

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Special Meeting of Board of Directors  
August 15, 2007

The Board of Directors ("Board") of Harris County Municipal Utility District No. 249 ("District") met in special session at the Board's regular meeting place on August 15, 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 Adamek, thus constituting a quorum.

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"), Sissie Lawson of Wheeler & Associates, Inc. ("Wheeler"), Greg Voinis of Sam Yager Incorporated ("SYI"); 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 July 19, 2007. After discussion, Director Rumph moved that the July 19, 2007, minutes be approved, as written. Director Wade seconded the motion, which carried unanimously.

**COMMENTS FROM THE PUBLIC**

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

**TAX ASSESSOR-COLLECTOR'S REPORT**

Ms. Lawson next presented and reviewed with the Board the tax assessor-collector's report dated as of July 31, 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 July 31, 2007, copies of which are attached hereto as **Exhibit A.** 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 Rumph seconded said motion, which carried unanimously.

Ms. Lawson additionally presented and reviewed with the Board a Delinquent Tax Collections Report, dated August 16, 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. Lawson noted that no Board action was required at this time with respect to the accounts listed in such report.

**FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2007 TAX RATE**

The Board next deferred consideration of the Financial Advisor's recommendation concerning the District's proposed 2007 tax rate after noting that the Harris County Certified Tax Rolls have not yet been received.

Mr. Voinis entered the meeting at this time.

Ms. Lawson exited the meeting at this time.

**BOOKKEEPER'S REPORT**

Ms. Rosenbaum next presented and reviewed with the Board the bookkeeper's report dated August 15, 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 July 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. After discussion on the matter, it was moved by Director Moore that the bookkeeping report be approved and that the various checks identified therein be approved for payment, with the exception of check no. 3556, which was voided. Director Rumph seconded the motion, which carried unanimously. Ms. Rosenbaum requested that a discussion regarding the District's participation in TexPool be added to next month's agenda. The Board concurred with the request.

**APPROVAL AND EXECUTION OF ASSIGNMENT AND ASSUMPTION OF ENGAGEMENT LETTER FOR YIELD RESTRICTION AND REBATE CALCULATION ANALYSIS**

The Board next considered the approval and execution of an Assignment and Assumption of Engagement Letter for Yield Restriction and Rebate Calculation Analysis ("Assignment") from MA&C to Municipal Risk Management Group, L.L.C, a copy of which is attached hereto as Exhibit D. Mr. Ringold informed the Board that

pursuant to that certain Engagement Letter for Yield Restriction and Rebate Calculation Analysis dated June 16, 2005, the District engaged MAC to prepare Yield Restriction and Rebate Calculation Analyses relative to its outstanding bond issues on an annual basis. Mr. Ringold then advised the Board that MA&C desires to assign its right, title and interest under the Engagement Letter to Municipal Risk Management Group, L.L.C. After discussion on the matter, Director Wade moved that the Board approve said Assignment and that the President be authorized to execute same on behalf of the Board and District. Director Rumph seconded the motion, which carried unanimously.

#### **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.

#### **DEVELOPER'S REPORT**

The Board next considered the developer's report. Mr. Voinis requested that the Board consider assuming Lemm Gully Drainage Association's ("LGDA") obligations under the Drainage System Agreement ("Agreement") covering the on-channel detention pond located at the confluence of Lemm & Wunsche Gullies or find replacement Board Members for the LGDA. There then ensued a discussion regarding the agreements relating to the on-channel detention pond and the maintenance of same. After discussion on the matter, Director Moore moved that the District assume LGDA's obligations under the Agreement, subject to SPH's review said Assignment. Director Rumph seconded the motion, which carried unanimously.

Mr. Voinis next advised the Board that SYI recently sold a few tracts along Cypresswood Drive. There next ensued a discussion regarding same.

There next ensued a discussion regarding sales within the Spring Falls development.

There next ensued a discussion regarding the development of Mark Carpenter's tract.

#### **ENGINEERING REPORT**

Mr. Tufail next presented and reviewed with the Board a written engineering report dated August 15, 2007, a copy of which is attached hereto as **Exhibit E**, relative to the status of various projects within the District.

### **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 is under review by the TCEQ at this time.

### **APPROVAL AND EXECUTION OF CONVEYANCE OF UTILITY FACILITIES FOR WATER DISTRIBUTION, SANITARY SEWER AND DRAINAGE FACILITIES TO SERVE SPRING FALLS, SECTION ONE AND A 3.55 ACRE TRACT SOUTH OF CYPRESSWOOD DRIVE**

The Board next deferred the approval and execution of a Conveyance of Utility Facilities for Water Distribution, Sanitary Sewer and Drainage Facilities to serve Spring Falls, Section One and a 3.55 Acre Tract South of Cypresswood Drive after noting that SPH is waiting to receive plat recordation information for the 3.55 acre tract from Mr. Tufail at this time.

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

Mr. Ringold next discussed with the Board the TCEQ's adoption of the small MS4 general permit and the applicability of same to the District. Mr. Ringold informed the Board that SPH is in the process of researching the matter and noted that the permit would be discussed in more detail at next month's meeting.

