

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Special Meeting of Board of Directors May 22, 2012

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 249 (the "District") met in special session at the Board's regular meeting place on May 22, 2012, in accordance with the duly posted Notice of Special 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 of Municipal Accounts & Consulting, L.P. ("MA&C"); Ryan Fortner, of Wheeler & Associates, Inc. ("Wheeler"); Karl Skarboszewski of Environmental Development Partners L.L.C. ("EDP"); John Davis of Langford Engineering Inc. ("Langford"); Dennis Tiff of Champions Hydro-Lawn, Inc. ("Champions"); Andy Dean of Environmental Allies ("EA"); Cindy Adamek a resident of the District; and Christopher 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 19, 2012. After discussion of the minutes presented, Director Adamek moved that the April 19, 2012, minutes be approved, as written. Director Stage seconded said motion, which carried unanimously.

CANVASS RETURNS OF DIRECTORS ELECTION

As the next order of business, the Board considered canvassing the returns of the Directors Election held on May 12, 2012. Said election returns and other election instruments were examined and canvassed by the Board and found to be correct, legal and regular in all respects. It was properly certified that ballots and a Direct Recording Electronic machine "DRE" had been delivered for use in early and regular voting in connection with the Directors Election. It was duly moved by Director Adamek, seconded by Director Palermo and unanimously carried, that there be passed and adopted the Order Declaring Results, attached hereto as **Exhibit A**, which declares Willie Hodge, Daniel E. Stage and Charles Albright elected Directors of the District at said election, each to serve for four years, or until their successors are duly elected or appointed and qualified.

ACCEPTANCE OF QUALIFICATION STATEMENTS, BONDS, OATHS OF OFFICE, ELECTIONS NOT TO DISCLOSE CERTAIN INFORMATION AND AFFIDAVITS OF CURRENT DIRECTOR FOR DIRECTORS

The Board next considered the acceptance of Bonds, Qualification Statements of Elected Officer, Oaths of Office, Elections Not to Disclose Certain Information and Affidavits of Current Director for Willie Hodge, Daniel E. Stage and Charles Albright. Messrs. Hodge, Stage and Albright each presented their respective Bonds, Qualification Statement of Elected Officer, Oaths of Office, Elections Not to Disclose Certain Information and Affidavits of Current Director. After discussion on the matter, it was moved by Director Hodge, seconded by Director Stage and unanimously carried, that the Board approve said Bonds, accept said Qualification Statements of Elected Officer, Oaths of Office, Elections Not to Disclose Certain Information and Affidavits of Current Director, and declare Willie Hodge, Daniel E. Stage and Charles Albright to be duly elected and qualified Directors of the District.

REORGANIZATION OF THE BOARD OF DIRECTORS AND ELECTION OF OFFICERS

The next item to be considered was the election of officers. The Board first considered the election of a President. After discussion, the Board concurred that Director Adamek remain President of the Board.

The Board next considered the election of a Vice President. After discussion, the Board concurred that Director Hodge remain Vice President of the Board.

The Board next considered the election of a Secretary. After discussion, the Board concurred that Director Stage remain Secretary of the Board.

The Board next considered the election of an Assistant Secretary, whereupon Director Adamek nominated Director Palermo and Director Albright. There being no further nominations for Assistant Secretary, the nominations were closed. The President called for a vote, and upon motion duly made by Director Adamek, seconded by Director Stage and unanimously carried, Director Palermo and Director Albright were elected Assistant Secretaries of the Board.

DISTRICT REGISTRATION FORM

The Board next considered approving a District Registration Form required by the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Skinner explained that, in accordance with §36.054(e) and §49.054(f) of the Texas Water Code, municipal utility districts are required to file names, mailing addresses, officer positions and terms of new directors with the TCEQ within thirty days (30) after an election or appointment. He advised that with the Board's approval, SPH will complete the District Registration Form to include Directors Hodge's, Stage's and Albright's new terms of office, mailing addresses and officer positions and file same with the TCEQ. After further discussion of the matter, Director Hodge moved that the Board authorize SPH to complete the District Registration Form as discussed and file same with the TCEQ. Director Adamek seconded said motion, which unanimously carried.

