

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
July 19, 2007

The Board of Directors ("Board") of Harris County Municipal Utility District No. 249 ("District") met at the Board's regular meeting place on July 19, 2007, in accordance with the duly posted notice of special meeting thereof, and the roll was called of the duly constituted officers and members of said Board of Directors, as follows:

Douglas Haude, President
Dwight Rumph, Vice President
Edward L. Wade, Secretary
Norman C. Adamek, Assistant Secretary
Clint Moore, Assistant Secretary

and all of said persons were present, except Director Moore, thus constituting a quorum. Director Moore later entered the meeting.

Also present were Asim Tufail of Van De Wiele Engineering Incorporated ("VEI"), Gary Hastings of Aqua Services, LP ("Aqua Services"), Teresa Rosenbaum of Municipal Accounts & Consulting, L.P. ("MA&C"), Robin Humphrey of Wheeler & Associates, Inc. ("Wheeler"), and Daniel Ringold 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 it.

APPROVAL OF MINUTES

The Board first reviewed the minutes of its meeting held on June 20, 2007. After discussion, Director Rumph moved that the June 20, 2007, minutes be approved, as written. Director Haude seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

NEIGHBORHOOD SECURITY ISSUES

The Board next deferred considering the report on neighborhood security issues until Director Moore was present.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Humphrey next presented and reviewed with the Board the tax assessor-collector's report dated as of June 30, 2007, including the checks presented for payment from the tax account, as listed therein, historical valuation and collection data, and a Delinquent Collections Listing as of June 30, 2007, copies of which are attached hereto as **Exhibit A**. There next ensued a discussion regarding the Spring Lakes Homeowners Association's ("HOA") delinquent tax accounts. Director Moore requested that Wheeler forward duplicate tax statements to the HOA. After discussion of the tax assessor-collector report, Director Wade moved that said report be approved and that the checks identified therein be approved for payment. Director Haude seconded said motion, which carried unanimously.

Ms. Humphrey additionally presented and reviewed with the Board a Delinquent Tax Collections Report, dated July 19, 2007, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), the District's delinquent tax collection attorneys, a copy of which is attached hereto as **Exhibit B**. Ms. Humphrey noted that no Board action was required at this time with respect to the accounts listed in such report.

Director Moore entered the meeting during the Tax Assessor-Collector's Report.

BOOKKEEPER'S REPORT

Ms. Rosenbaum next presented and reviewed with the Board the bookkeeper's report dated July 19, 2007, including (i) the checks presented for payment from the General Operating Fund, Capital Projects Fund and the Sewage Treatment Plant Account, (ii) a Fund Balance Report, (iii) a Pledged Securities Report, (iv) an Actual vs. Budget Comparison for June 2007 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as **Exhibit C**. There next ensued a discussion regarding check no. 3522 in the amount of \$13,802.40 made payable to J & M Company ("J&M") for payment of Pay Estimate No. 1 for the Spring Lakes, Section 13 Emergency Overflow Swale project. The Board advised Mr. Tufail that the work performed by J&M still appears to be sub-standard and needs to be corrected. After discussion, on the matter, it was moved by Director Haude that the bookkeeping report be approved and that the various checks identified therein be approved for payment, with the exception of check no. 3522, which was voided, and additionally that check no. 3551 in the amount of \$6,901.20 be issued to J&M for payment of 50% of Pay Estimate No. 1 for the Spring Lakes, Section 13 Emergency Overflow Swale project. Director Moore seconded the motion, which carried unanimously.

Ms. Rosenbaum next presented 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 June 30, 2007, a copy of which is attached hereto as **Exhibit D**. After review of the Quarterly Investment Inventory report and upon motion duly made by Director Wade, seconded by Director Adamek and carried unanimously, said Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and District.

NEIGHBORHOOD SECURITY ISSUES

The Board next considered the report on neighborhood security issues. Mr. Ringold distributed the Harris County Sheriff's Office's call sheet summary for June 2007, a copy of which is attached as **Exhibit E**. There next ensued a discussion regarding the accuracy of the monthly call sheet summary. Director Adamek noted that he does not believe that the summary accurately reflects activity within the District.

There next ensued a discussion regarding the transfer of the security contract to the HOA with an agreement by and between the District and the HOA relative to the payment of the costs for same.

There next ensued a discussion regarding the HOA's selection of a Security Committee and their plan to engage a security consultant to perform a security analysis.

There next ensued a discussion regarding the possibility of around the clock security patrol in the District.

