

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Meeting of Board of Directors  
October 15, 2009

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 October 15, 2009, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted officers and members of the Board, 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, thus constituting a quorum.

Also present were Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MA&C"); Ryan Fortner of Wheeler & Associates, Inc. ("Wheeler"); Asim Tufail of Van De Wiele & Vogler Incorporated ("VVEI"); Rick Marriott of SouthWest Water Company, Inc. ("SWWC"); and Jonathan Roach 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 the Board.

**MINUTES**

The Board first reviewed the draft minutes of its meeting held on September 17, 2009. After discussion of the minutes presented, Director Haude moved that the September 17, 2009, minutes be approved, as written. Director Adamek seconded said motion, which passed unanimously.

**COMMENTS FROM THE PUBLIC**

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

**TAX ASSESSOR-COLLECTOR'S REPORT**

Mr. Fortner presented and reviewed with the Board the tax assessor-collector's report dated as of September 30, 2009, including the checks presented for payment from the tax account, as listed therein, historical valuation and collection data, and the Delinquent Collections Listing as of September 30, 2009, copies of

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

#### DELINQUENT TAX COLLECTION ATTORNEYS REPORT

Mr. Roach presented and reviewed with the Board a Delinquent Tax Attorneys Collections Report, dated October 15, 2009, prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's delinquent tax collection attorneys; a copy of the Report is attached hereto as Exhibit B. Mr. Roach noted that no Board action was required at this time with respect to the accounts listed in such report. A discussion then ensued regarding the delinquent accounts for Houston Area Development. Mr. Fortner informed the Board that he would research the matter and send the Board an e-mail regarding same.

#### PUBLIC HEARING REGARDING THE ADOPTION OF THE DISTRICT'S 2009 TAX RATE

The Board next considered conducting a public hearing regarding adoption of the District's proposed 2009 tax rates. No members of the public were present, and, therefore, the hearing was closed.

#### LEVY OF THE DISTRICT'S 2009 DEBT SERVICE AND MAINTENANCE TAX RATES

As the next order of business, the Board considered the levy of the District's 2009 debt service and maintenance tax rates and the adoption of an Order in connection therewith. Mr. Fortner confirmed that the notice of public hearing and intent to set the 2009 tax rate had been published in the appropriate *This Week* section of the *Houston Chronicle* in accordance with all legal requirements. After discussion on the matter, Director Cox moved that: (i) the Board adopt the tax rates as proposed at the District's September 17, 2009, meeting and as reflected in the notice; (ii) the Board levy a 2009 debt service tax rate of \$.88 per \$100 of assessed valuation and a 2009 maintenance tax rate of \$0.27 per \$100 of valuation, resulting in a total 2009 tax rate of \$1.15 per \$100 of assessed valuation; and (iii) the Order Levying Taxes, attached hereto as Exhibit C, be adopted in connection therewith and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Adamek seconded said motion, which carried unanimously.

**AMENDMENT TO SECOND AMENDED AND RESTATED DISTRICT INFORMATION FORM**

The Board next considered the approval and execution of an Amendment to Second Amended and Restated District Information Form With Map Attached (the "Amendment"). Mr. Roach presented to the Board the Amendment relative to the District's 2009 tax rate and discussed the requirement to file same with the Texas Commission on Environmental Quality (the "TCEQ"). After discussion regarding same, Director Cox moved that the Amendment be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Hodge seconded said motion which carried unanimously.

**BOOKKEEPER'S REPORT**

Ms. Hernandez presented and reviewed with the Board the bookkeeper's report dated October 15, 2009, including (i) the checks presented for payment from the General Operating Fund, Capital Projects Fund and the Sewage Treatment Plant ("STP") Account, (ii) a Fund Balance Report, (iii) a Pledged Securities Report, (iv) an Actual versus Budget Comparison for September 2009 for the Operating Fund and the STP Account, and (v) a Debt Service Payments Schedule, copies of which are attached hereto as **Exhibit D**. After discussion, it was moved by Director Haude that the bookkeeper's report be approved and that the various checks identified therein be approved for payment. Director Stage seconded the motion, which carried unanimously.

Ms. Hernandez 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, 2009, a copy of which Report is attached hereto as **Exhibit E**. After review of the Quarterly Investment Inventory report and upon motion duly made by Director Haude, 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 the District.

**INVESTMENT POLICY**

The Board considered the annual review of an Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order"), and the adoption of a Resolution in connection therewith, copies of which are attached hereto as **Exhibit F**. Mr. Roach presented for the Board's consideration a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Resolution"). Mr. Roach then discussed the proposed changes to the Order to substitute Ms. Ghia Lewis of Municipal Accounts &

Consulting, L.P. for Ms. Teresa Rosenbaum as one of the District's Investment Officers and to the form of Certificate of Compliance From Sellers of Investments prescribed by the District's Investment Policy, which revisions are to satisfy federal regulations relative to disclosures that must be made to ensure that separate Federal Depository Insurance Corporation insurance coverage is in place covering the District's debt service account. After discussion on the matter, Director Adamek moved that the Order be adopted to reflect the proposed changes as noted therein, that the Board adopt the Resolution and that the President and Secretary be authorized to execute same. Director Cox seconded said motion, which unanimously carried.

