

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
May 16, 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 May 16, 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, thus constituting a quorum.

Also present were Cory Burton of Municipal Accounts & Consulting, L.P. ("MA&C"); John Davis and Mick Helfrich of Langford Engineering Inc. ("Langford"); Karl Skarboszewski of Environmental Development Partners, LLC ("EDP"); Brenda McLaughlin of Bob Leared Interests, Inc. ("BLI"); Michael Murr of Murr Incorporated ("MI"); Aimee Ordeneaux Raley of Best Trash ("BT"); 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 April 18, 2013. After discussion of the minutes presented, Director Adamek moved that the April 18, 2013, minutes be approved, as written. Director Palermo seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Ms. Raley addressed the Board regarding BT's annual Consumer Price Index inflation adjustment to the solid waste collection and recycling service fees. Ms. Raley also solicited comments regarding District residents' experience with BT's solid waste collection and recycling services.

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 FOUR THROUGH SIXTEEN IN CONNECTION WITH PROPOSED REFUNDING BONDS

The Board deferred taking any action on agenda items four through sixteen 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 April 2013, which report is attached hereto as **Exhibit A**. 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, Director Albright 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 May 16, 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.

BOOKKEEPER'S REPORT

Mr. Burton presented to and reviewed with the Board the bookkeeper's report dated May 16, 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 April 2013 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as **Exhibit C**. After discussion, it was moved by Director Hodge that the bookkeeper's report be approved and that the various disbursements identified therein be authorized for payment. Director Palermo seconded the motion, which carried unanimously.

UNCLAIMED PROPERTY REPORT

The Board next considered the approval of an Unclaimed Property Report as of March 1, 2013 and authorizing the filing of same with the State Comptroller. Mr. Skinner informed the Board that correspondence was received from MA&C indicating that there is \$109.18 in unclaimed property to be reported at this time. After discussion on the matter, Director Adamek moved that the Unclaimed Property Report as of March 1, 2013, be approved, and that the Board

authorize MA&C to file same with the State Comptroller prior to July 1, 2013. 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 and street lighting along Lexington Road and the status of communications with Harris County regarding the provision of wastewater collection and treatment service to Bayer Park. 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 D**. Mr. Murr informed the Board that the Lexington Road Phase I Landscaping project is now complete. He then presented a cost estimate for the Lexington Road Phase II Landscaping project, a copy of which cost estimate is included with **Exhibit D**. Mr. Murr noted that the estimated cost for the project is \$104,172.06 and that the project will have to be publicly bid. After discussion on the matter, Director Adamek moved that MI be authorized to advertise for bids for the Lexington Road Phase II Landscaping project. Director Palermo seconded the motion, which carried unanimously.

Mr. Skinner then reminded the Board that SP&H previously prepared and forwarded correspondence to Harris County Precinct 4 Commissioner Cagle's office outlining the proposed terms upon which the District would provide wastewater collection and treatment service to Bayer Park. In connection therewith, Mr. Davis presented to and reviewed with the Board e-mail correspondence summarizing recent conversations with Commissioner Cagle's office regarding the County's response to SP&H's proposal, a copy of which e-mail correspondence is included with **Exhibit D**. After discussion on the matter, the Board concurred that SP&H and Langford be authorized to meet with representatives of Harris County Precinct 4 to discuss the District's proposal and the County's response in further detail.

ENGINEERING REPORT

Mr. Davis presented to and reviewed with the Board a written engineering report, dated May 16, 2013, a copy of which report is attached hereto as **Exhibit E**, relative to the status of various projects within the District.

Mr. Davis requested that the Board consider authorizing Langford to (i) finalize the design plans for the recoating of the ground storage tanks and hydropneumatic tanks and the floor of ground storage tank no. 1, and (ii) advertise for bids for the project. After discussion, Director Adamek moved that Langford be authorized to (i) finalize the design plans for the recoating of the ground storage tanks and hydropneumatic tanks and the floor of ground storage tank no. 1, and (ii) advertise for bids for the project. Director Albright seconded the motion, which carried unanimously.

Mr. Davis next presented to and reviewed with the Board an annual update to the District's Emergency Preparedness Plan and requested that the Board consider authorizing Langford to file said update with Harris County and the Texas Commission on Environmental

Quality (the "TCEQ"). After discussion, Director Palermo moved that said update be approved and that Langford be authorized to file same with Harris County and the TCEQ. Director Adamek seconded the motion, which carried unanimously.

EMERGENCY BACK-UP GENERATOR

Mr. Skinner presented to and reviewed with the Board a proposal from Stewart & Stevenson LLC ("Stewart"), a copy of which proposal is attached hereto as **Exhibit F**, for a stand-by lease option for a generator for the District's wastewater treatment plant. After discussion on the matter, Director Adamek moved that the Board accept Stewart's proposal for a stand-by lease of a 180 kilowatt emergency generator for use at the District's wastewater treatment plant facility, subject to SP&H's review and approval of the applicable lease documentation. 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 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 May 13, 2013 granting approval of the release of the escrowed bond proceeds from the District's Series 2002 Unlimited Tax Bonds and change in use of escrowed funds.

