

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
January 17, 2008

The Board of Directors ("Board") of Harris County Municipal Utility District No. 249 ("District") met in regular session at the Board's regular meeting place on January 17, 2008, in accordance with the duly posted notice of regular 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
Willie Hodge, Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Asim Tufail of Van De Wiele Engineering Incorporated ("VEI"), Gary Hastings of SWWC Services, Inc. ("SWWC"), Teresa Rosenbaum of Municipal Accounts & Consulting, L.P. ("MA&C"), Sissie Lawson 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 draft minutes of its meeting held on December 20, 2007. Director Wade noted a change on page 2 of the draft minutes. There then ensued a discussion regarding the Board's protocol for providing comments to draft minutes. After discussion of the minutes presented, Director Wade moved that the aforesaid minutes be approved, as amended. Director Rumph seconded said motion, which carried by a vote of four in favor and one abstention, with Directors Haude, Rumph, Wade and Hodge voting in favor, and Director Adamek abstaining.

COMMENTS FROM THE PUBLIC

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

GOVERNMENTAL TRAINING REQUIREMENTS

Mr. Ringold next discussed with the Board the training requirements for public officials which were established by Senate Bill 286 in the 2005 legislative session. Mr. Ringold advised that public officials, including directors of a municipal utility district, must now complete separate training courses regarding the Texas Open Meetings Act ("OMA") and the Texas Public Information Act ("PIA"). Mr. Ringold presented and reviewed with Director Hodge a Memorandum prepared by SPH which summarizes the training requirements, a copy of which is attached hereto as **Exhibit A**. Mr. Ringold advised that the deadline for public officials to complete their training is the 90th day after they either take their oath of office or otherwise assume their responsibilities as a public official. Mr. Ringold then advised Director Hodge that the deadline for his compliance with these training requirements is March 20, 2008. Director Hodge noted that he has completed his training and that he will bring his certifications to next month's meeting.

REVIEW OF CODE OF ETHICS AND OTHER POLICIES

Mr. Ringold next provided Director Hodge with a copy of the District's Amended and Restated Code of Ethics, Fees and Expense Policy, Policy Relating to Consulting Services, Uniform Financial Accounting and Reporting Standards, Policy Relating to Adoption of Annual Operating Budget, and Creating an Audit Committee of the Board of Directors ("Code of Ethics"). Mr. Ringold then discussed with the Board the changes to the conflicts disclosure reporting requirements of Chapter 176 of the Texas Local Government Code. After discussion, Director Adamek requested that his conflicts disclosure form be removed from the District's website.

SOLICITATION OF PROPOSALS FOR RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board next considered authorizing the solicitation of proposals for renewal of District insurance coverages. Mr. Ringold reported that the District's current insurance coverages acquired through Anco-McDonald Waterworks Insurance Services, L.L.C. ("Anco") expire on March 31, 2008. There was next a discussion regarding obtaining insurance proposals for the 2008-2009 term. Following discussion, Director Haude moved that SPH be authorized to solicit written proposals for the District's insurance coverages for the term March 31, 2008 through March 31, 2009, from Anco, AquaSurance, L.L.C., HARCO Insurance Services and The Essential Group. Director Rumph seconded the motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Lawson next presented and reviewed with the Board the tax assessor-collector's report dated as of December 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 December 31, 2007, copies of which are attached hereto as **Exhibit B**. After discussion of the tax assessor-collector report, Director Haude moved that said report be approved and that the checks identified therein be approved for payment. Director Wade seconded said motion, which carried unanimously.

Mr. Ringold then presented and reviewed with the Board a Delinquent Tax Collections Report, dated January 17, 2008, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's delinquent tax collection attorneys, a copy of which is attached hereto as **Exhibit C**. Mr. Ringold noted that no Board action was required at this time with respect to the accounts listed in such report.

