

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors  
June 19, 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 June 19, 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:

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 of Van De Wiele Engineering Incorporated ("VEI"), who later entered the meeting; Gary Hastings of Southwest Water Company, Inc. ("SWWC"), Teresa Rosenbaum of Municipal Accounts & Consulting, L.P. ("MA&C"); Ms. Sissie Lawson of Wheeler & Associates, Inc. ("Wheeler"); Dwight Rumph and Cindy Adamek, residents of the District, who later entered the meeting; 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**

Director Adamek requested that the Board defer review and approval of the May 8, 2008, and May 15, 2008 draft minutes until later in the meeting.

**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 May 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 May 31, 2008, copies of which are attached hereto as **Exhibit A.** After discussion of the tax assessor-collector report, Director Adamek moved that said report be approved and that the checks identified therein be approved for payment. Director Cox seconded said motion, which carried unanimously.

Mr. Tufail and Mr. Rumph entered the meeting at this time.

#### **DELINQUENT TAX COLLECTION ATTORNEY'S REPORT**

Mr. Ringold presented and reviewed with the Board a Delinquent Tax Collections Report, dated June 19, 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.

#### **AUTHORIZE DELINQUENT TAX COLLECTIONS ATTORNEY TO PURSUE THE COLLECTION OF DELINQUENT TAXES FOR 2007**

The next item considered by the Board was authorizing Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue") to proceed with the collection of delinquent taxes for 2007 and prior years, including the filing of lawsuits. After discussion on the matter, Director Haude moved that Perdue be authorized to proceed with the collection of the District's 2007 and prior years' delinquent tax accounts beginning on July 1, 2008, including filing of lawsuits, as necessary. Director Adamek seconded said motion, which carried unanimously.

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

Ms. Rosenbaum next presented and reviewed with the Board the bookkeeper's report dated June 19, 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 May 2008 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, it was moved by Director Haude that the bookkeeping report be approved and that the various checks identified therein be approved for payment. Director Cox seconded the motion, which carried unanimously.

Ms. Rosenbaum next presented and reviewed with the Board an Update on Status of MA&C & Legacy Water District Electricity Pool as of May 30, 2008, a copy of which is included with **Exhibit C.**

Ms. Rosenbaum next presented and reviewed with the Board a brochure from MA&C regarding a Bookkeeping for MUD's seminar to be held August 29, 2008, a copy of which is attached hereto as Exhibit D.

Mr. Ringold next presented and reviewed with the Board correspondence from Municipal Risk Management Group, L.L.C. ("MRMG") dated May 29, 2008, a copy of which is attached hereto as Exhibit E, relative to MRMG's review of the District's outstanding bond issues to determine whether any of such issues may be subject to arbitrage rebate and/or yield restriction regulations. Mr. Ringold explained to the Board that, if applicable, arbitrage rebate payments are required to be submitted to the Internal Revenue Service Department of the U.S. Treasury not less often than every fifth anniversary date of the delivery of the bonds and within sixty days following the final maturity of the bond issue, or on such other dates required or permitted by applicable regulations. He further stated that yield restriction and yield reduction requirements could necessitate certain bond proceeds being invested at or below the respective Materially Higher Yield during certain time periods. Mr. Ringold noted that the report covers the District's \$3,500,000 Unlimited Tax Bonds, Series 1999, \$1,300,000 Unlimited Tax Bonds, Series 2000, \$2,375,000 Unlimited Tax Bonds, Series 2001, \$5,200,000 Unlimited Tax Bonds, Series 2002, \$3,200,000 Unlimited Tax Bonds, Series 2003, \$4,500,000 Unlimited Tax Bonds, Series 2004 and \$2,450,000 Unlimited Tax Bonds, Series 2006. Mr. Ringold further noted that said report reflects that a 10<sup>th</sup> Year Arbitrage Rebate Report for the District's \$5,200,000 Unlimited Tax Bonds, Series 2001 will be due no later than sixty (60) days after October 21, 2012. No action was taken by the Board on the matter at this time.

