

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
February 21, 2013

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 249 (the "District") met at the Board's regular meeting place on February 21, 2013, 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, Assistant Secretary

and all of said persons were present, except Directors Adamek and Stage, thus constituting a quorum.

Also present were Cory Burton of Municipal Accounts & Consulting, L.P. ("MA&C"); John Davis of Langford Engineering Inc. ("Langford"); Eric Thiry of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests, Inc. ("BLI"); Anthea Moran and Christine Crotwell of First Southwest Company ("FSW"); Michael Murr of Murr Incorporated ("MI"); Blake Kridel of Storm Water Solutions, LP ("SWS"); Cindy Adamek, a resident of the District; and Christopher Skinner of Schwartz, Page & Harding, L.L.P. ("SPH").

In the absence of the President, the Vice President called the meeting to order and declared it open for such business as might regularly come before the Board.

MINUTES

The Board first reviewed the draft minutes of its meeting held on January 17, 2013. A revision was noted to page no. 4 of said draft minutes. After discussion of the minutes presented, Director Hodge moved that the January 17, 2013, minutes be approved, as revised. Director Albright seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

SERIES 2013 UNLIMITED TAX REFUNDING BONDS (THE "REFUNDING BONDS")

Ms. Moran next addressed the Board and presented to and reviewed with the Board a Refunding and Cash Defeasance Analysis in connection with the District's proposed Refunding Bonds; a copy of the Refunding and Cash Defeasance Analysis is attached hereto as **Exhibit A**. There then ensued a discussion regarding various refunding and cash defeasance options. After

further discussion on the matter, the Board deferred taking any action on the matter until the next meeting.

AGENDA ITEMS FOUR (4) THROUGH SIXTEEN (16) IN CONNECTION WITH PROPOSED REFUNDING BONDS

The Board deferred taking any action on agenda items 4 through 16 in connection with the proposed Refunding Bonds at this time.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. McLaughlin presented to and reviewed with the Board the tax assessor-collector's report for the month of January 2013, which report is attached hereto as **Exhibit B**. After discussion on the report presented, Director Palermo moved that the tax assessor-collector's report be approved and that the disbursements identified in said report be approved for payment from the District's tax account. Director Albright seconded said motion, which unanimously carried.

Ms. McLaughlin next advised the Board that a District taxpayer is claiming that she did not receive her tax statement for her property taxes which has resulted in her tax payment to the District being delinquent and is requesting that the Board waive the penalty and interest assessed to her account. Ms. McLaughlin advised the Board that since there was no error on the part of either the District or the Harris County Appraisal District, the District does not have the legal authority to waive the penalty and interest. After discussion on the matter, Director Palermo moved that the Board deny the taxpayer's request to waive the penalty and interest imposed on the 2011 tax account due to there being no apparent error on the part of either the District or the Harris County Appraisal District in the delivery of said tax statement. 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 February 21, 2013, 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 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 February 21, 2013, including (i) the disbursements 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 January 2013 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 Albright that the bookkeeper's report be approved and that the various disbursements

identified therein be approved for payment, except for check nos. 5439 and 5440, which were voided. Director Hodge seconded the motion, which carried unanimously.

Mr. Burton also presented to 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 December 31, 2012, a copy of which Report is included with Exhibit D. After review of the Quarterly Investment Inventory Report and upon motion duly made by Director Albright, seconded by Director Hodge 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.

AMENDMENT OF OPERATING BUDGET

The Board deferred discussion regarding amendment to the District's operating budget until the next Board meeting.

LANDSCAPING AND STREET LIGHTING ALONG LEXINGTON ROAD

There next ensued a discussion regarding the design and installation of landscaping along Lexington Road and the status of communications with Harris County regarding installation of street lighting. In connection therewith, Mr. Murr presented to and reviewed with the Board a written Progress Report relative to the status of the landscape projects, a copy of which Progress Report is attached hereto as Exhibit E. Mr. Murr informed the Board that, since the last Board meeting, MI obtained three (3) bids for the Lexington Road Phase I Landscaping project, and presented and reviewed a bid tabulation with the Board, a copy of which bid tabulation is included with Exhibit E. Mr. Murr noted that the low bid for the project was submitted by Keyscape in the total amount of \$39,456. After discussion on the matter, Director Albright moved that the project be awarded to Keyscape in the amount of \$39,456, subject to (i) approval of the plans and specifications by Harris County, and (ii) preparation and execution of an acceptable form of contract for the project. Director Palermo seconded the motion, which carried unanimously.

Mr. Kridel next presented to and reviewed with the Board an estimated maintenance budget from SWS for the Lexington Road project, a copy of which estimated budget is included with Exhibit E. Mr. Kridel noted that the cost will increase if more hand mowing is required.

Mr. Davis next informed the Board that Langford has prepared a draft report for the Bayer Park project and has provided same to SPH for review.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board a written engineering report, dated February 21, 2013, a copy of which report is attached hereto as Exhibit F, relative to the status of various projects within the District.

Mr. Davis next reminded the Board that it previously authorized Langford to prepare a comprehensive water and sewer map for the District at a cost of approximately \$15,000. Mr. Davis then informed the Board that said map is substantially complete and available for review.