BOOKKEEPER'S REPORT

Ms. Rosenbaum next presented and reviewed with the Board the bookkeeper's report dated January 17, 2008, 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 December 2007 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 on the matter, it was moved by Director Rumph that the bookkeeping report be approved and that the various checks identified therein be approved for payment. Director Haude seconded the motion, which carried unanimously.

ENGINEERING REPORT

Mr. Tufail next presented and reviewed with the Board a written engineering report dated January 17, 2008, a copy of which is attached hereto as **Exhibit E**, relative to the status of various projects within the District. Mr. Tufail provided additional information concerning the following matters:

Mr. Tufail advised the Board that an out-fall manhole located in Spring Lakes, Section 15 is in need of repair or replacement. After discussion, Mr. Hastings and Mr. Tufail informed the Board that they would inspect the manhole and make a joint recommendation

regarding repair vs. replacement at next month's meeting. No action was taken by the Board.

Mr. Ringold next advised the Board that, relative to the replacement of the bar screen with an Aqua Guard at the Sewage Treatment Plant, SPH directed correspondence to Harris County Water Control and Improvement District No. 110 ("No. 110") on January 14, 2008, advising that No. 110's estimated pro-rata share for same would be approximately \$50,220.00.

Mr. Tufail next advised the Board that the Storm Water Quality Permit for Spring Lakes, Section Eight (the "Permit"), will expire on January 30, 2008. Mr. Tufail then presented and reviewed with the Board a Storm Water Quality Permit Application for renewal of the Permit and requested that the Board authorize the President to execute same on behalf of the Board and District. After discussion on the matter, Director Wade moved that the President be authorized to execute said application for the renewal of the Storm Water Quality Permit for Spring Lakes, Section Eight. Director Adamek 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 TCEQ for the renewal of the District's Waste Discharge Permit due to expire February 1, 2008. Mr. Tufail advised the Board that the TCEQ is backlogged with permit renewals at this time and noted that the TCEQ has advised him that it will be a couple of more month's before the new Permit is issued. Mr. Tufail further advised the Board that VEI confirmed with the TCEQ that the current Permit will stay in force until action is taken on the renewal.

SMALL MUNICIPAL SEPARATE STORM SEWER SYSTEMS GENERAL PERMIT

The Board next considered the approval of a Stormwater Management Plan ("SWMP") prepared by Storm Water Solutions, LP ("SWS") and authorizing the filing of said SWMP and a Notice of Intent ("NOI") with the TCEQ for permit coverage under its TXR040000 general permit for storm water discharges associated with small municipal separate storm sewer systems ("MS4s"). Mr. Tufail then presented and reviewed with the Board a "Storm Water Management Program Rubric - Stand Alone District" chart, a copy of which is attached hereto as **Exhibit F**. After discussion on the matter, Director Rumph moved that the Board approve said SWMP, and that SWS be authorized to file said SWMP and NOI, with the TCEQ on behalf of the Board and District. Director Haude seconded the motion, which carried unanimously.

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 December 2007, a copy of which is attached hereto as **Exhibit G**. There then ensued a discussion regarding the billing cycle and the disconnect list.

Mr. Hastings next advised the Board that the results from the televising of the sanitary sewer lines in Spring Lakes, Section 13 and 500-feet from Buffalo Springs Court and Cypresswood reveal a root intrusion and an interior wall defect. Mr. Hastings informed the Board that he would investigate the findings and provide a repair recommendation at next month's meeting. No action was taken by the Board.

STAGE 2 DISINFECTION BYPRODUCT

Mr. Ringold next presented for the Board's review a Memorandum dated January 17, 2008, from SPH, a copy of which is attached hereto as **Exhibit H**, which provided background on the EPA's Stage 2 Disinfectants and Disinfection Byproducts Rule and addresses the necessary actions and deadlines for compliance with the Rule. In connection therewith, Mr. Ringold advised the Board that a district may file for a Low Level 40/30 Waiver if its water supply meets certain criteria and explained same to the Board. Mr. Hastings then advised the Board that the District does qualify for said Waiver and requested that the Board consider authorizing SWWC to file an application for said Waiver on behalf of the Board and District. After discussion on the matter, Director Wade moved that SWWC be authorized to file the application for said Waiver on behalf of the Board and District. Director Haude seconded the motion, which carried unanimously.

