and, thus, the District must now either amend its Current Records Retention Schedules or adopt the Commission's form records retention schedules to be in compliance with applicable law. Mr. Yeates presented and reviewed with the Board a Resolution Concerning Records Retention Schedules and a memorandum prepared by SPH relative to records retention schedules, copies of which are attached hereto as **Exhibit E**. After discussion on the matter, Director Albright moved that the Current Records Retention Schedules be revoked, that the Commission's promulgated form records retention schedules be adopted pursuant to the attached Resolution Concerning Records Retention Schedules, that the President and Secretary be authorized to execute same, and that the RMO be authorized to execute and file the Declaration of Compliance with the Commission. Director Adamek seconded said motion, which unanimously carried.

## **ENGINEERING REPORT**

Mr. Davis presented and reviewed with the Board a written engineering report dated March 15, 2012, a copy of which report is attached hereto as **Exhibit F**, relative to the status of various projects within the District.

Mr. Davis reminded the Board that the District recently granted an easement to CenterPoint Energy ("CenterPoint") for upgrading an overhead power line adjacent to the District's detention pond. Mr. Davis then informed the Board that said upgrade has been made, but noted that some damage was caused to the area by CenterPoint's contractor. He further noted that a request has been made to CenterPoint for the necessary repairs to be made.

Mr. Davis next informed the Board that at Harris County Water Control and Improvement District No. 110's ("HCWCID") meeting last night, the Harris County Sheriff's Office representative present at the meeting reported that there was a gunfire incident sometime

last week in the drainage channel located on the west side of Wunsche Gully and adjacent to HCWCID No. 110. A discussion ensued regarding same.

### **ANNUAL REVIEW OF WAGE RATE SCALE**

Mr. Yeates next presented to the Board for review and approval a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, a copy of which is attached hereto as **Exhibit G**. He reviewed various provisions of the Resolution with the Board. He informed the Board that the District previously adopted the City of Houston's wage rates, but noted that SPH is recommending that the District adopt the Department of Labor's wage rates and discussed same in detail with the Board. After discussion and consideration of the proposed Resolution, Director Palermo moved that the Board adopt the Resolution with Exhibit "A" to same reflecting the wage rates for the Department of Labor and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Adamek seconded said motion, which unanimously carried.

### **RATIFICATION OF PRIOR ACTION**

The Board next considered ratification of its prior action relative to authorizing the District's engineer and operator to begin the renewal process for the District's Waste Discharge Permit. After discussion, Director Hodge moved that the Board's prior action be ratified in all respects. Director Stage seconded the motion, which carried unanimously.

### **RENEWAL OF DISTRICT WASTE DISCHARGE PERMIT**

The Board next considered the status of the District's application to the Texas Commission on Environmental Quality ("TCEQ") for the renewal of the District's Waste Discharge Permit due to expire February 1, 2013. Mr. Davis advised the Board that said application is being prepared 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 reminded 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 also reminded the Board that it would cost approximately \$200,000 to \$300,000 to remedy both of the District's amenity ponds. Mr. Davis informed the Board that, since last month's meeting, he met with Directors Stage and Adamek to discuss the matter in greater detail and discussed same with the Board. He then presented to and reviewed with the Board a copy of a brochure from Modular Gabion Systems, a copy of which is included with **Exhibit F**. After discussion on the matter, the Board requested that Mr. Davis obtain at least three (3) proposals for the proposed repairs for its consideration at a future meeting.

Director Stage then discussed the quality of maintenance of the side slopes of the amenity pond(s) by the homeowners association and suggested that the District directly engage a

maintenance company to maintain the side slopes to improve the quality. After discussion on the matter, the Board requested that SPH conduct the necessary research to determine which entity holds fee ownership to the land comprising of the side slopes of the pond and of the submerged portion of the pond.

### **DETENTION AND DRAINAGE FACILITIES REPORT**

The Board deferred the Detention and Drainage Facilities Report after noting that no Champions Hydro-Lawn, Inc. representative 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. Yeates advised the Board that a petition to the City of Houston for consent to annex 19.810 acres into the boundaries of the District had been prepared by SPH. He then presented the Petition for Consent to Include Additional Land in the District (the "Petition") and reviewed same with the Board. After discussion on the matter, Director Hodge moved that (i) the Board approve said Petition, (ii) the President and Secretary be authorized to execute same on behalf of the Board and District, and (iii) that SPH be authorized to submit said Petition to the City of Houston, subject to the execution of same by all owners of the land to be annexed. Director Albright seconded the motion, which carried unanimously.

### **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 March 14, 2012, a copy of which is attached hereto as **Exhibit H**.

