

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
April 18, 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 April 18, 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"); Eric Thiry of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests, Inc. ("BLI"); Michael Murr of Murr Incorporated ("MI"); 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 March 21, 2013. After discussion of the minutes presented, Director Adamek moved that the March 21, 2013, minutes be approved, as written. Director Palermo seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

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

Director Adamek next addressed the Board and discussed 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 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 March 2013, which report is attached hereto as **Exhibit A**. Ms. McLaughlin additionally presented check no. 1027 in the amount of \$14,089.07 payable to Wells Fargo for reimbursement of erroneous overpayment made by Wells Fargo on multiple tax accounts of the District, which is not reflected on the tax assessor-collector's report. After discussion on the report presented, Director Adamek 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, including check no. 1027 payable to Wells Fargo. Director Palermo 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 April 18, 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 B**. Mr. Skinner noted that no Board action was required at this time with respect to any of the accounts listed in such report.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, a copy of which is attached hereto as **Exhibit C**. Mr. Skinner advised that the District is authorized, pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on real property taxes that remain delinquent as of July 1 of the year in which they become delinquent. After discussion, it was moved by Director Adamek, seconded by Director Hodge and unanimously carried, that the attached Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes be adopted by the Board, and that the President be authorized to execute and the Assistant Secretary to attest same on behalf of the Board and the District.

BOOKKEEPER'S REPORT

Mr. Burton presented to and reviewed with the Board the bookkeeper's report dated April 18, 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

March 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. 5500 payable to Director Stage, which was voided. Director Albright 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 reminded the Board that correspondence was received from Harris County Precinct 4 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 and that Harris County Precinct 4 will move forward with the installation of the traffic signal once the funds become available.

Mr. Skinner next reminded the Board that, at the Board's last meeting, Mr. Davis presented a draft Preliminary Engineering Report for the Recommended Wastewater Treatment Plant and Lift Station Improvements for Bayer Park and that the Board requested that SPH prepare correspondence to Commissioner Cagle's office outlining the proposed terms upon which the District would provide sanitary sewer service to Bayer Park. Mr. Skinner then informed the Board that SPH has prepared a draft of said correspondence and presented and reviewed same with the Board, a copy of which correspondence is attached hereto as **Exhibit E**. A lengthy discussion ensued regarding same and various revisions to be made to said correspondence. After further discussion, the Board concurred that said correspondence be approved, as revised, and delivered to Commissioner Cagle's office.

Mr. Murr next discussed with the Board the status of the Lexington Road, Phase I landscaping project and noted that he is in the process of designing the next phase of said project.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board a written engineering report, dated April 18, 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 presented to and reviewed with the Board Evaluation Reports of the District's ground storage tanks and hydropneumatic tanks located at the District's water plant prepared by Preventive Services, LP; a copy of the Reports are included with **Exhibit F**. Mr. Davis noted that said Reports indicate that one ground storage tank and both hydropneumatic tanks are in need of re-coating. He then presented to and reviewed with the Board alternate proposals for (i) the re-coating of both hydropneumatic tanks and the floor of ground storage tank no. 1 at a cost of \$55,400, or (ii) the total re-coating of both ground storage tanks and both

hydropneumatic tanks at a cost of \$222,100. After discussion on the matter, the Board concurred to accept the proposal for the re-coating of the hydropneumatic tanks and the floor of ground storage tank no. 1 at a cost of \$55,400 and to defer the total re-coating of the ground storage tanks at this time. The Board requested that the re-coating of hydropneumatic tanks and the floor of ground storage tank no. 1 be scheduled for the fall/winter of 2013.

SUBMISSION OF CRITICAL LOAD STATUS INFORMATION TO RETAIL ELECTRIC PROVIDER

Mr. Skinner reported that Section 13.1396 of the Texas Water Code requires that a district must annually submit to each electric distribution utility and each retail electric utility provider, on forms reasonably required by each entity, its facilities which qualify for critical load status. After discussion on the matter, Director Adamek moved that the District's operator be authorized to make such annual filings on behalf of the District. Director Albright seconded the motion, which carried unanimously.

APPLICATION FOR TYPE I RECLAIMED WATER PERMIT

There next ensued a discussion regarding the status of submission of an application to the Texas Commission on Environmental Quality ("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.

