

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors
August 21, 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 August 21, 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 Haude, thus constituting a quorum.

Also present were Asim Tufail of Van De Wiele Engineering Incorporated ("VEI"); Teresa Rosenbaum of Municipal Accounts & Consulting, L.P. ("MA&C"); Sissie Lawson of Wheeler & Associates, Inc. ("Wheeler"); Dwight Rumph, Edward Wade, who later entered the meeting, and Clint Moore, residents of the District; Mark Palmer and Sandra Palmer, representatives of Home of Hope; Gary Hastings and Rick Marriott of Southwest Water Company, Inc. ("SWWC"); 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 July 17, 2008. Mr. Ringold informed the Board that he was in receipt of e-mail correspondence from Director Haude noting a few suggested revisions to the draft minutes and reviewed same with the Board. Director Adamek likewise noted a suggested revision to the proposed minutes. After discussion of the minutes presented, Director Hodge moved that the aforesaid minutes be approved, as revised. Director Cox seconded said motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Mr. Moore next reminded the Board that, at last month's meeting, he presented an Open Records Request for various expense

report documentation. Mr. Moore then advised the Board that he was in receipt of correspondence from Director Stage advising that the estimated charges for the requested documentation would be approximately \$217.20. Mr. Moore then advised the Board he had requested a waiver of the payment requirement, a copy of which is attached hereto as Exhibit A.

Mr. Wade entered the meeting at this time.

Mr. Moore next reiterated that he encourages the Board to move future meetings to a location within the District.

Mr. Moore exited the meeting at this time.

Mr. Wade next recommended various revisions to the July 17, 2008 draft minutes. After discussion, Director Hodge moved that the July 17, 2008 minutes be amended to include Mr. Wade's revisions. Director Cox seconded the motion, which carried unanimously.

Mr. Wade then renewed his request that Board consider posting the letter previously submitted by Director Haude regarding the political debate that arose during the recent directors election on the District's website. The Board then advised Mr. Wade that its position in opposition to the correspondence being posted on the District's website has not changed.

ANNEXATION REQUESTS

Mr. Ringold next presented and reviewed with the Board correspondence from Brewer & Escalante on behalf of Mr. Jim Clairemonte, dated July 17, 2008, 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, a copy of which is attached hereto as Exhibit B. After discussion on the matter, Director Adamek moved that SPH be authorized to prepare 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. Director Stage seconded the motion, which carried unanimously.

Mr. and Mrs. Palmer 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 the a tract of land, but that the exact amount of capacity is unknown at this time. There then ensued a discussion regarding annexing the subject tract or serving it on a contractual out-of-District basis. After discussion on the matter, Director Cox moved that SPH be authorized to prepare and forward 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. Director Stage seconded the motion, which carried unanimously.

Mr. and Mrs. Palmer exited the meeting 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 July 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 July 31, 2008, copies of which are attached hereto as **Exhibit C**. Ms. Lawson then presented and reviewed with the Board correspondence received from a resident of the District, requesting an installment payment plan for payment of her 2007 delinquent taxes, a copy of which is included with **Exhibit C**. There then ensued a discussion regarding same. After discussion, Director Stage moved that (i) the tax assessor-collector report be approved and that the checks identified therein be approved for payment, and (ii) that the resident's request for the an installment payment plan for her 2007 delinquent taxes be granted, subject to the delinquent taxes being paid in full by the end of calendar year 2008. Director Hodge seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTION ATTORNEY'S REPORT

Mr. Ringold presented and reviewed with the Board a Delinquent Tax Collections Report, dated August 21, 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.

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

The Board next deferred consideration of the Financial Advisor's recommendation concerning the District's proposed 2008 tax rate after noting that the Harris County Certified Tax Rolls have not yet been received.

BOOKKEEPER'S REPORT

Ms. Rosenbaum next presented and reviewed with the Board the bookkeeper's report dated August 21, 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 June 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, it was moved by Director Adamek that the bookkeeping report be approved and that the various checks identified therein be approved for payment, except for check no. 3858, which was voided. Director Stage seconded the motion, which carried unanimously.

