

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors March 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 March 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 Director 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"), who entered the meeting after it had been called to order, as noted herein; Eric Thiry of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests, Inc. ("BLI"); Michael Murr of Murr Incorporated ("MI"); Blake Kridel of Storm Water Solutions, LP ("SWS"); Theresa Rosenbaum and Mark Eyring of Roth & Eyring, PLLC ("Roth"); 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 first reviewed the draft minutes of its meeting held on February 21, 2013. After discussion of the minutes presented, Director Palermo moved that the February 21, 2013, 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.

AUDIT REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2012

Mr. Eyring reviewed with the Board a draft of the District's audit report prepared for the fiscal year ended December 31, 2012, a copy of which report is attached hereto as **Exhibit A**. After discussion concerning the audit presented, Director Adamek moved that the audit report for the fiscal year ended December 31, 2012, 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 Hodge seconded said motion, which unanimously carried.

Mr. Langford entered the meeting at this time.

CONTINUING DISCLOSURE REPORT

Mr. Skinner advised the Board that McCall, Parkhurst & Horton L.L.P. ("McCall") is in the process of completing the District's annual continuing disclosure report at this time and requested that the Board authorize McCall to file same upon completion prior to the June 30, 2013 deadline. After discussion, Director Adamek moved that McCall be authorized to file said report upon completion prior to the June 30, 2013 deadline. Director Palermo seconded the motion, which carried unanimously.

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

Director Adamek next addressed the Board and discussed a Refunding and Cash Defeasance Analysis prepared by the District's financial advisor, First Southwest Company ("FSW"), in connection with the District's proposed Refunding Bonds. 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 Board meeting.

AGENDA ITEMS SIX (6) THROUGH EIGHTEEN (18) IN CONNECTION WITH PROPOSED REFUNDING BONDS

The Board deferred taking any action on agenda items 6 through 18 in connection with the proposed Refunding Bonds at this time.

Ms. Rosenbaum and Mr. Eyring exited the meeting at this time.

UNCLAIMED PROPERTY REPORT

The Board considered authorizing the preparation of an Unclaimed Property Report as of March 1, 2013, which is to be filed with the State Comptroller prior to July 1, 2013. After discussion on the matter, Director Adamek moved that the District's consultants be authorized to prepare an Unclaimed Property Report, if necessary, and that the District's Bookkeeper file same with the State Comptroller prior to July 1, 2013. Director Palermo seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. McLaughlin presented to and reviewed with the Board the tax assessor-collector's report for the month of February 2013, which report is attached hereto as **Exhibit B**. After

discussion on the report presented, Director Albright 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 Adamek seconded said motion, which unanimously carried.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented to and reviewed with the Board a delinquent tax collection attorneys' report, dated March 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 March 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 February 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 Hodge that the bookkeeper's report be approved and that the various disbursements identified therein be approved for payment, except for check no. 5469, which was voided. Director Adamek seconded the motion, which carried unanimously.

AMENDMENT OF OPERATING BUDGET

The Board discussed a possible amendment to the District's operating budget. In connection therewith, Director Adamek informed the Board that he would like for the budget to be amended to reflect that \$100,000 is being budgeted for the Lexington Road landscape improvements project and that \$400,000 is being budgeted for the 2014 Debt Defeasance Reserve. He also noted that the budget needs to be amended to allocate funds for the recoating of the District's ground storage tanks and for the additional Deputy recently added to the District's Interlocal Agreement for Law Enforcement Services with the Harris County Sheriff's Office. After discussion, Director Hodge moved that the District's operating budget be amended as discussed. Director Adamek seconded the motion, which carried unanimously.

LANDSCAPING AND STREET LIGHTING ALONG LEXINGTON ROAD AND POSSIBLE WASTEWATER SERVICE TO BAYER PARK

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 and possible wastewater service to Bayer Park. In connection therewith, Mr. Skinner presented to and reviewed with the Board correspondence received from Commissioner Jack Cagle's office advising that the Harris County Public Infrastructure Department agrees with the formal traffic engineering study recently performed and is recommending installation of a

traffic signal at the intersection of Lexington Road and East Cypresswood Drive, a copy of which correspondence is attached hereto as **Exhibit E**. Mr. Skinner noted that said correspondence states that Harris County Precinct 4 will move forward with the installation of the traffic signal once the funds become available.

Mr. Davis next presented to and reviewed with the Board a draft Preliminary Engineering Report for the Recommended Wastewater Treatment Plant and Lift Station Improvements for Bayer Park. A lengthy discussion then ensued regarding same. After discussion, the Board requested that SPH prepare correspondence to Harris County Commissioner Jack Cagle's office outlining the proposed terms upon which the District would provide sanitary sewer service to Bayer Park.

Director Hodge exited the meeting at this time.

ENGINEERING REPORT

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

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 has been prepared, but noted that Langford would be deferring submittal of the application until the Bayer Park wastewater treatment plant matter is resolved.