STATUS OF APPLICATION REQUESTING RELEASE OF ESCROWED BOND PROCEEDS AND APPROVAL OF CHANGE IN USE

The Board next considered the status of the District's application to the TCEQ requesting release of escrowed bond proceeds from the District's Series 2002 Unlimited Tax Bonds and change in use of escrowed funds. Mr. Skinner informed the Board that correspondence was received from the TCEQ dated April 1, 2013 declaring the application administratively complete and noted that SPH expects to receive the TCEQ's formal approval letter in the near future.

CONSENT TO ENCROACHMENT AND INDEMNITY AGREEMENT

Mr. Skinner next advised the Board that Texas Petroleum Group, LLC will be constructing certain area light standards and a vehicular air and water filling station that will encroach on a District easement and presented to and reviewed with the Board a Consent to Encroachment and Indemnity Agreement relative thereto. A copy of such Agreement is attached hereto as **Exhibit G**. After discussion on the matter, Director Adamek moved that the Board approve said Consent to Encroachment and Indemnity Agreement, that the President be authorized to execute same on behalf of the Board and the District and that SPH be authorized to record said Agreement in the Real Property Records of Harris County, Texas. Director Albright seconded the motion, which carried unanimously.

DETENTION AND DRAINAGE FACILITIES REPORT

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

RATIFICATION OF PRIOR ACTION

The Board next considered ratification of its prior action relative to the approval of an amendment to the District's contract with Storm Water Solutions, Inc. After discussion, Director Palermo moved that the Board's prior action be ratified in all respects. Director Hodge seconded the motion, which carried unanimously.

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 April 17, 2013; a copy of the Report is attached hereto as **Exhibit I**.

Mr. Thiry informed the Board that EDP is in the process of preparing a customer write-off list for the Board's consideration at a future meeting.

Mr. Thiry next reminded 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.

AUTHORIZATION OF CONSUMER CONFIDENCE REPORT

The Board considered authorizing EDP to prepare the District's Consumer Confidence Report in the format promulgated by the TCEQ. Mr. Skinner advised the Board that, pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency and the TCEQ, the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2013. After discussion on the matter, Director Palermo moved that EDP be authorized to prepare said Consumer Confidence Report for the Board's and SPH's review. Director Adamek seconded the motion, which carried unanimously.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Skinner next advised the Board that SPH was in receipt of a request from Wayne C. Fox, Trustee ("WCF"), for a Utility Commitment Letter ("UCL") for water and wastewater treatment capacity to serve a planned retail/commercial center. Mr. Skinner informed the Board that WCF will require a total sanitary sewer capacity of 2,000 gallons per day, average daily flow, and related water capacity. Mr. Skinner then presented to and reviewed with the Board a UCL prepared by SPH and requested that the Board consider approving said UCL and authorizing the President to execute same on behalf of the Board and the District. After

discussion on the matter, Director Hodge moved that said UCL be approved and that the President be authorized to execute same on behalf of the Board and the District. Director Adamek seconded the motion, which unanimously carried.

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 revisions to the website were noted or requested at this time.

DISTRICT SECURITY ISSUES

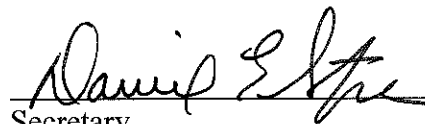
The Board considered the report regarding District security issues. Mr. Skinner distributed the Harris County Sheriff Office's ("HCSO") call sheet summary for March 2013, a copy of which summary is attached hereto as **Exhibit J**.

ATTORNEY'S REPORT

Mr. Skinner presented and reviewed with the Board a proposal from Stewart & Stevenson Power Products LLC ("Stewart"), copy of which proposal is attached hereto as **Exhibit K**, for stand-by lease options for a generator. After discussion on the matter, the Board concurred to accept Stewart's proposal for stand-by lease of a 180 kilowatt emergency generator for use at the District's wastewater treatment plant facility, subject to SPH's review and approval of the applicable lease documentation. The Board requested to be provided with a copy of the full contract for approval at the May 2013 Board meeting.

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.


Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A– Tax Assessor-Collector's Report

Exhibit B – Delinquent Tax Report

Exhibit C – Resolution Authorizing an Additional Penalty on Delinquent Real
Property Taxes

Exhibit D– Bookkeeper's Report

Exhibit E– Letter to Harris County Precinct 4

Exhibit F– Engineer's Report

Exhibit G – Consent to Encroachment and Indemnity Agreement

Exhibit H – Detention and Drainage Facilities Report

Exhibit I – Operations and Maintenance Report

Exhibit J – District Security Report

Exhibit K – Stewart & Stevenson proposal