

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors  
April 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 April 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, except Director Hodge, thus constituting a quorum.

Also present were Asim Tufail of Van De Wiele Engineering Incorporated ("VEI"); Gary Hastings of Southwest Water Company, Inc. ("SWWC"), Teresa Rosenbaum of Municipal Accounts & Consulting, L.P. ("MA&C"); Sissie Lawson of Wheeler & Associates, Inc. ("Wheeler"); Daniel Stage, Cindy Adamek and Sue Cox, residents of the District; 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 March 20, 2008. After discussion of the minutes presented, Director Rumph moved that the aforesaid minutes be approved, as presented. Director Adamek seconded said motion, which carried unanimously.

**COMMENTS FROM THE PUBLIC**

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

**STATUS OF AUDIT REPORT**

The Board next considered the status of the District's Audit Report for fiscal year ended December 31, 2007. Mr. Ringold advised

the Board that BKD, LLP ("BKD") is still in the process of preparing said report at this time. Mr. Ringold noted that the District's Audit Report is due May 15, 2008, which is prior to the District's next meeting. There then ensued a discussion regarding the scheduling of a special meeting to approve the Audit Report prior to the District's next regularly scheduled meeting so that it could be submitted to the Texas Commission on Environmental Quality in a timely manner. In connection therewith, Mr. Ringold requested that each of the Board members provide him with dates that they would be available to attend a special meeting in early May.

#### **CONTINUING DISCLOSURE REPORT**

The Board next considered the District's continuing disclosure report due June 30, 2007. Mr. Ringold advised the Board that, once the District's Audit Report is completed and approved, BKD will provide the District's continuing disclosure counsel, McCall, Parkhurst & Horton L.L.P. ("McCall"), with a copy of same for completion of the continuing disclosure report.

#### **TAX ASSESSOR-COLLECTOR'S REPORT**

Ms. Lawson next presented and reviewed with the Board the tax assessor-collector's report dated as of March 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 March 31, 2008, 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 Haude seconded said motion, which carried unanimously.

Mr. Ringold then presented and reviewed with the Board a Delinquent Tax Collections Report, dated April 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 B**. Mr. Ringold noted that no Board action was required at this time with respect to the accounts listed in such report.

Mr. Ringold next distributed and discussed with the Board a proposal received from Sales Tax and Revenue Tracking ("START"), a division of Wheeler, in connection with revenue tracking and administration of the District's Strategic Partnership Agreement with the City of Houston ("COH"), a copy of which is attached hereto as **Exhibit C**. Mr. Ringold advised the Board that START is proposing, among other things, to perform an annual inspection to ensure that all retail properties located within the commercial

areas of the District are being reported from the State Comptroller's office to the COH. After discussion on the matter, Director Haude moved that the Board accept START's proposal, with updates being performed on an annual basis and that the President be authorized to execute said proposal on behalf of the Board and District. Director Adamek seconded the motion, which carried unanimously.

#### **RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT TAXES**

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Taxes. Mr. Ringold advised that the Board is authorized, pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on taxes that remain delinquent as of July 1 of the year in which they become delinquent. After discussion, it was moved by Director Wade, seconded by Director Rumph and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Taxes, attached hereto as **Exhibit D**, be adopted by the Board.

#### **BOOKKEEPER'S REPORT**

Ms. Rosenbaum next presented and reviewed with the Board the bookkeeper's report dated April 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 March 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**. Relative to check no. 3761 to Champions Hydro-Lawn, Inc. ("Champions"), Director Adamek advised that Champions' invoice reflected costs for the seeding of 19 acres and noted that he believes that approximately 3 or 4 acres at the center of the pond within the 19 acres were not seeded. Mr. Tufail advised the Board that he would research the matter further. 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. 3754, which was voided. Director Wade seconded the motion, which carried unanimously.