RESOLUTION REQUESTING RELEASE OF ESCROWED BOND PROCEEDS AND APPROVAL OF CHANGE IN USE

Mr. Skinner presented to and reviewed with the Board the various provisions of the Resolution Requesting Release of Escrowed Bond Proceeds and Approval of Change in Use ("Resolution"), a copy of which Resolution is attached hereto as **Exhibit G**. Mr. Skinner advised the Board that when the District issued its Series 2002 \$5,200,000 Unlimited Tax Bonds, the District had been required to escrow \$12,000 for financial advisory fees pending TCEQ staff approval contingent upon the TCEQ staff's receipt of justification for the additional amount of \$12,000 for the financial advisory fees as said amount was in addition to the amount required under the District's agreement with the financial advisor. He further advised that it has been determined that the additional \$12,000 in financial advisory fees are not due and owing to the District's financial advisor as the correct amount of financial advisory fees for the Series 2002 Unlimited Tax Bonds was incorrectly overstated by \$12,000 in the Summary of Costs for such bond issue and it is his recommendation that such funds be released from escrow and designated as general surplus construction funds to be utilized for any project allowed by the TCEQ rules. After discussion on the matter, Director Adamek moved that the Board approve the adoption of the Resolution, as discussed, and that the President and Assistant Secretary be authorized to

execute the Resolution on behalf of the Board and the District. Director Albright seconded the motion, which unanimously carried.

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 presented to and reviewed with the Board a Detention and Drainage Facilities Report for March 2013 prepared by Storm Water Solutions, Inc. a copy of which report is attached hereto as **Exhibit H**.

Mr. Kridel next presented to and reviewed with the Board a proposed budget amendment to the District's contract with SWS relative to the maintenance of Lexington Blvd., a copy of which budget is included with **Exhibit H**. Mr. Kridel noted that the proposed budget amendment is in the amount of \$12,409.50. After discussion on the matter, Director Palermo moved that the District's contract with SWS be amended to add the maintenance budget for Lexington Blvd. in the amount of \$12,409.50. Director Albright seconded the motion, which carried unanimously.

Mr. Kridel next presented to and reviewed with the Board a proposal for debris removal/brush clean-up on Lexington Blvd. in the amount of \$2,400, a copy of which proposal is included with **Exhibit H**. After discussion, the Board concurred that SWS be authorized to remove the debris and clean-up the brush on Lexington Blvd., subject to the cost for same not exceeding \$2,400.

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 March 20, 2013; a copy of the Report is attached hereto as **Exhibit I**.

Mr. Thiry next informed the Board that it was discovered by the District's auditor that EDP inadvertently billed twice for approximately five or six water taps and noted that EDP is in the process of reviewing its records to reconcile the matter.

Mr. Thiry next informed the Board that EDP will be preparing a write-off list for the Board's consideration at next month's meeting.

Mr. Thiry next informed the Board that EDP will be conducting an inspection on both of the District's ground storage tanks and both pressure tanks at the water plant and noted that he will report back to the Board regarding same at the next meeting.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Skinner reminded the Board that it previously issued a utility commitment letter to Inspire Rock, Ltd. ("IR") for sanitary sewer capacity of 1,575 gallons per day (5 esfcs) to serve a 2.100 acre tract of land (the "Tract") and noted that said commitment letter has expired in accordance with its terms and that IR is requesting that the District grant a new commitment letter for the Tract. After discussion on the matter, Director Adamek moved that the District grant IR's request for a new commitment letter allocating 1,575 gpd of water and wastewater treatment capacity to the Tract, and that the President be authorized to execute same on behalf of the Board and the District. Director Albright seconded the motion, which carried unanimously.

WEBSITE PROVIDER

There next ensued a discussion regarding the District's website provider and working with said provider to improve the District's website. Director Adamek noted some changes to be made to the website.

DISTRICT SECURITY ISSUES

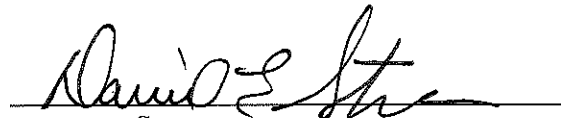
The Board considered the report regarding District security issues. Mr. Skinner distributed the Harris County Sheriff Office's ("HCSO") call sheet summary for February 2013, a copy of which summary is attached hereto as **Exhibit J**.

ATTORNEY'S REPORT

Mr. Skinner reminded the Board that relative to the sink hole located at 1014 Buffalo Springs Way, EDP had excavated and repaired a 6-inch sanitary sewer wye and that the resident at 1014 Buffalo Springs Way later claimed that the sink hole caused structural damage to her home. Mr. Skinner further reminded the Board that it was determined that the repair at 1014 Buffalo Springs Way was on private property and should be the homeowner's responsibility and that the Board requested that SPH prepare and forward correspondence to the resident advising of same. Mr. Skinner then informed the Board that said correspondence was prepared and forwarded by certified mail, but noted that the correspondence was recently returned to SPH due to being unclaimed. Mr. Skinner additionally informed the Board that SPH will be sending the correspondence out again by certified mail and regular mail.

ADJOURN

There being no further business to come before the Board, upon motion duly made by Director Adamek, seconded by Director Albright 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 – Correspondence from Commissioner Jack Cagle's Office

Exhibit F– Engineer's Report

Exhibit G – Resolution Requesting Release of Escrowed Bond Proceeds and Approval of
Change in Use

Exhibit H – Detention and Drainage Facilities Report

Exhibit I – Operations and Maintenance Report

Exhibit J – District Security Report