Ms. Rosenbaum next presented and reviewed with the Board a Quarterly Investment Inventory Report, prepared by MA&C, relative to the District's various funds and accounts for the reporting period ending June 30, 2008, a copy of which is attached hereto as **Exhibit F**. After review of the Quarterly Investment Inventory report and upon motion duly made by Director Adamek, seconded by Director Stage and carried unanimously, said Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and District.

There next ensued a discussion regarding the sales tax revenue loss on account of businesses being inadvertently left off of or deleted from the list of sales tax generating businesses in connection with the District's Strategic Partnership Agreement with the City of Houston. Director Adamek advised the Board that he would follow up with Mr. Avik Bonnerjee of Wheeler regarding same.

ENGINEERING REPORT

Mr. Tufail next presented and reviewed with the Board a written engineering report dated August 21, 2008, a copy of which is attached hereto as **Exhibit G**, relative to the status of various projects within the District.

Mr. Tufail next presented and reviewed with the Board a cost estimate for the recoating of Water Plant No. 1 ("Project"), a copy of which is included with the Engineer's Report. There then ensued a discussion regarding the timing and the necessity of the Project. Mr. Hasting then requested that the Board consider authorizing SWWC to test the District's older ground storage tank and hydro pneumatic tank to determine whether the District needs to proceed with the Project at this time. After discussion on the matter, Director Stage moved that SWWC be authorized to test the District's older ground storage tank and hydro pneumatic tank for the purpose stated above. Director Hodge seconded the motion, which carried unanimously. Mr. Hastings noted that the District will be receiving water through its interconnect with Harris County Water Control and Improvement District No. 110 for approximately four (4) days while the testing is being performed. Mr. Tufail then presented and reviewed with the Board a Water Capacity Analysis and

noted that it appears that the District will be able to receive its full water capacity requirements from No. 110 via interconnect should the necessity arise.

Mr. Tufail then requested that the Board consider authorizing VEI to advertise for bids for the rehabilitation of the headworks located at the Wastewater Treatment Plant. After discussion, Director Adamek moved that VEI be authorized to advertise for bids for the rehabilitation of the headworks located at the Wastewater Treatment Plant.

Relative to the Louetta Waterline Extension project, Mr. Tufail presented and reviewed with the Board Pay Application No. 1 and Final in the amount of \$35,176.10 received from Clearwater Utilities, Inc., a copy of which is attached to the engineering report, and recommended that the Board concur in Louetta Spring Plaza's payment of same. After discussion on the matter, Director Adamek moved that the Board concur in the payment of Pay Application No. 1 and Final in the amount of \$35,176.10 to Clearwater Utilities, Inc. Director Stage seconded the motion, which carried unanimously. Mr. Ringold then requested that the Board consider approving a Conveyance of Utility Facilities for the project and authorize the President to execute same on behalf of the Board and District. After discussion, Director Cox moved that the Board approve a Conveyance of Utility Facilities for the project and that the President be authorized to execute same on behalf of the Board and District. Director Hodge seconded the motion, which carried unanimously.

OPERATIONS AND MAINTENANCE REPORT

The Board next considered the Operations and Maintenance Report. Mr. Hastings informed the Board that he is leaving SWWC and then introduced Mr. Marriott to the Board and advised that Mr. Marriott will be handling the District's matters and attending meetings in the future. Mr. Hastings then presented and reviewed in detail with the Board a written Operations Report supplied by SWWC for June 2008, a copy of which is attached hereto as **Exhibit H**.

There next ensued a discussion regarding a quote to repair and/or replace the pumps at Lift Station No. 1. After discussion, Director Cox moved that the Board authorize Director Adamek to authorize the purchase of two (2) or three (3) 10 horsepower pumps for installation at Lift Station No. 1, as necessary. Director Stage seconded the motion, which carried unanimously. Director Adamek then requested that SWWC look into the separation and buckling of the rails in the concrete fencing at the Lift Station No. 1 Site.

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 presented and reviewed with the Board e-mail correspondence received from No. 110's Regional Manger, a copy of which is attached hereto as **Exhibit I**. Director Adamek then informed the Board that 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. There then ensued a discussion regarding the fencing quotes. Director Adamek advised the Board that No. 110 would like for their contractor to perform the work. After discussion, the Board concurred to allow No. 110's contractor to perform the work, subject to the District being named as an additional insured on the contractor's insurance policies.