Director Haude exited the meeting at this time.

CONSUMER CONFIDENCE REPORTS

The Board next considered authorizing the operator to provide required information relative to Consumer Confidence Reports to any districts receiving water through emergency water interconnects with the District. Mr. Ringold advised that, pursuant to rules promulgated by the United States Environmental Protection Agency, the District is required to provide a report containing various information regarding the District's water supply to applicable districts by April 1, 2008. After discussion, Director Rumph moved that the Board authorize the operator to provide the required information to any districts receiving water from the District through emergency water interconnects during 2007. Director Haude

seconded said motion, which unanimously carried.

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 at the meeting.

ATTORNEY'S REPORT

Mr. Ringold next advised the Board that Director Rumph, Director Wade and Director Hodge's terms will expire in May and that they will be up for election. Mr. Ringold informed the Board that they will be calling the Directors' Election in February and that the Board needs to appoint two (2) election officials who are District residents and requested the Board to inquire as to who would be interested in serving as election officials for the 2008 Directors' Election.

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

Mr. Ringold advised the Board that he had nothing new to report at this time.

DISTRICT SECURITY ISSUES

The Board next considered the report on District security issues. Mr. Ringold distributed the Harris County Sheriff's Office's call sheet summary for December 2007, a copy of which is attached as **Exhibit I**.

Mr. Ringold next reminded the Board that, as discussed at last month's meeting, he was contacted by telephone by Mr. Bill Graham, who advised that there was some confusion on behalf of the HOA with regard to the District's inquiry regarding transfer of the Law Enforcement Services Agreement and requested that Mr. Ringold forward him an additional copy of the November 16, 2007, correspondence and the draft minutes of the previous board meeting, to which SPH complied. Mr. Ringold then advised the Board that, on January 3, 2008, he received email correspondence from Bill Graham advising that Lieutenant Escobar of the Harris County Constable's Office would be forwarding a contract for his review, and that Lieutenant Escobar had faxed said contract and left a message

requesting that Mr. Ringold return his call. A copy of said fax correspondence and contract is attached hereto as **Exhibit J** Mr. Ringold advised that he did call and speak to Lieutenant Escobar that morning and advised him that the District had already renewed its security contract with the Sheriff's department for calendar year 2008, and that the District had sent correspondence to the Spring Lakes Homeowner's Association inquiring as to its interest in assuming the administration of the security patrol contract, and that, to date, the District had received no formal response to its request, and, accordingly, SPH had not been authorized by the Board to take any further action with regard to the matter at this time. Mr. Ringold then presented and reviewed with the Board correspondence dated January 4, 2008, from the HOA, a copy of which is attached hereto as **Exhibit K** and noted that said correspondence states that the HOA is willing to assume the District's Law Enforcement Services Agreement for 2008 under the terms set forth in SPH's correspondence dated November 16, 2007. There then ensued a lengthy discussion regarding the potential advantages and drawbacks in the transfer of said Agreement. No action was taken by the Board.

ADJOURN

There being no further business to come before the meeting, upon motion made by Director Rumph seconded by Director Wade and carried unanimously, the meeting was adjourned.

Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A - SPH Memorandum regarding training requirements
- Exhibit B - Tax Assessor-Collector's Report
- Exhibit C - Delinquent Tax Report
- Exhibit D - Bookkeeper's Report
- Exhibit E - Engineer's Report
- Exhibit F - Storm Water Management Program Rubric - Stand Alone District chart
- Exhibit G - Operator's Report
- Exhibit H - Memorandum regarding the Stage 2 Disinfection Byproduct Rules
- Exhibit I - District Security Report
- Exhibit J - Fax correspondece and contract from Harris County Constable's Office
- Exhibit K - Correspondence from Spring Lakes Homeowners Association