Mr. Ringold next presented and reviewed with the Board a brochure from the Harris County Sheriff's Office regarding a Citizen's Police Academy to be held Thursday, August 9, 2007, a copy of which is included with **Exhibit E**.

ARBITRAGE COMPLIANCE MATTERS

The Board next considered the status of the Yield Restriction and Arbitrage Rebate Report being prepared by Arbitrage Compliance Specialists Incorporated ("ACS") in connection with the District's Series 2002 Unlimited Tax Bonds. Ms. Rosenbaum advised the Board that ACS is in the process of preparing said Report at this time.

ENGINEERING REPORT

Mr. Tufail next presented and reviewed with the Board a written engineering report dated July 19, 2007, a copy of which is attached hereto as **Exhibit F**, relative to the status of various projects within the District. Mr. Tufail provided additional information concerning the following matters:

In connection with the construction of the Wastewater Treatment Plant Back-up Generator (the "Project"), Mr. Tufail advised the Board that VEI plans to advertise for bids for the Project prior to the District's next meeting and noted that VEI is recommending that the Project and the permanent chlorine building be bid together in order to attract a larger pool of bidders. After discussion on the matter, the Board concurred with the recommendation.

Relative to the water distribution, sanitary sewer and drainage improvements project to serve Spring Falls, Section One and a proposed 3.55 acre tract, Mr. Tufail presented and reviewed with the Board Pay Application No. 4 and Final in the amount of \$61,479.41, received from Big State Excavation, Inc. ("Big State"), a copy of which is attached to the engineering report, and recommended that the Board concur in the payment of same by Forestar (USA) Real Estate Group, Ltd. ("Forestar"). Following discussion on the matter, it was moved by Director Haude, seconded by Director Wade and unanimously carried that the Board concur in the payment of Pay Application No. 4 and Final by Forestar in the amount of \$61,479.41 to Big State, as recommended by the District's engineer.

Relative to the Spring Lakes, Section 13 Emergency Overflow Swale project, Mr. Tufail presented and reviewed with the Board Pay Application No. 1 in the amount of \$13,802.40 received from J&M, a copy of which is attached to the engineering report, and recommended that the Board concur in the payment of same. There next ensued a discussion regarding the work being completed in a satisfactory manner before approving the Pay Application. After discussion on the matter, Director Wade moved that the Board concur in the approval of 50% of Pay Application No. 1 in the amount of \$6,901.20 to J&M at this time. Director Moore seconded the motion, which carried unanimously.

RENEWAL OF DISTRICT WASTE DISCHARGE PERMIT

The Board next considered the status of the District's application to the Texas Commission on Environmental Quality ("TCEQ") for the renewal of the District's Waste Discharge Permit due to expire February 1, 2008. Mr. Tufail advised the Board that the renewal process is underway and noted the application has been filed with the TCEQ.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY'S PHASE II STORMWATER PERMITTING REQUIREMENTS

Mr. Ringold next advised the Board that he had nothing new to report at this time relative to the United States Environmental

Protection Agency's ("EPA") Phase II Stormwater Permitting requirements.

STATUS OF BOND APPLICATION REPORT NO. 8

The Board next considered the status of the preparation of the District's Bond Application Report No. 8 ("BAR") in connection with the proposed Series 2007 Bond Issue. Mr. Ringold advised the Board that the BAR was submitted to the TCEQ on July 10, 2007.

OPERATIONS AND MAINTENANCE REPORT

The Board next considered the Operations and Maintenance Report. Mr. Hastings presented and reviewed in detail with the Board a written Operations Report for June 2007, a copy of which is attached hereto as **Exhibit G**. Mr. Hastings informed the Board that last Saturday a lightning strike occurred at the Lift Station Site and blew out the transfer switch, phase monitor and the auto-dialer. Mr. Hastings noted that said outage caused sanitary sewer back-up at the China Spring cul-de-sac. Mr. Hastings advised the Board that Aqua Services corrected the situation within approximately an hour and will file an insurance claim accordingly. Mr. Hastings then recommended that the Board consider replacing the damaged components and installing a lightning rod at the Lift Station Site. After discussion on the matter, Director Rumph moved that Aqua Services be authorized to replace the damaged components and install a lightning rod at the Lift Station Site. Director Adamek seconded the motion, which carried unanimously.

There next ensued a discussion regarding the installation of a wireless auto-dialer at the Lift Station Site. After discussion on the matter, Director Rumph moved that Aqua Services be authorized to install an auto-dialer at the Lift Station Site. Director Moore seconded the motion, which carried unanimously.

