

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors  
September 29, 2008

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 September 29, 2008, 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:

Norman C. Adamek, President  
Sue Cox, Vice President  
Daniel Stage, Secretary  
Willie Hodge, Assistant Secretary  
Douglas Haude, Assistant Secretary

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

Also present were Asim Tufail and Scott Novosad of Van De Wiele Engineering Incorporated ("VEI"); Teresa Rosenbaum of Municipal Accounts & Consulting, L.P. ("MA&C"); Ryan Fortner of Wheeler & Associates, Inc. ("Wheeler"); Edward Wade and Clint Moore, residents of the District; Anthea Moran of First Southwest Company ("First Southwest"); Patsy Waldrop of BKD, LLP ("BKD"); Rick Marriott of Southwest Water Company, Inc. ("SWWC"); 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 it.

**APPROVAL OF MINUTES**

The Board first reviewed the draft minutes of its meetings held on August 16, 2008 and August 21, 2008. There then ensued a discussion regarding various revisions. After discussion of the minutes presented, Director Cox moved that the aforesaid minutes be approved, as revised. Director Stage seconded said 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**

Mr. Fortner next introduced himself to the Board and stated that he will be handling the District's tax assessment and collection matters and attending meetings in the future. Mr. Fortner then presented and reviewed with the Board the tax assessor-collector's report dated as of August 31, 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 August 31, 2008, copies of which are attached hereto as **Exhibit A.** After discussion, Director Adamek moved that the tax assessor-collector report be approved and that the checks identified therein be approved for payment. Director Cox seconded said motion, which carried unanimously.

**DELINQUENT TAX COLLECTION ATTORNEY'S REPORT**

The Board next deferred consideration of a report and legal action taken by the District's delinquent tax collections attorney after noting that no report had been received for the current period.

Mr. Wade and Mr. Moore entered the meeting at this time.

**BOOKKEEPER'S REPORT**

Ms. Rosenbaum next presented and reviewed with the Board the bookkeeper's report dated September 29, 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 August 2008 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as **Exhibit B.** After discussion, it was moved by Director Haude that the bookkeeping report be approved and that the various checks identified therein be approved for payment, except for check no. 3889, which was voided. Director Adamek seconded the motion, which carried unanimously.

**FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2008 TAX RATE**

The Board next considered the Financial Advisor's recommendation concerning the District's proposed 2008 tax rate and authorization of: (a) the required notice that the Board will consider adoption of a tax rate; and (b) the means of such notice.

Mr. Skinner advised that, pursuant to the Texas Water Code, the District is required to provide a notice containing certain

tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Skinner further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. He advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least 10 days before the date of the meeting.

Ms. Moran then presented and reviewed with the Board a Tax Rate Analysis, a copy of which is attached hereto as **Exhibit C**. Ms. Moran advised that she is recommending a proposed 2008 debt service tax rate of \$0.90 per \$100 of assessed valuation. The Board next reviewed the current maintenance tax collections versus the annual budget and the effect of any adjustment to the maintenance and operations tax rate. After a lengthy discussion on the matter, Director Adamek moved that the Board accept the financial advisor's recommendation of a proposed 2008 debt service tax rate of \$0.90 per \$100 of assessed valuation and a 2008 maintenance tax rate of \$0.27 per \$100 of assessed valuation, and that the District's tax assessor-collector be authorized to publish notice of the District's intention to adopt a 2008 tax rate at its next meeting in the form and at the time required by law. Director Haude seconded said motion, which unanimously carried. The Board concurred that the notice be published by the tax assessor-collector in the *This Week* section of the *Houston Chronicle*.

#### **COMPLIANCE WITH HOUSE BILL NO. 3693**

The Board next deferred discussion regarding compliance with House Bill No. 3693 relative to energy reporting until next month's meeting.

#### **UNCLAIMED PROPERTY**

The Board next considered the review and approval of an Unclaimed Property Report as of June 30, 2008, for the period July 1, 2004 to June 30, 2005. In that regard, Mr. Skinner advised the Board that a letter was received from the District's bookkeeper confirming that they are holding \$12.82 in unclaimed property for such reporting period. After discussion on the matter, Director Cox moved that an Unclaimed Property Report be prepared accordingly and that the bookkeeper file same with the Texas State Comptroller prior to November 1, 2008. Director Stage seconded said motion, which unanimously carried.