Mr. Thiry informed the Board that the meter and the vault serving Old Town Spring Utility District are in need of repair and noted that the estimated repair cost is \$3,000. After discussion, Director Albright moved that EDP be authorized to make the repairs at a cost not to exceed \$3,000. Director Hodge seconded the motion, which carried unanimously.

Mr. Thiry next advised the Board that correspondence was received from the TCEQ requesting Homeland Security Contact Information and requested that the Board consider authorizing EDP to provide said information on the District's behalf. After discussion, Director Albright moved that EDP be authorized to provide said information on the District's behalf. Director Hodge seconded the motion, which carried unanimously.

Director Adamek next presented to and reviewed with the Board a draft notice regarding the North Harris County Regional Water Authority's fee and explanation regarding same to be provided to District customers, a copy of which is included with **Exhibit H**. After discussion, Director Albright moved that the Board approve said notice and that EDP be authorized to include said notice in the next water bill to customers. Director Hodge seconded the 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. Yeates distributed the Harris County Sheriff Office's call sheet summary for February 2012, a copy of which summary is attached hereto as **Exhibit I**.

Ms. Wheeler entered the meeting at this time.

## **ATTORNEY'S REPORT**

There ensued a discussion regarding a possible increase in the fees to be paid to election officials. After discussion, Director Stage moved that the fee to be paid to judges and clerks, including early voting clerks, be increased from \$15.00 per hour to \$30.00 per hour. Director Adamek seconded said motion, which unanimously carried.

## **DISCUSSION REGARDING BILLING DISPUTE BETWEEN WHEELER AND THE DISTRICT**

At this time, those in attendance, with the exception of the Board, Mr. Fortner, Ms. Wheeler, and Mr. Yeates, exited the meeting.

Ms. Wheeler next discussed with the Board the Wheeler billing matters that were previously brought to the Board's attention. She then presented to and reviewed with the Board correspondence from Thompson, Coe, Cousins & Irons, L.L.P. She noted that said correspondence states that (i) Wheeler has deposited \$4,703.22 into the District's tax account for amounts erroneously charged by Wheeler to the District, as previously agreed to by the Board and (ii) with respect to the auditing fees in the amount of \$1,250 and the legal fees in the amount of \$650, which fees were incurred by the District in connection with the investigation of the matter, Wheeler will agree to reimburse the District any portion of said amounts that is not paid by Wheeler's insurance carrier, subject to the District agreeing to execute a full release of Wheeler. Ms. Wheeler noted that Wheeler expects to receive funds from its insurance company to reimburse the auditing fees and legal fees within the next sixty (60) days, but that the insurance company will require a release to be executed in exchange for the funds. She further

advised that Wheeler has not yet received the release form, but noted that once the form is received, it will be forwarded to SPH for review and comment.

**APPROVAL OF AMENDMENT TO DISTRICT'S AGREEMENT FOR SERVICES OF TAX ASSESSOR COLLECTOR AGREEMENT WITH WHEELER**

Ms. Wheeler next presented to and reviewed with the Board a Second Amendment to Agreement for Services of Tax Assessor and Collector. After discussion, the Board deferred taking any action on the matter at this time.

**OTHER MATTERS**

Ms. Wheeler next informed the Board that Sterling has been bought out by Comerica Bank and requested that the Board authorize Wheeler to shred the District's remaining checks with Sterling Bank and begin to use the new checks with Comerica Bank. After discussion, the Director Stage moved that Wheeler be authorized to shred the remaining Sterling Bank checks and to begin using Comerica Bank's checks. Director Hodge seconded the motion, which carried unanimously.

**CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071**

The Board convened in Closed Session at 8:00 p.m., as authorized pursuant to Texas Government Code Section 551.071. Those in attendance, with the exception of the Board, and Mr. Yeates, exited at this time.

At 8:15 p.m., the Board reconvened in public session.

**OTHER MATTERS**

There next ensued a discussion about coordinating with the HCSO for security on services on election day. After discussion, Director Hodge moved that coordinate with the HCSO for security services on election day. Director Stage seconded the motion, which carried unanimously.

**MATTERS FOR POSSIBLE PLACEMENT ON FUTURE AGENDAS**

Director Palermo requested that an item discussing landscaping and lighting of the Lexington median be added to the April agenda.



**ADJOURN**

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

  
Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A Audit Report; Management Letter

Exhibit B – Tax Assessor-Collector's Report

Exhibit C – Delinquent Tax Report

Exhibit D– Bookkeeper's Report

Exhibit E– Memorandum and Resolution Concerning Records Retention Schedules

Exhibit F – Engineer's Report

Exhibit G – Resolution Adopting Prevailing Wage Rate Scale

Exhibit H– Operator's Report

Exhibit I – District Security Report