There next ensued a discussion regarding Aqua Services including a message on the next water bill advising residents not to flush disinfecting wipes down their toilets. Mr. Hastings advised that the wipes do not easily degrade and can easily clog lift station pump rotors and damage the pumps.

Mr. Hastings next reminded the Board that, as discussed at last month's meeting, a small sag was detected in the sanitary sewer line located on Lion Springs at Buffalo Springs Court. Director Moore presented and reviewed pictures of same with the Board, copies of which are included with **Exhibit G**. Mr. Hastings further reminded the Board that the contractor's original bid for the removal of 5' of dirt and replacing it with select fill and the replacement of 50' of sidewalk was \$8,500. In connection therewith, Mr. Hastings informed the Board that there has been additional settling in the area and noted that Aqua Services is now recommending that 92' of sidewalk (from manhole to manhole) be

replaced at an estimated cost of \$13,500. Relative thereto, Mr. Tufail informed the Board that there is a settling problem, but noted that Aqua Services probed and televised the sanitary sewer line and that no problem was detected. Mr. Tufail also informed the Board that he examined the soil compaction reports and noted that the reports do not reflect a compaction problem. Mr. Tufail then advised the Board that the problem is occurring between the two manholes and it appears that there could nonetheless be a compaction problem and recommended that the Board concur with Aqua Services recommendation to replace 92' of sidewalk, as previously discussed. There next ensued a discussion regarding sidewalks not being the District's responsibility, but this instance possibly being related to a District's line. After discussion on the matter, Director Haude moved that Aqua Services be authorized to replace 92' of the sidewalk at a cost not to exceed \$13,500. Director Moore seconded the motion, which carried unanimously.

Director Wade next addressed the issue of repainting the Water Plant. Mr. Tufail advised the Board that VEI will prepare a revised estimate and recommends advertising the project in October or November of this year.

ISSUANCE OF UTILITY COMMITMENTS

The Board next deferred action regarding the issuance of utility commitments since no requests for same had been received by the District.

DEVELOPER'S REPORT

The Board next deferred the developer's report after noting that no developer representatives were present.

ORDER ESTABLISHING MEETING PLACES INSIDE THE DISTRICT

Mr. Ringold next presented and reviewed with the Board an Order Establishing Meeting Places Inside the District at the District's Water Plant Site located at 645 E. Louetta Road, Spring, Texas 77373, and at the District's Sewage Treatment Plant Site, located at 931 E. Cypresswood Drive, Spring, Texas 77373, which Order is attached hereto as **Exhibit H**. After discussion of the matter, it was moved by Director Moore seconded by Director Rumph, and unanimously carried that said Order be passed and adopted and that the President and Secretary be authorized to execute same on behalf of the Board and District.

ATTORNEY'S REPORT

Mr. Ringold next presented and reviewed with the Board a brochure from Texas A&M University regarding a Water Desalination:

Water and Wastewater Issues and Technologies seminar to be held August 5-7, 2007, a copy of which is attached hereto as Exhibit I.

Mr. Ringold next presented and reviewed with the Board a brochure from McCall, Gibson & Company, PLLC, regarding an Investment Training seminar to be held September 29, 2007, a copy of which is attached hereto as Exhibit J.

DISCUSSIONS WITH HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 110 REGARDING JOINT DRAINAGE FACILITIES

Director Haude next informed the Board of his discussions with James Williams, the President of No. 110's Board of Directors, regarding the scheduling of a joint meeting. Director Haude advised the Board that Mr. Williams advised him that No. 110 is willing to hold a joint meeting and that he will obtain available dates at No. 110's next meeting. The Board discussed dates on which the Board member's schedules would allow them to attend such joint meeting.

FUTURE AGENDA ITEMS

The Board requested that an agenda item regarding recycling services, the Water Smart Program and the publicizing of hazardous material collection on water bills be added to next month's agenda.

ADJOURN

There being no further business to come before the meeting, upon motion made by Director Haude seconded by Director Rumph 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 prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. dated as of July 19, 2007
- Exhibit C Bookkeeper's Report
- Exhibit D Quarterly Investment Report
- Exhibit E Neighborhood Security Report
- Exhibit F Engineer's Report
- Exhibit G Operator's Report
- Exhibit H Order Establishing Meeting Places Inside the District
- Exhibit I Brochure from Texas A&M University regarding Water Desalination: Water and Wastewater Issues and Technologies seminar
- Exhibit J Brochure from McCall, Gibson & Company, PLLC, regarding Investment Training seminar