

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
March 20, 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 March 20, 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, except Director Haude, thus constituting a quorum.

Also present were Asim Tufail of Van De Wiele Engineering Incorporated ("VEI"), Gary Hastings of SWWC Services, Inc. ("SWWC"), Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MA&C"), Sissie Lawson of Wheeler & Associates, Inc. ("Wheeler"), Deputy Ron Hamlett of the Harris County Sheriff's Office ("HCSO"); Tom Dillard of Champions Hydro-Lawn, Inc. ("Champions"); and Daniel Ringold of Schwartz, Page & Harding, L.L.P. ("SPH").

In the absence of the President, the Vice 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 February 21, 2008. After discussion of the minutes presented, Director Rumph moved that the aforesaid minutes be approved, as written. Director Wade seconded said motion, which carried by a vote of three in favor and one abstention, with Directors 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.

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 February 2008, a copy of which is attached hereto as **Exhibit A**. Deputy Hamlett informed the Board that the suspects who were stealing the back-flow preventers have been apprehended.

OTHER MATTERS

Mr. Dillard next introduced himself to the Board and advised that he inspected the portions of Lemm and Wunsche Gullies within the District and the on-channel detention pond on March 17, 2008, for which areas he presented and reviewed with the Board a Reconnaissance Summary for each District facility inspection, copies of which are attached hereto as **Exhibit B**. He additionally presented and reviewed with the Board photographs of the west side of the on-channel detention pond, copies of which are included with **Exhibit B**, and advised that sink holes are beginning to appear due to water flowing from homes west of said pond, and noted that the issue needs to be addressed. Mr. Dillard also advised the Board that a homeowner whose property backs up to Lemm Gulley has knocked down their back fence and is using the area along the Gulley to transport equipment onto their property in order to construct a water feature in their back yard. Mr. Ringold noted that the homeowner does not have rights to use the area for access and that a cease and desist letter needs to be forwarded to the homeowner. Mr. Dillard informed the Board that he would provide Mr. Ringold with the homeowners' contact information accordingly. There then ensued a discussion regarding the correct approach to take in repairing the sink holes on the west side of the on-channel pond. Mr. Dillard advised the Board that he would provide cost estimates for back-filling the sink holes for the Board's review and approval at next month's meeting.

The Board next informed Mr. Dillard that Champions' maintenance personnel have caused some ruts and damage to the outfall pipes south of Spring Lakes Haven. Mr. Dillard advised the Board that he would inspect the area and that Champions will make any necessary repairs at no charge to the District.

REVIEW AND APPROVAL OF AUDIT REPORT

The Board next deferred the review and approval of the District's audit report for fiscal year ended December 31, 2007, after noting that said report is still being prepared by BKD, LLP at this time.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Lawson next presented and reviewed with the Board the tax assessor-collector's report dated as of February 29, 2008, 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 February 29, 2008, copies of which are attached hereto as **Exhibit C**. 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 Adamek seconded said motion, which carried unanimously.

Mr. Ringold then presented and reviewed with the Board a Delinquent Tax Collections Report, dated March 20, 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 D**. 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. Hernandez next presented and reviewed with the Board the bookkeeper's report dated March 20, 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 January 2008 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as **Exhibit E**. After discussion on the matter, it was moved by Director Wade that the bookkeeping report be approved and that the various checks identified therein be approved for payment, except for check no. 3728, which was voided. Director Hodge seconded the motion, which carried unanimously.

Mr. Ringold next discussed with the Board the City of Houston's request for an updated list of sales and use tax generating businesses within the District in connection with the Strategic Partnership Agreement. He advised the Board that Mr. Hastings had reviewed the current list of businesses and noted several omissions. After discussion on the matter, the Board deferred taking any action on the matter and requested that Wheeler provide a proposal for same for consideration by the Board at next month's meeting.

AWBD SUMMER CONFERENCE

The Board next discussed the AWBD Summer Conference to be held in July. Mr. Ringold noted that anyone interested in attending should contact the bookkeeper for registration forms.

ENGINEERING REPORT

Mr. Tufail next presented and reviewed with the Board a written engineering report dated March 20, 2008, 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:

Mr. Tufail next advised the Board that the plans and specifications for the construction of Louetta Road Waterline Extension (the "Project") by the District had been prepared and had been submitted to all applicable governmental entities for approval. Mr. Tufail further informed the Board that he is ready to proceed with the advertisement for bids for the Project, subject to receipt of Harris County's approval of said plans and specifications. After due deliberation and consideration, Director Rumph moved that the District's Engineer be authorized to proceed with the advertisement for bids for the construction of the Project, subject to receipt of Harris County's approval of said plans and specifications. Director Hodge seconded the motion, which carried unanimously.

ANNUAL REVIEW OF WAGE RATE SCALE FOR CONSTRUCTION PROJECTS

The Board next considered the annual review of a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects. In that regard, Mr. Ringold stated that there has been no change to Harris County's wage rate scale, which was previously adopted by the Board, and SPH thus recommends that the Board not alter its wage rate scale currently in effect. After discussion, the Board concurred to maintain the prevailing wage rate scale previously adopted by the Board.

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 January 2008, a copy of which is attached hereto as Exhibit G.

Mr. Hastings next informed the Board that a "No Trespassing" sign located at the Water Plant was vandalized with graffiti. He

advised that he will attempt to have the graffiti removed, if possible, and that a new sign will be installed, if necessary.