## **ANNEXATION REQUESTS**

Mr. Skinner next reminded the Board that, as discussed at last month's meeting, Brewer & Escalante, on behalf of Mr. Jim Clairmonte, is requesting water and sanitary sewer capacity of approximately 25,500 gallons per day to serve a 6.867 acre tract located at the northwest corner of Cypresswood Drive and Lemm Gully. In connection therewith, Mr. Skinner advised the Board that, as requested at last month's meeting, SPH prepared and forward correspondence requesting funds in the amount of \$15,000 to be deposited with the District to cover the cost of the feasibility study related to the annexation request and noted that said check has not yet been received.

Mr. Skinner next reminded the Board that, as discussed at last month's meeting, Home of Hope-Texas is requesting water and sanitary sewer capacity for approximately twenty (20) equivalent single-family connections to serve a tract of land, but that the exact amount of capacity is unknown at this time. In connection therewith, Mr. Skinner advised the Board that, as requested at last month's meeting, SPH prepared and forwarded correspondence requesting funds in the amount of \$5,000 to be deposited with the District to cover the cost of the feasibility study related to the service request and noted that said check had been received.

## **ENGINEERING REPORT**

Mr. Tufail next presented and reviewed with the Board a written engineering report dated September 29, 2008, a copy of which is attached hereto as **Exhibit D**, relative to the status of various projects within the District.

## **RATIFICATION OF PRIOR ACTION RELATIVE TO APPROVAL AND EXECUTION OF CONVEYANCE OF UTILITY FACILITIES**

The Board next considered ratification of its prior action relative to the approval and execution of a Conveyance of Utility Facilities for the Louetta Road Water Line Extension project. After discussion on the matter, Director Cox moved that the Board's prior action be ratified in all respects. Director Adamek seconded the motion, which carried unanimously.

## **ENGAGEMENT OF AN AUDITOR FOR PREPARATION OF AUDIT PAYMENT TO THE DEVELOPER OUT OF LEGALLY AVAILABLE FUNDS**

The Board next considered the engagement of an auditing firm to prepare an audit report in connection with the payment of funds to the developer and various parties with the District's available funds relative to the Louetta Road Water Line Extension project. Ms. Waldrop of BKD made a presentation concerning the proposed audit, the qualifications of her firm, and the estimated audit fees

for same. After further discussion of the matter, Director Adamek moved that of BKD be engaged to conduct an audit report in connection with the payment of funds to the developer out of the District's available funds. Director Haude seconded said motion, which carried unanimously.

**APPROVAL OF AUDIT RELATIVE TO THE PAYMENT OF LOUETTA ROAD WATER LINE EXTENSION PROJECT**

As the next order of business, the Board considered the approval of a developer reimbursement audit report prepared by BKD, in connection with the payment of the Louetta Road Water Line Extension project, a copy of which is attached hereto as **Exhibit E**, and the disbursement of available funds in accordance with same. Ms. Waldrop reviewed in detail with the Board a draft audit report in connection with the payment of funds to Louetta Spring Plaza, L.P. After review and discussion of the report submitted, it was moved by Director Haude, seconded by Director Adamek and unanimously carried that the developer reimbursement audit report prepared by BKD in connection with the Louetta Road Water Line Extension project, be approved and that the Board authorize the disbursement of the available funds in accordance with and as set forth in the audit report, subject to receipt of executed Receipt for same from Louetta Spring Plaza, L.P.

**OPERATIONS AND MAINTENANCE REPORT**

The Board next considered the Operations and Maintenance Report. Mr. Marriott presented and reviewed in detail with the Board a written Operations Report supplied by SWWC for July 2008, a copy of which is attached hereto as **Exhibit F**.

Mr. Marriott next queried the Board as to whether it would like for SWWC to continue implementing normal water termination procedures on delinquent accounts in light of the aftermath Hurricane Ike. After discussion on the matter, Director Adamek moved that SWWC abate termination of service on account of payment delinquencies for an additional thirty (30) days. Director Cox seconded the motion, which carried unanimously.

Mr. Marriott next advised the Board that the District's Wastewater Treatment Plant and Water Plant are still operating on generator power and noted that both generators are functioning properly. Mr. Marriott further noted that SWWC is working to have power restored to the Wastewater Treatment Plant and the Water Plant as soon as possible.