**AUTHORIZE PREPARATION OF UNCLAIMED PROPERTY REPORT AS OF JUNE 30, 2008, FOR THE PERIOD ENDING JUNE 30, 2005**

The Board next considered authorizing the preparation of an Unclaimed Property Report as of June 30, 2008, for the period ended June 30, 2005, and the filing of same with the State Comptroller prior to November 1, 2008. After discussion on the matter, Director Cox moved that the District's consultants be authorized to prepare an Unclaimed Property Report, if necessary, and that MA&C be authorized to file same with the State Comptroller prior to November 1, 2008. Director Adamek seconded said motion, which unanimously carried.

**VOTING SYSTEM ANNUAL FORM**

The Board next considered authorizing the completion, execution and filing of a Voting System Annual Filing Form ("Form")

from the Secretary of State's Office. Mr. Ringold advised that, pursuant to Section 123.061 of the Texas Election Code, each political subdivision in the State of Texas is required to complete and file said Form with the Secretary of State's Office. After discussion on the Form, Director Adamek moved that same be approved and that SPH be authorized to file same with the Secretary of State's Office, as required by law. Director Cox seconded said motion, which unanimously carried.

**REQUEST FROM RECORDS MANAGEMENT OFFICER FOR APPROVAL OF DESTRUCTION OF CERTAIN DISTRICT RECORDS PURSUANT TO RECORDS MANAGEMENT PROGRAM**

The Board next considered a request from the District's Records Management Officer to destroy SPH's handwritten notes of Board meetings from March 15, 2007, through February 15, 2008, a copy of which request is attached hereto as **Exhibit F**. After discussion on the matter, Director Adamek moved that the destruction of said notes be authorized as requested in accordance with the provisions of the District's Records Management Program. Director Cox seconded said motion, which unanimously carried.

**ENGINEERING REPORT**

Mr. Tufail next presented and reviewed with the Board a written engineering report dated June 19, 2008, a copy of which is attached hereto as **Exhibit G**, relative to the status of various projects within the District.

Mr. Ringold next advised the Board that Jubilee International, Inc. will be constructing a parking lot that will encroach on a District easement and presented and reviewed with the Board a Consent to Encroachment and Indemnity Agreement relative thereto. After discussion on the matter, Director Cox moved that the Board approve said Consent to Encroachment and Indemnity Agreement, that the President be authorized to execute same on behalf of the Board and District and that SPH be authorized to record said Encroachment in the Real Property Records of Harris County, Texas, subject to the permissible encroachment being limited to paving only. Director Adamek seconded the motion, which carried unanimously.

Mr. Tufail next reminded the Board that the impellers on all six (6) of the sludge activated return pumps at the sewage treatment plant need to be replaced. Mr. Tufail then advised the Board that VEI recommended to SWWC that the impellers and casings be replaced and noted that it would cost approximately \$20,000 for same in lieu of the \$5,400 quote previously approved by the Board. Mr. Tufail informed the Board that an alternative would be to replace the six (6) pumps at a cost of \$3,000 per pump. After discussion on the matter, Director Haude moved that SWWC be

authorized to proceed with the replacement of the impellers and casings, subject to the cost of same not exceeding \$25,000, and to solicit bids for same if the cost exceeds \$25,000. Director Cox seconded the motion, which carried unanimously.

Director Haude next informed Mr. Tufail that the external scaling on the ground storage tank at the Water Plant is in unsatisfactory condition. After discussion on the matter, Director Haude moved that Mr. Tufail and Mr. Hastings be authorized to investigate recoating all of the ground storage tanks and that VEI prepare a cost estimate for same to present to the Board at next month's meeting. Director Adamek seconded the motion, which carried unanimously.