### **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 a Declaration of Administrative Completeness ("DAC") letter was received from the TCEQ earlier today. Mr. Ringold then informed the Board that said DAC letter reflects that the BAR was received by the TCEQ's Districts Review Team on August 7, 2007, and noted that said DAC letter should reflect a received date of July 11, 2007, and that SPH is in the process of having said letter revised accordingly.

Mr. Ringold next informed the Board of various rating issues that are surrounding Radian Asset Assurance, Inc. and how said issues might affect the District's proposed Series 2007 Bond issue.

### **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 July 2007, a copy of which is attached hereto as **Exhibit F**.

Mr. Hastings advised the Board that the District was awarded a Total Coliform Rule Program Award for 2006 by the TCEQ.

Mr. Hastings next advised the Board that the sidewalk repair on Lion Springs at Buffalo Springs Court is complete and noted that it appears the work was done quite well.

Mr. Hasting next reminded the Board that, as discussed at last month's meeting, a lightning strike occurred at the Lift Station Site and blew out the transfer switch, phase monitor and the auto-dialer and noted that damaged components have been replaced. Mr. Hastings further noted that an insurance claim has been filed accordingly.

There next ensued a discussion regarding the billing for Spring Independent School District ("SISD") for service to Wunsche Academy. Mr. Hastings acknowledged that Aqua Services has not been billing SISD for water supplied to Wunche Academy, but that they were in the process of correcting the situation.

#### **RECYCLING SERVICES**

There next ensued a discussion regarding the implementation of recycling services available to the District. Director Rumph requested that a representative of Waste Management attend a meeting to discuss the different options available to the District for said service. Director Wade and Director Haude then suggested adding a link to the District's website for solid waste collection and that said link include the District's garbage collection dates.

#### **PARTICIPATION IN "WATER SMART" WATER CONSERVATION PLAN PROGRAM**

There next ensued a discussion regarding the District's participation in the "Water Smart" Water Conservation Plan Program. Director Rumph inquired as to what the District is doing and can do in connection with the Plan. Mr. Hastings then informed the Board of the various elements of the Plan that are being taken are as follows: (i) the rotation of conservation messages on the water bills, (ii) bi-annual water bill inserts and (iii) materials have been ordered for a presentation to the students at Salyers Elementary School. Director Wade requested that Mr. Hastings include a "Water Smart" website link on the water bills and that the link be added to the District's website.

#### **PUBLICIZING OF HAZARDOUS MATERIAL COLLECTION EVENTS**

Mr. Hastings next advised the Board that he recommends that the District consider authorizing Aqua Services to publicize hazardous material collection events on the October water bills.

After discussion on the matter, the Board concurred that Aqua Services be authorized to publicize hazardous material collection events on the October water bills.

#### **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.

#### **ATTORNEY'S REPORT**

Mr. Ringold next advised the Board that, pursuant to the District's Detention Pond Maintenance Agreement with Champions Hydro-Lawn, Inc. ("Champions"), Champions is required to carry \$1,000,000 limit/\$2,000,000 aggregate of excess liability coverage and noted that Champions was not carrying the appropriate amount of coverage. Mr. Ringold further noted that SPH forwarded correspondence to Champions on July 16, 2007, advising that Champions must secure the appropriate coverage required by the Agreement unless an amendment to the Agreement is approved by the Board. Mr. Ringold then presented and reviewed with the Board correspondence from Champions dated August 1, 2007, a copy of which is attached hereto as **Exhibit G**, and noted that said correspondence states that Champions has purchased a \$2,000,000 umbrella liability policy. Mr. Ringold noted that a new Certificate of Insurance reflecting said coverage has been received.

Mr. Ringold next presented and reviewed with the Board a brochure from the United States Environmental Protection Agency regarding a Capacity, Management, Operation & Maintenance Training and Management seminar to be held August 27-28, 2007, a copy of which is attached hereto as **Exhibit H**.

Mr. Ringold next presented and reviewed with the Board correspondence dated August 10, 2007, from the TCEQ regarding Landscape Irrigation Rules, a copy of which is attached hereto as **Exhibit I**.

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

Director Haude next informed the Board that the joint meeting scheduled for August 9, 2007, was cancelled at No. 110's request.

#### **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 July 2007, a copy of which is attached as **Exhibit J**. There next ensued a discussion regarding an incident that occurred at the tennis court.

**ADJOURN**

There being no further business to come before the meeting, upon motion made by Director Moore 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 August 16, 2007
- Exhibit C Bookkeeper's Report
- Exhibit D Assignment and Assumption of Engagement Letter for Yield Restriction and Rebate Calculation Analysis
- Exhibit E Engineer's Report
- Exhibit F Operator's Report
- Exhibit G Champion's Hydro-Lawn correspondence
- Exhibit H Brochure from United States Environmental Protection Agency regarding Capacity, Management, Operation & Maintenance Training and Management seminar
- Exhibit I TCEQ correspondence regarding Landscape Irrigation Rules
- Exhibit J Neighborhood Security Report