#### **ENGINEERING REPORT**

Mr. Tufail next presented and reviewed with the Board a written engineering report dated April 17, 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 advised the Board that the pumps at Lift Station No. 1 located on Myrtle Springs failed again. Mr. Hastings then advised the Board that two (2) pumps were clogged with rags and that the third pump tripped out. Mr. Tufail then requested that the Board consider authorizing VEI to investigate whether the pumps are adequately sized pumps at List Station No. 1 to ensure that they are not under. After discussion on the matter, Director Haude moved that VEI be authorized to inspect the size of the pumps at Lift Station No. 1 to ensure that they are not under-sized. Director Rumph 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 February 2008, a copy of which is attached hereto as **Exhibit G**.

Director Haude queried Mr. Hastings regarding the status of the meter replacement program. Mr. Hastings advised the Board that he is monitoring the program by running a report relative thereto every other month.

Mr. Hastings next addressed the failure of the pumps at Lift Station No. 1. In connection therewith, he advised the Board that the auto-dialer did not work due to a programming issue on the land line and the failure to convert the satellite phone from analog to digital service. Mr. Hastings then advised the Board that the rental dialer has been reprogrammed and noted that the satellite dialer will be converted to digital service on Monday.

Mr. Hastings next reminded the Board that, as discussed at last month's meeting, sludge was found in the wastewater treatment plant outfall ditch, and that he does not believe that the sludge originated from the District's facility, but that someone else is dumping sludge upstream of the District's outfall structure. Mr. Hastings then presented and reviewed photographs of sludge coming from the Kroger center and advised that SWWC had provided such pictures to the TCEQ.

Director Haude next advised Mr. Hastings that the "No Trespassing" sign around the detention facility near the Spring Lakes Haven entrance to the Spring Lakes Subdivision is missing. Mr. Hasting then advised the Board he has new "No Trespassing" signs in stock and noted that the cost for same is approximately

\$100 each. After discussion on the matter, Director Haude moved that SWWC be authorized to install a new "No Trespassing" sign at the detention facility near the Spring Lakes Haven entrance. Director Wade seconded the motion, which carried unanimously.

#### **CONSUMER CONFIDENCE REPORT**

Mr. Hastings next presented and reviewed with the Board the District's draft Consumer Confidence Report ("CCR") for 2007, the format of which is dictated by the Texas Commission on Environmental Quality ("TCEQ"), a copy of which is included in the attached operations report. He advised that the CCR must be forwarded to all customers in the District prior to July 1, 2008. After discussion on the matter, Director Haude moved that the CCR be approved, subject to SPH's review and approval of same, and that SWWC be authorized to forward same to all of the District's customers prior to July 1, 2007. Director Adamek seconded said motion, which unanimously carried.

#### **RATIFICATION OF PRIOR ACTION RELATIVE TO THE APPROVAL AND EXECUTION OF A UTILITY COMMITMENT LETTER BETWEEN THE DISTRICT AND INSPIRE ROCK, LTD.**

The Board next considered ratification of its prior action relative to the approval and execution of a Utility Commitment Letter by and between the District and Inspire Rock, Ltd. Mr. Ringold reminded the Board that Inspire Rock had purchased property from Houston Area Development Corporation ("HADC") and, in connection therewith, HADC had transferred a portion of its capacity to Inspire Rock. He further advised that Inspire Rock had not previously secured a commitment letter from the District reflecting such capacity transfer, but had requested that a letter be issued prior to this evening's meeting to meet plan approval deadlines imposed by the County and that the Board President had authorized approval of said commitment. After discussion on the matter, Director Wade move that the prior action be ratified in all respects. Director Adamek seconded the motion, which carried unanimously.

#### **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. Mr. Ringold advised the Board that he tried contacting Mr. AJ Sullivan

regarding the tree replacement along Spring Lakes, Section 8, but noted that he has been unsuccessful to date.