Mr. Marriott next advised the Board that the automatic transfer switch at Lift Station No. 1 failed. Mr. Tufail then

requested that the Board consider authorizing VEI to have an electrical engineer examine the transfer switch. After discussion on the matter, the Board concurred that VEI be authorized to have an electrical engineer examine the transfer switch.

There next ensued a discussion regarding the necessity of replacement of pumps at Lift Station No. 1. Mr. Marriott informed the Board that he would research the matter and report back to the Board as soon as possible.

#### **DISCUSSION REGARDING HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 110 ("NO. 110") LIFT STATION SITE**

There next ensued a discussion regarding the No. 110 Lift Station Site. In connection therewith, Director Adamek reminded the Board that, as previously discussed, he and Mr. James Williams, a board member of No. 110, inspected the area and agreed to the fencing concepts and that the District and No. 110 would split the costs, but noted that he had nothing new to report at this time.

#### **RECYCLING SERVICES**

The Board next discussed the possible implementation of recycling services within the District. There then ensued a discussion regarding the insertion of a questionnaire with the next water bill the possibility of conducting a survey in order to determine how many residents would be interested in the implementation of and paying the costs of recycling services. Mr. Marriott informed the Board that SWWC does not have the capability to conduct a phone response survey. There then ensued a discussion regarding the insertion of a postage pre-paid survey card with the next water bill. After discussion, the Board requested that Mr. Marriott provide a cost estimate and an example of a survey card for the Board's consideration at next month's meeting. No action was taken by the Board at this time.

#### **AMENDMENT OF RATE ORDER**

The Board next deferred amendment of the District's Rate Order at this time.

#### **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. Skinner next presented and reviewed with the Board correspondence received from Waste Management regarding completion of a 2008 Public Sector Customer Satisfaction Survey. After discussion on the matter, the Board concurred that the Survey be completed on behalf of the Board and District.

Mr. Skinner next presented and reviewed with the Board correspondence dated September 26, 2008, received from Waste Management regarding Hurricane Ike debris removal and the costs associated with same, a copy of which is attached hereto as **Exhibit G**. Director Adamek next advised the Board of his efforts and discussion relative to storm debris collection and removal.

Mr. Skinner next presented and reviewed with the Board correspondence dated September 22, 2008, received from North Harris County Regional Water Authority, a copy of which is attached hereto as **Exhibit H**. Mr. Skinner advised the Board that said correspondence states that, effective January 1, 2009, the North Harris County Regional Water Authority will increase its pumpage fee from \$0.99 per 1,000 gallons of water pumped to \$1.50 per 1,000 gallons. Mr. Skinner then advised the Board an agenda item will be added to the District's next agenda regarding same.

Mr. Skinner next presented and reviewed with the Board correspondence dated September 25, 2008, received from Perdue Brandon Fielder Collins & Mott LLP regarding installment payments in a disaster area and a brochure regarding delinquent tax collection in the Gulf Coast Region in light of the aftermath of Hurricane Ike, copies of which are attached hereto as **Exhibit I**.

## **DISCUSSIONS NO. 110 REGARDING JOINT DRAINAGE FACILITIES**

Director Adamek advised that he had nothing new to report at this time due to the Hurricane.

## **DISTRICT SECURITY ISSUES**

The Board next considered the report on District security issues. Mr. Skinner distributed the Harris County Sheriff's Office's call sheet summary for August 2008, a copy of which is attached hereto as **Exhibit J**. There then ensued a discussion regarding the increase in reported car vandalism in the District.

**CHANGE IN MEETING LOCATION**

There next ensued a discussion regarding moving future meetings to a location within the District. Director Adamek advised he needed additional time to investigate the options available to the District and that SPH was to check on the availability of the Old Town Spring building as a possible location.

**ADJOURN**

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

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Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A - Tax Assessor-Collector's Report
- Exhibit B- Bookkeeper's Report
- Exhibit C- Tax Rate Analysis
- Exhibit D - Engineer's Report
- Exhibit E - Reimbursement Audit
- Exhibit F - Operator's Report
- Exhibit G - Correspondence from Waste Management regarding  
Hurricane Ike debris removal
- Exhibit H - Correspondence from North Harris County  
Regional Water Authority
- Exhibit I - Correspondence from North Harris County  
Regional Water Authority
- Exhibit J - District Security Report