Mr. Davis next informed the Board that there is a sanitary sewer manhole in need of repair and discussed same in detail with the Board. After discussion on the matter, Director Hodge moved that EDP be authorized to obtain a cost estimate for the repair and that EDP be authorized to make the necessary repair subject to (i) Director Palermo's approval of the cost estimate on behalf of the Board and the District, and (ii) the cost for same not exceeding \$5,000. Director Palermo seconded the motion, which carried unanimously.

ANNUAL REVIEW OF WAGE RATE SCALE

Mr. Skinner 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. Mr. Skinner informed the Board that the District previously adopted the Department of Labor's wage rates, and noted that SPH is recommending that the District adopt the Department of Labor's updated wage rates and discussed same in detail with the Board. After discussion and consideration of the proposed Resolution, Director Albright moved that the Board adopt the Resolution with Exhibit "A" to same reflecting the updated wage rates for the Department of Labor and that the Vice President and Assistant Secretary be authorized to execute same on behalf of the Board and the District. Director Hodge seconded said motion, which unanimously carried.

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 the new Permit has been received from the TCEQ and is due to expire February 1, 2018.

APPLICATION FOR TYPE I RECLAIMED WATER PERMIT

There next ensued a discussion regarding the status of submission of an application to the TCEQ to obtain a permit for use of reclaimed water from the wastewater treatment plant for irrigational purposes. Mr. Davis informed the Board that the final application is being reviewed at this time and that Langford plans to submit the application to the TCEQ in the near future.

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. Mr. Murr informed the Board that he had nothing new to report on the matter at this time.

DETENTION AND DRAINAGE FACILITIES REPORT

Mr. Kridel informed the Board that the District's facilities are in satisfactory condition and noted that SWS plans to conduct the next mowing cycle toward the end of February or in March.

OPERATIONS AND MAINTENANCE REPORT

The Board considered the Operations and Maintenance Report. Mr. Thiry presented to and reviewed in detail with the Board a written Operations Report prepared by EDP, dated as of February 20, 2013; a copy of the Report is attached hereto as **Exhibit H**.

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 to the website 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 ("HCSO") call sheet summary for January 2013, a copy of which summary is attached hereto as **Exhibit I**.

The Board next considered ratification of its prior action relative to the approval and execution of an Interlocal Agreement for Law Enforcement Services between Harris County and the District to be effective March 1, 2013, through February 28, 2014 (the "Agreement"). Mr. Skinner reminded the Board that said Agreement includes the additional deputy previously requested by the District. After discussion on the matter, Director Palermo moved that the Board's prior action be ratified in all respects. Director Albright seconded the motion, which carried unanimously.

RENEWAL OF DISTRICT INSURANCE POLICIES

Mr. Skinner presented and reviewed with the Board an insurance proposal from AquaSurance, L.L.C. ("Aqua") relative to the District's insurance policies for the term ending March 31, 2013, including property, comprehensive boiler and machinery, commercial general liability, pollution liability, commercial umbrella, and directors and officers liability insurance, and the directors position schedule bond, public employee blanket bond, and tax assessor/collector's bond. After discussion on the matter, Director Palermo moved that the proposal from Aqua be accepted, as set out in the attached proposal, a copy of which is attached

hereto as Exhibit J, , and that the Vice President be authorized to execute same on behalf of the Board and the District. Director Albright seconded said motion, which unanimously carried.

CERTIFICATE OF CONVENIENCE AND NECESSITY ("CCN")

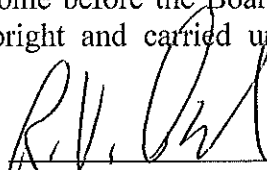
There next ensued a discussion regarding the tract of land north of E. Louetta Road and east of Lexington Boulevard owned by the Bayer estate (the "Bayer Tract"), and the tract of land east of Splash Town and north of E. Louetta (the "Splash Town Tract"). In connection therewith, Mr. Skinner informed the Board that, as authorized, SPH engaged Lloyd Gosselink Rochelle & Townsend, P.C. on behalf of the District to perform a water and sewer CCN search on both properties. Mr. Skinner then advised the Board that it would cost approximately \$15,000 to obtain a sewer CCN on the Bayer Tract and a water and sewer CCN on the Splash Town Tract. The Board would have to publish notice in a newspaper of general circulation, mail notices to Harris County, the City of Houston and other CCN providers within a 5 mile radius of the proposed CCN. If either the Bayer Tract or the Splash Town Tract is more than 25 acres, the landowner of said tract could opt out of the CCN for any reason. There then ensued a discussion regarding said matter. After further discussion on the matter, the Board deferred taking any action on the matter at this time.

ATTORNEY'S REPORT

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

ADJOURN

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



Assistant Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Refunding and Cash Defeasance Analysis
- Exhibit B– Tax Assessor-Collector's Report
- Exhibit C – Delinquent Tax Report
- Exhibit D– Bookkeeper's Report
- Exhibit E– Progress Report
- Exhibit F– Engineer's Report
- Exhibit G – Resolution Adopting Prevailing Wage Rate Scale
- Exhibit H – Operations and Maintenance Report
- Exhibit I – District Security Report
- Exhibit J – Accepted Aqua insurance proposal