COMMENTS FROM THE PUBLIC

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

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, 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 April 30, 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 Adamek 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 22, 2012, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's delinquent tax collection attorneys; a copy of the Report is attached hereto as **Exhibit C**. Mr. Skinner 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 May 22, 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 April 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 Hodge the bookkeeper's report be approved and that the various checks identified therein be approved for payment. Director Stage seconded the motion, which carried unanimously.

Director Adamek next presented to and reviewed with the Board a copies of invoices from Same Day Signs for signage he previously purchased with personal funds for placement throughout the District for the 2010 and 2012 Directors Elections, copies of which invoices are included with **Exhibit D**, and noted that he would like for the Board to consider reimbursing him for said expenses. He additionally noted that the signage was for the announcement and directions to the Early Voting location and did not include the endorsement of any election candidates. After discussion, the Board concurred that Director Adamek be reimbursed for said expenses at the next Board meeting.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board a written engineering report, dated May 22, 2012, a copy of which report is attached hereto as **Exhibit E**, relative to the status of various projects within the District.

Mr. Davis advised the Board that certain piping and valves leading to the District's wastewater treatment plant need to be retrofitted in order to alleviate problems with No. 110's lift station. He noted that the estimated cost for the work is \$30,000 and that three (3) to four (4) bids for the project will be solicited. No action was taken by the Board at this time.

Mr. Davis next informed the Board that no water quality complaints have been received to date since the chloramine disinfection conversion went into effect. He then presented to and reviewed with the Board an application submitted to North Harris County Regional Water Authority on May 17, 2012 by Langford on the District's behalf requesting capital expenditure credit for the District's costs associated with the chloramine disinfection conversion project.

RENEWAL OF DISTRICT WASTE DISCHARGE PERMIT

The Board next considered the status of the District's application to the 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/DETENTION PONDS

There next ensued a discussion regarding the various options available to remedy the District's amenity/detention ponds erosion issues. The Board then requested that Langford obtain proposals for remediation and stabilization of certain areas surrounding the sidewalk around one of the ponds for consideration at a future meeting.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Tiff presented to and reviewed with the Board a Detention and Drainage Facilities Report, a copy of which Report is attached hereto as **Exhibit F**. Mr. Tiff noted that no repairs to the District's facilities are being recommended at this time.

Mr. Tiff then addressed the Board regarding the proposal from Environmental Allies ("EA") and presented and reviewed with the Board various maintenance and supply cost information, a copy of which cost information is included with **Exhibit F**.

PROPOSAL FROM ENVIRONMENTAL ALLIES FOR DETENTION AND DRAINAGE FACILITIES MAINTENANCE SERVICES

The Board next considered a proposal from EA for maintenance services for the District's detention and drainage facilities. Mr. Dean informed the Board that EA is currently in the process of obtaining information from the District's engineer to complete EA's proposal and noted that said proposal will be presented for the Board's consideration at next month's meeting.

The Board then asked various questions, to which Mr. Dean responded. The Board then instructed Mr. Davis to prepare specifications for the District's detention and drainage facilities for bidding purposes and to transmit such specifications to both EA and Champions Hydro-Lawn.

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 petition to the City of Houston for consent to annex 19.810 acres into the boundaries of the District and authorized SPH to submit said Petition to the City of Houston, subject to the execution of same by all owners of the land to be annexed. Mr. Skinner then informed the Board that SPH has received the executed documents from the owners and noted that said petition has been submitted to the City of Houston accordingly.

OPERATIONS AND MAINTENANCE REPORT

The Board considered the Operations and Maintenance Report. Mr. Skarboszewski presented and reviewed in detail with the Board a written Operations Report prepared by EDP dated as of May 21, 2012, a copy of which is attached hereto as **Exhibit G**.

Mr. Skarboszewski next presented to and reviewed with the Board an Old Town Spring Meter Read Adjustments on Low Meter chart, a copy of which chart is included with **Exhibit G**. Mr. Skarboszewski informed the Board that it has come to EDP's attention that EDP has been reading Old Town Spring's ("OTS") water meter incorrectly and noted that OTS is due a credit of \$6,162.23. He then advised that OTS's meter vault needs to be raised to make the meter easier to read. He noted that the meter vault is located on OTS's property and that OTS's operator is going to take care of having the meter vault raised. After discussion on the matter, the Board concurred that a reimbursement to OTS in the amount of \$6,162.23 be authorized for approval by the Board at the meeting next month.