DETENTION AND DRAINAGE FACILITIES REPORT

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

OPERATIONS AND MAINTENANCE REPORT

The Board considered the Operations and Maintenance Report. Mr. Skarboszewski presented to and reviewed in detail with the Board a written Operations Report prepared by EDP, dated as of May 15, 2013; a copy of the Report is attached hereto as **Exhibit H**.

ANNUAL REVIEW OF THE DISTRICT'S IDENTITY THEFT PREVENTION PROGRAM

The Board considered review of the District's Identity Theft Prevention Program (the "Program"). In connection therewith, Mr. Skarboszewski presented EDP's annual report regarding administration of the Program, a copy of which report is included with **Exhibit H**, and advised the Board regarding the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts maintained by the District and the District's business arrangements with other entities. Mr. Skarboszewski recommended that no changes be made to the Program. After discussion on the matter, the Board concurred that no changes were necessary to the Program at this time.

CONSUMER CONFIDENCE REPORT

The Board considered the approval of a 2012 Consumer Confidence Report and authorizing the distribution of same to the District's customers prior to July 1, 2013, as required by federal law. Mr. Skarboszewski presented to the Board a draft of the 2012 Consumer Confidence Report, and requested that the Board authorize EDP to distribute same to the District's customers, subject to SP&H's final review and approval. After discussion on the matter, Director Adamek moved that such Report be approved by the Board, subject to SP&H's final review and approval, and that EDP be authorized to distribute same to the District's customers prior to July 1, 2013. Director Albright seconded said motion, which carried unanimously.

AMENDMENT OF DISTRICT RATE ORDER

Mr. Skinner advised the Board that, as discussed previously, BT has notified the District that, effective June 1, 2013, there will be an inflation rate adjustment for garbage collection, disposal and recycling services. Mr. Skinner informed the Board that the rate for collection services will increase from \$14.11 to \$14.48, which represents an increase of 2.6%. Mr. Skinner recommended the Board consider amending the District's Rate Order to reflect the inflation rate increase for garbage collection, disposal and recycling services. After discussion, it was moved by Director Adamek, seconded by Director Palermo and unanimously carried, that the Board amend the Rate Order to reflect the inflation rate increase for such services.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Skinner next advised the Board that SP&H was in receipt of a request from Covey Ridge, LLC ("Covey") for a utility commitment letter ("UCL") for water and wastewater treatment capacity to serve a planned retail/commercial shopping center. Mr. Skinner informed the Board that Covey will require a total sanitary sewer capacity of 10,000 gallons per day, average daily flow, and related water capacity. Mr. Skinner then presented to and reviewed with the Board a UCL prepared by SP&H 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 Adamek moved that said UCL be approved and that the

President be authorized to execute same on behalf of the Board and the District. Director Palermo 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 call sheet summary for April 2013, a copy of which summary is attached hereto as **Exhibit I**.

ATTORNEY'S REPORT

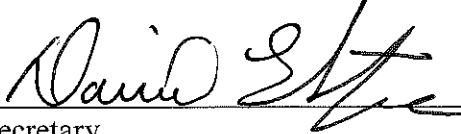
Mr. Skinner reminded the Board that relative to the sink hole located at 1014 Buffalo Springs Way, EDP had excavated and repaired a 6-inch sanitary sewer wye and that the resident at 1014 Buffalo Springs Way later claimed that the sink hole caused structural damage to her home. Mr. Skinner further reminded 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 SP&H 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 and regular mail. He additionally informed the Board that he was recently contacted by the resident who has indicated that an additional sink hole has surfaced at the residence. After discussion on the matter, the Board concurred that EDP be authorized to investigate the matter further.

Mr. Skinner next informed the Board that SPH was in receipt of e-mail correspondence from a representative of Lloyd Gosselink advising that Quadvest, L.P. has (i) filed an application for the acquisition of the Certificate of Convenience and Necessity ("CCN") that is held by Bayer Water System ("Bayer") and (ii) filed an application to amend its sewer CCN in an effort to provide sewer service to those customers within Bayer's service area who do not currently have sewer service. A discussion ensued regarding same.

Mr. Skinner next presented to and reviewed with the Board correspondence received from the TCEQ regarding a 2013 Public Drinking Water Conference to be held August 6-7, 2013, a copy of which correspondence is attached hereto as **Exhibit J**.

ADJOURN

There being no further business to come before the Board, upon motion duly made by Director Adamek, seconded by Director Palermo 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– Bookkeeper's Report
- Exhibit D– Progress Report
- Exhibit E– Engineer's Report
- Exhibit F– Proposal from Stewart & Stevenson
- Exhibit G – Detention and Drainage Facilities Report
- Exhibit H – Operations and Maintenance Report
- Exhibit I – District Security Report
- Exhibit J – Correspondence from TCEQ