Mr. Hastings next advised the Board that the Texas Commission on Environmental Quality made an inspection of the Wastewater Treatment Plant, but noted that a formal report of the inspection has not yet been received. Mr. Hastings further noted that a few fence areas are in need of repair. Mr. Hastings then advised the Board that sludge was found in the chlorine contact chamber and noted that SWWC had the chamber vacuumed out the same day, but that the v-notch is in need of an adjustment. Mr. Hastings further advised the Board that sludge was also found in the outfall ditch and noted that he does not believe that the sludge is from the District's facility, but that someone else is dumping the sludge upstream of the District's outfall structure. Mr. Hastings then discussed additional minor issues related thereto.

Mr. Hastings next informed the Board that the current swing gate at the Wastewater Treatment Plant is broken and requested that the Board consider authorizing SWWC to replace the broken gate with a 20' cantilever gate. In connection therewith, he presented and reviewed two (2) quotes with the Board, copies of which are included with **Exhibit G**. After discussion on the matter, Director Rumph moved that the Board accept Foster Fence Company's quote for the installation of a cantilever gate at the WWTP at a cost of \$2,264. Director Adamek seconded the motion, which carried unanimously.

Mr. Hastings next advised the Board that the aeration basin at the Wastewater Treatment Plant is in need of a cleaning and noted that said cleaning would cost approximately \$20,000. Mr. Hastings also advised the Board that said cleaning is usually performed every five (5) years, and noted that SWWC is recommending that the District consider cleaning one of each of the three aeration basins over the next three (3) years. After discussion on the matter, Director Rumph moved that SWWC be authorized to clean the aeration basin at a cost not to exceed \$20,000. Director Hodge seconded the motion, which carried unanimously.

AMENDMENT OF DISTRICT'S RATE ORDER RELATIVE TO INCREASE IN SEWER RATES IN CONNECTION WITH INCREASE IN SOLID WASTE COLLECTION FEES

The Board next considered the amendment of the District's Rate Order relative to an increase in sewer rates in connection with an increase in solid waste collection fees. After discussion on the matter, it was moved by Director Adamek, seconded by Director Hodge and unanimously carried that: (i) the District increase its monthly rates for residential sanitary sewer service from \$20.12 to \$20.62 for the first 10,000 gallons of water metered in order to cover the

solid waste collection rate increase; (ii) any and all Rate Orders heretofore adopted be revoked; and (iii) the Rate Order attached hereto as Exhibit H be passed and adopted to be effective as of March 20, 2008.

ISSUANCE OF UTILITY COMMITMENTS

Mr. Ringold next advised the Board that the District was in receipt of correspondence from KM Realty Advisors, LP dated March 18, 2008, a copy of which is attached hereto as Exhibit I. Mr. Ringold informed the Board that the District previously granted a Utility Commitment Letter ("UCL") to KM-Louetta Partners, LP ("KM-Louetta") for 9,450 gallons per day ("gpd") of water and wastewater treatment capacity for a 3.801 acre tract ("Tract") located at the northeast corner of Louetta and I-45. In connection therewith, Mr. Ringold informed the Board that said UCL has expired, and noted that KM-Louetta is requesting that the District renew the UCL for the same amount of water and sanitary sewer capacity to the Tract. After discussion on the matter, Director Wade moved that the District grant KM-Louetta's request to renew the UCL allocating 9,450 gpd of water and wastewater treatment capacity to the Tract, that SPH be authorized to prepare said UCL, and that the Vice President be authorized to execute same on behalf of the Board and District. Director Rumph seconded the motion, which carried unanimously.

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, relative to the 2008 Directors Election, five (5) applicants have filed applications for a place on the ballot and that only three (3) positions are available. He then advised the Board that a drawing was held on Wednesday, March 19, 2008, at 10:00 a.m., at the offices of SPH in order to determine the order of names to be printed on the ballots in connection with the Election, and noted that the results of the drawing were as follows: (i) Willie Hodge, (ii) Edward L. Wade, (iii) Sue Cox, (iv) Dwight Rumph and (v) Daniel E. Stage.

Mr. Ringold next presented and reviewed with the Board a brochure received from the Texas Commission on Environmental Quality regarding an Environmental Trade Fair & Conference to be held on April 29-May 1, 2008.

Mr. Ringold next presented and reviewed with the Board a The Champions Way newsletter from Champions, a copy of which is attached hereto as Exhibit J.

Mr. Ringold next advised that he had been contacted by Craig Artze on behalf of Wells Fargo inquiring regarding the District providing service to the Wells Fargo center located at I-45 and Spring Cypress Road. He advised that Mr. Artze had indicated that a formal request would be forthcoming.

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 of a legal nature that wasn't covered elsewhere on the agenda.

ADJOURN

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

Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A - District Security Report
- Exhibit B - Reconnaissance Summaries for various District facilities
- Exhibit C - Tax Assessor-Collector's Report
- Exhibit D - Delinquent Tax Report
- Exhibit E- Bookkeeper's Report
- Exhibit F - Engineer's Report
- Exhibit G - Operator's Report
- Exhibit H - Amended Rate Order
- Exhibit I - Correspondence dated March 18, 2008, from KM Realty Advisors, LP
- Exhibit J - The Champions Way newsletter