Director Haude next inquired as to the compatibility of Harris County Water Control and Improvement District No. 110's ("No. 110") and the District's water disinfection methods once No. 110 converts to surface water. After discussion on the matter, Director Haude moved that VEI be authorized to prepare a surface water compatibility study relative to same. Director Cox 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 April 2008, a copy of which is attached hereto as **Exhibit H**.

Mr. Hastings next presented and reviewed with the Board correspondence dated May 28, 2008, from Terra Renewal ("Terra"), one of the District's current sludge haulers, a copy of which is included with **Exhibit H**. Mr. Hastings informed the Board that said correspondence states that Terra will be increasing its fee from \$0.055 per gallon to \$0.0585 per gallon, effective July 1, 2008. There then ensued a discussion regarding same.

Mr. Hastings next reminded the Board that, as discussed at last month's meeting, a District resident advised him that he was planning on filing for bankruptcy. Mr. Hastings then advised the Board that he was in receipt of documentation relative to the bankruptcy and noted that SWWC wrote off the District resident's pre-petition balance of \$587.

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

The Board next deferred discussions regarding the Harris County Water Control and Improvement District No. 110 Lift Station Site.

**ISSUANCE OF UTILITY COMMITMENTS**

Mr. Ringold next reminded the Board that, as previously discussed, KM-Louetta Partners, LP ("KM Louetta") has sold 2 acres on the east end of its 3.801 acre tract of land located at the northeast corner of Louetta and I-45 to Jubilee International, Inc. ("Jubilee") and is requesting that the District grant a Utility Commitment Letter ("UCL") to Jubilee for 5,355 gallons per day ("gpd") of water and sewer service to serve a motel on a portion of the 2 acre tract. Mr. Ringold then advised the Board that KM Louetta will need a replacement UCL for 9,450 gpd of water and wastewater treatment capacity for the remaining 1.801 acre tract. After discussion on the matter, Director Haude moved that (i) the District grant KM Louetta's request to allocate 5,355 gpd of water and wastewater treatment capacity to Jubilee to serve a motel on a portion of the 2 acre tract, (ii) the District grant KM Louetta's request to allocate 9,450 gpd for the 1.801 acre tract, (iii) that SPH be authorized to prepare said UCL's and (iv) that the President be authorized to execute same on behalf of the Board and District. Director Cox 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. Director Adamek requested that SPH contact Mr. AJ Sullivan regarding the tree replacement on the east side of Lexington Road along Spring Lakes, Section 8.

**ATTORNEY'S REPORT**

Mr. Ringold next presented and reviewed with the Board correspondence dated May 31, 2008, from Waste Management ("WM") requesting an increase in fees, a copy of which is attached hereto as **Exhibit I**. He advised that an item relative to amending the District's Rate Order will be included on the Board's next agenda in connection with same.

Mr. Ringold next presented and reviewed with the Board a brochure received from Texas A&M University regarding a 4<sup>th</sup> Annual Practical Short Course on Water-Desalination, Process and

Wastewater Issues & Technologies, to be held August 3-5, 2008, a copy of which is attached hereto as Exhibit J.

Mr. Ringold next presented and reviewed with the Board a brochure received from the Texas Commission on Environmental Quality regarding Sanitary Sewer Overflow Initiative Workshops to be held June 24, 2008, July 10, 2008, July 17, 2008, July 29, 2008, and July 31, 2008, a copy of which is attached hereto as Exhibit K.

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

Director Adamek advised the Board that, to date, he has not had any discussions with Harris County Water Control and Improvement District No. 110 ("No. 110") regarding the joint drainage facilities. A discussion ensued regarding who should contact No. 110 on behalf of the Board to resume such discussions. After discussion, it was determined Director Adamek would contact the President of No. 110's Board of Directors.