CONSUMER CONFIDENCE REPORT

The Board considered the approval of a 2011 Consumer Confidence Report and authorizing the distribution of same to the District's customers prior to July 1, 2012. Mr. Skarboszewski presented to the Board a draft of the 2011 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, 2012. Director Albright seconded said motion, which carried unanimously.

LANDSCAPING OF LEXINGTON ROAD MEDIAN

There next ensued a discussion regarding landscaping of the median located on Lexington Road and the possibility of contacting Harris County regarding an improved

maintenance program for the median and adding street lighting in the area. After further discussion on the matter, the Board requested that SPH prepare correspondence to Harris County Commissioner Cagle requesting a partnership for the installation of street lighting on Lexington Road from Spring Cypress to Cypresswood Dr.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Skinner next presented and reviewed with the Board a Utility Commitment Letter for water and sanitary sewer capacity by and between the District and Chicken Dinner Properties for a 1.2984-acre tract of land. After discussion on the matter, Director Stage moved that the Board approve said Utility Commitment Letter and that the President be authorized to execute same on behalf of the Board and District. Director Palermo seconded the motion, which unanimously carried.

WEBSITE PROVIDER

Director Adamek noted several revisions that needed to be made to the District's website and requested that SPH work with the website provider to update the website.

DISTRICT SECURITY ISSUES

The Board considered the report regarding District security issues. Mr. Skinner distributed the Harris County Sheriff Office's ("HCSO") call sheet summary for March 2012, a copy of which summary is attached hereto as **Exhibit H**. There then ensued a discussion regarding the possibility of hiring an additional deputy from the HCSO to patrol the District and for the patrolling hour shifts to be from 6:00 a.m. to 2:00 p.m. and 2:00 p.m. to 10:00 p.m. After discussion, the Board requested that SPH contact the HCSO to see if it would possible to hire an additional deputy.

ATTORNEY'S REPORT

Mr. Skinner next presented to and reviewed with the Board a brochure received from the TCEQ regarding Compliance Alert for Wastewater Treatment Plants, a copy of which brochure is attached hereto as **Exhibit I**.

Mr. Skinner advised the Board that correspondence was received from Best Trash indicating that there will be a CPI rate adjustment for garbage collection services commencing on the May 2012 billing cycle and continue through March 2013. Mr. Skinner informed the Board that the rate for collection services will increase from \$13.77 to \$14.11, which represents an increase of 2.5%. Mr. Skinner noted that an item will be added to the next agenda to amend the District's Rate Order in connection with said increase. No action was taken by the Board on the matter at this time.

Mr. Skinner next presented to and reviewed with the Board a summary received from Acclaim Energy Advisors ("Acclaim") regarding Acclaim's Demand Response Program, a copy

of which summary is attached hereto as Exhibit J. After discussion, the Board concurred that said Program is not beneficial to the District at this time.

Mr. Skinner next presented to and reviewed with the Board correspondence received from Cobalt Community Research requesting the completion and submittal of a 2012 National Study of Local Government Health Funding Strategies survey, a copy of which correspondence is attached hereto as Exhibit K. After discussion, the Board concurred that it is not interested in participating in said survey.

Mr. Skinner next presented to and reviewed with the Board a brochure received from the TCEQ regarding a Public Drinking Water Conference to be held August 7-8, 2012, a copy of which brochure is attached hereto as Exhibit L.

CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071

The Board deferred convening in Closed Session at this time.

OTHER MATTERS

Mr. Davis next discussed with the Board No. 110's recent obtaining of a permit for use of reclaimed water from its wastewater treatment plant for irrigational purposes and inquired if the District would be interested in trying to obtain said permit as well. After discussion, the Board requested that an item regarding same be added to the next Board meeting agenda.

ADJOURN

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


Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Order Declaring Results
- Exhibit B– Tax Assessor-Collector's Report
- Exhibit C – Delinquent Tax Report
- Exhibit D– Bookkeeper's Report
- Exhibit E – Engineer's Report
- Exhibit F – Detention and Drainage Facilities Report
- Exhibit G– Operator's Report
- Exhibit H – District Security Report
- Exhibit I – Brochure from TCEQ
- Exhibit J – Summary from Acclaim
- Exhibit K – Correspondence from Cobalt Community Research
- Exhibit L – Brochure regarding Public Drinking Water Conference