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

Mr. Ringold next presented to and reviewed with the Board correspondence from Mark L. Roth, Certified Public Accountant, regarding the services he offers and his approach relative to Statement on Auditing Standards No. 112, a copy of which is attached hereto as **Exhibit H**

Mr. Ringold next presented to and reviewed with the Board a Notice of Public Hearing on Proposed Scope Work and Notice of Application to the Texas Water Development Board for Financial Assistance to Update the Region H Regional Water Plant to be held May 7, 2008, a copy of which is attached hereto as **Exhibit I**.

There next ensued a discussion regarding the selection of the Early Voting Clerk and early voting polling location relative to the 2008 Directors Election. Mr. Ringold advised the Board that Director Haude had provided the name of Vivian Musick as a qualified individual who was willing to serve as the Early Voting Clerk and that she had offered to hold early voting at her residence located at 506 Spring Lakes Haven. He further advised that such name was the only name he was provided with by the date on which SPH needed such information to proceed with the timely preparation of necessary documentation. Mr. Ringold advised that Director Adamek had expressed concerns regarding the selection of the Early Voting Clerk and polling location. Mr. Ringold further advised that Director Adamek had advised him via email the previous evening that he had spoken with District residents Mr. & Mrs. Metcalf and Mr. & Mrs. Reed, who had volunteered to serve as Early Voting Clerks and hold early voting at their residences. Mr. Ringold additionally advised that Ms. Musick had attended her electronic voting equipment training and the Notice of Election had already been prepared and sent out by SPH for posting prior to receiving Director Adamek's email, but that the last day for posting of the Notice was April 21<sup>st</sup>, and the Notice could be re-posted. A discussion ensued regarding the selection of the Early Voting Clerk and Early Voting polling location. . After discussion on the matter, Director Haude moved that Ms. Musick be appointed to serve as Early Voting Clerk and that her home be designated at the early voting polling location for the 2008 Directors Election. Director Rumph seconded the motion, which carried by a vote of three in favor and one opposed, with Directors Rumph, Wade and Haude voting in favor, and Director Adamek being opposed.

**DISCUSSIONS WITH HARRIS COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT NO. 110 ("No. 110") REGARDING JOINT DRAINAGE FACILITIES**

Director Haude advised the Board that he had nothing new to report at this time. Director Wade requested that Directors Haude and Rumph informally discuss the matter with No. 110's president.

**DISTRICT SECURITY ISSUES**

The Board next considered the report on District security issues. Mr. Ringold distributed the Harris County Sheriff's Office's ("HCSO") call sheet summary for March 2008, a copy of which is attached hereto as **Exhibit J**. Mr. Ringold then informed the Board that he was in receipt of e-mail correspondence from Deputy Ron Hamlett of the HCSO advising that, as of April 5, 2008, he no longer will be assigned to the District's contract and that Deputy M. Stephenson will be taking his place. The Board then requested that SPH contact Deputy Stephenson and advise him of the Board's desire for him to attend the District's next meeting.

**OTHER MATTERS**

Director Wade next inquired as to whether the District could include language on its website and water bills relative to items to avoid flushing into the sanitary sewer system. Mr. Hastings advised the TCEQ has a list of wastewater "Do's and Don'ts" on its website. Director Wade recommended that a link to same be included on the District's website. The Board concurred with the recommendation.

**ADJOURN**

There being no further business to come before the meeting, upon motion made by Director Rumph seconded by Director Haude 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 - Delinquent Tax Report
- Exhibit B - START proposal
- Exhibit D - Resolution Authorizing an Additional Penalty on  
Delinquent Taxes
- Exhibit E- Bookkeeper's Report
- Exhibit F - Engineer's Report
- Exhibit G - Operator's Report
- Exhibit H - Correspondence from Mark L. Roth, Certified  
Public Accountant
- Exhibit I - Notice of Public Hearing on Proposed Scope Work  
and Notice of Application to the Texas Water  
Development Board for Financial Assistance to  
Update the Region H Regional Water Plant
- Exhibit J - District Security Report