**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 May 2008, a copy of which is attached hereto as Exhibit L. Director Adamek then advised the Board that he coordinated with the Spring Lakes Homeowners Association on gate control for Deputy Stephenson. Director Haude then advised the Board that he was in receipt of an inquiry from the Spring Lakes HOA as to whether Deputy Stephenson would attend the 4<sup>th</sup> of July parade. The Board noted that they are not opposed to Deputy Stephenson attending the parade, but that they have no authority to compel his attendance.

**CHANGE IN DESIGNATION OF LOCATION IN DISTRICT FOR POSTING NOTICES OF MEETINGS**

There next ensued a discussion regarding a change in the location in the District for the posting of meeting notices. Director Adamek advised the Board that he recommends that the current posting location be changed to the Water Plant. After discussion on the matter, Director Cox moved that the current posting location for meeting notice be changed to the Water Plant located at 645 East Louetta, Spring, Texas 77373 and that the Resolution Designating Location in District for Posting Notices of Meetings attached hereto as Exhibit M, be adopted and that the President be authorized to execute the Resolution and the Secretary to attest same on behalf of the Board and the

District. Director Stage seconded said motion, which carried unanimously.

#### **CHANGE IN MEETING LOCATION**

Director Adamek requested that the consultants determine how much additional cost increase the District would incur if future meetings were to be held within the District and report back to the Board at next month's meeting. No action was taken by the Board at this time.

#### **FUTURE AGENDA ITEMS**

Director Stage advised the Board that he received a request from a resident to include a discussion regarding recycling services on the District's next agenda. There then ensued a discussion regarding the distribution of a questionnaire to District residents in order to determine what percentage of residents would be in favor of the implementation of recycling services and bearing the related costs. Mr. Hastings informed the Board that he would draft a recycling questionnaire and present same for the Board's review at next month's meeting. Mr. Ringold noted that an item regarding same will be placed on the next agenda.

#### **OTHER MATTERS**

Mr. Rumph next advised the Board that Mr. Edward Wade, a resident of the District, has requested that the correspondence presented by Director Haude at last month's meeting relative to the May 10, 2008 Directors Election be posted on the District's website. Mr. Rumph advised the Board that he feels that his character was damaged and that he, too, would like for the correspondence to be posted to present an alternative view to the public. Director Adamek noted that posting of such material is outside the scope of what the District typically posts on its website. There then ensued a discussion regarding various issues related to the campaign matters in connection with the May 10, 2008 Directors Election. Following discussion on the matter, a majority of the Board indicated their opposition to posting such correspondence on the District's website.

#### **APPROVAL OF MINUTES**

The Board next reviewed the draft minutes of its meetings held on May 8, 2008, and May 15, 2008. Director Adamek presented and reviewed with the Board his recommended changes to the draft minutes. There then ensued a lengthy discussion regarding several revisions. After discussion of the minutes presented, Director Cox

moved that the aforesaid minutes be approved, as amended. Director Adamek seconded said motion, which carried unanimously. All Director noted that they were in favor of certain revisions and opposed to others.

**ADJOURN**

There being no further business to come before the meeting, upon motion made by Director Adamek 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 - Delinquent Tax Report
- Exhibit C- Bookkeeper's Report
- Exhibit D - Brochure from Municipal Accounts & Consulting regarding Bookkeeping seminar
- Exhibit E - Correspondence from Municipal Risk Management Group, L.L.C. date May 29, 2008 relative to review of District outstanding bond issues
- Exhibit F - Records Destruction Request
- Exhibit G - Engineer's Report
- Exhibit H - Operator's Report
- Exhibit I - Waste Management correspondence regarding rate increase
- Exhibit J - Brochure from Texas A&M University 4<sup>th</sup> Annual Practical Short Course on Water-Desalination, Process and Wastewater Issues & Technologies
- Exhibit K - Brochure from the Texas Commission on Environmental Quality regarding Sanitary Sewer Overflow Initiative Workshops
- Exhibit L - District Security Report
- Exhibit M - Resolution Designating Location in District for Posting Notices of Meetings