Ms. Rosenbaum exited the meeting 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 in order to determine how many residents would be interested in the implementation of and paying the costs of recycling services. After further discussion, the Board concurred that SWWC be authorized to include a questionnaire with the next water bill in order to determine how many residents would be interested in the implementation of recycling services. 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.

Messrs. Hastings, Tufail and Marriott exited the meeting at this time.

ATTORNEY'S REPORT

Mr. Ringold next presented and reviewed with the Board a copy of correspondence from McCall, Parkhurst & Horton L.L.P. ("McCall") dated August 5, 2008, regarding material event filings in connection with a Standard & Poor's rating downgrade for Radian Asset Assurance, Inc. relative to the District's \$2,375,000 Unlimited Tax Bonds, Series 2001, the District's \$5,200,000 Unlimited Tax Bonds, Series 2002, the District's \$3,200,000 Unlimited Tax Bonds, Series 2003, the District's \$4,500,000 Unlimited Tax Bonds, Series 2004, and the District's \$2,450,000 Unlimited Tax Bonds, Series 2006, a copy of which is attached hereto as **Exhibit J**.

Mr. Ringold next presented and reviewed with the Board a brochure received from the Harris County Sheriff's Office regarding a National Night Out to be held Tuesday, October 7, 2008, a copy of which is attached hereto as **Exhibit K**.

The Board next discussed future handling of Open Records Requests and requiring payment of costs of same by the requestor. After discussion, upon motion made by Director Hodge, which was seconded by Director Stage and unanimously carried, the Board determined to require payment from the requestor whenever the costs for which the District is authorized to require payment exceed \$40.00. In accordance with such discussion and action, the Board denied Mr. Moore's request for waiver and instructed MA&C to deposit his check.

DISCUSSIONS NO. 110 REGARDING JOINT DRAINAGE FACILITIES

Director Adamek advised the Board that he spoke to Mr. James Williams, regarding the joint drainage facilities. He then informed the Board that Mr. Williams is going to consult with No. 110's attorney to determine what the operative agreement is with respect to the detention pond area. Director Adamek also requested this information from the District's counsel. A lengthy discussion ensued regarding said matter and payment for costs of maintenance of the on-channel detention pond.

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 July 2008, a copy of which is attached hereto as **Exhibit L**. Director Adamek then advised the

Board that he had spoken with Mr. Williams generally regarding security patrol matters within No. 110. There then ensued a discussion regarding same. The Board then noted that there is no need for Deputy M. Stephenson to attend next month's meeting.

CHANGE IN MEETING LOCATION

There next ensued a discussion regarding moving future meetings to a location within the District. Director Adamek then advised the Board that some of the District's consultants have determined the additional cost increase the District would incur if future meetings were to be held within the District and presented and reviewed with the Board a Cost Analysis relative thereto, a copy of which is attached hereto as **Exhibit M**. There then ensued a discussion regarding the various locations available in the District to hold future meetings. Director Adamek advised he needed additional time to investigate the options available to the District.

OTHER MATTERS

Director Adamek then presented the Board a handbook from the Attorney General of Texas ("AG") regarding the 2008 Open Meetings Act and an excerpt of the AG's Open Government video, copies of which are attached hereto as **Exhibit N**. Director Adamek then advised the Board that he spoke with an Ethics Commission attorney regarding the matter and discussed same with the Board.

ADJOURN

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

Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A - Open Records Request
- Exhibit B - Correspondence from Brewer & Escalante on behalf of Jim Clairemont
- Exhibit C - Tax Assessor-Collector's Report
- Exhibit D - Delinquent Tax Report
- Exhibit E- Bookkeeper's Report
- Exhibit F - Quarterly Investment Inventory Report
- Exhibit G - Engineer's Report
- Exhibit H - Operator's Report
- Exhibit I - E-mail correspondence from Harris County Water Control and Improvement District No. 110's General Manager
- Exhibit J - Correspondence from McCall, Parkhurst & Horton L.L.P. regarding a material event filings
- Exhibit K - Brochure regarding National Night Out
- Exhibit L - District Security Report
- Exhibit M - Cost Analysis
- Exhibit N - AG Handbook & Training Video Transcript