**COMPLIANCE BY DISTRICT WITH TEXAS GOVERNMENT CODE, CHAPTER 2264  
RELATIVE TO ENERGY REPORTING REQUIREMENTS**

The Board next considered the status of compliance by the District with Texas Government Code, Chapter 2264, as codified, relative to energy reporting requirements. In connection therewith, Ms. Hernandez presented and reviewed with the Board a Utility Usage & Expense report, a copy of which is included with Exhibit D, and noted that the District's expense is under the \$200,000, and, therefore, no further action is required by the District.

**ENGINEERING REPORT**

Mr. Tufail presented and reviewed with the Board a written engineering report dated October 15, 2009, a copy of which report is attached hereto as Exhibit G, relative to the status of various projects within the District.

There next ensued a discussion regarding the drainage problem that occurred in the District on Spring Source Place due to the excessive rain event in April. In connection therewith, Mr. Tufail informed the Board that, as requested at last month's meeting, VVEI examined the magnitude of the rain event and presented and reviewed with the Board a Rainfall Event Analysis, a copy of which is included with Exhibit G. Mr. Tufail stated that VVEI has concluded that the only remedy for the drainage improvement is to lower the elevation of streets. A discussion then ensued regarding the possibility of increasing the storm drainage pipe size in Spring Lakes, Section 2. Mr. Tufail informed the Board that he would research the matter further and discuss same with the Board at next month's meeting.

Mr. Tufail next discussed with the Board VVEI's review of Lemm Gully and the regional pond de-silting issue and noted that VVEI does not recommend any remedial action be taken at this time.

Mr. Roach next informed the Board that SPH was in receipt of e-mail correspondence from District resident Steve Martin of 939 Sierra Spring, regarding subsidence of the sidewalk near the front of his house. Director Cox noted that a subsidence issue is also occurring near her house. In connection therewith, Mr. Tufail informed the Board that VVEI has inspected the area and taken pictures of same and noted that the issue appears to be caused by the irrigation system on Mr. Martin's side of the meter, and therefore, is Mr. Martin's responsibility to repair. A lengthy discussion ensued regarding same. The Board requested that Mr. Tufail e-mail copies of the photographs to the Board for review and comment, and that SPH forward a response to Mr. Martin regarding the Board's decision on the matter.

Mr. Roach next informed the Board that correspondence was received from Water Engineer's, Inc. on behalf of Harris County Improvement District No. 18 ("HCID No. 18") regarding a proposed project to serve the Spring Woods Development. Mr. Roach noted that HCID No. 18 is in the process of submitting an application to the TCEQ for a Waste Discharge Permit and is inquiring whether the District has any sewer capacity available and noted that SPH will provide said request to VVEI for further handling.

#### **CAPITAL IMPROVEMENT PLAN**

The Board deferred review and approval of a Capital Improvement Plan relative to future District construction and rehabilitation projects until next month's meeting.

#### **STATUS OF PROPOSED ANNEXATION OF TRACT FOR HOME-OF-HOPE, TEXAS**

The Board considered the status of the annexation of a tract of land for Home-of-Hope, Texas ("HOH"). In connection therewith, Mr. Roach informed the Board that SPH is waiting to receive a property description from HOH in order to prepare the annexation agreement.

#### **OPERATIONS AND MAINTENANCE REPORT**

The Board considered the Operations and Maintenance Report. Mr. Marriott presented and reviewed in detail with the Board a written Operations Report prepared by SWWC for September 2009, a copy of which is attached hereto as Exhibit H.

There next ensued a discussion regarding the shutdown of the existing headworks at the Wastewater Treatment Plant.

Mr. Roach next presented to and reviewed with the Board a Notice of Violation for the Complaint Investigation at the District's Wastewater Treatment Plant, a copy of which is attached hereto as Exhibit I. Mr. Roach noted that said correspondence states that two (2) alleged violations from an investigations conducted on March 18, 2009 remain unresolved and is requesting a response regarding said violations by today. Mr. Roach then advised the Board that VVEI has prepared a response and presented and reviewed same with the Board, a copy of which is included with Exhibit I, and noted that said response was submitted to the TCEQ yesterday. A discussion ensued regarding same.

#### STATUS OF APPLICATIONS TO FEDERAL EMERGENCY MANAGEMENT AGENCY FOR REIMBURSEMENT OF ELEIGIBLE HURRICANE IKE EXPENSES

The Board considered the status of its application previously submitted to the Federal Emergency Management Agency ("FEMA") for possible reimbursement of Hurricane Ike related expenses. Mr. Roach advised the Board that correspondence was received from FEMA stating that an additional \$624.45 has been deposited into the District's General Operating Fund.

#### ISSUANCE OF UTILITY COMMITMENTS

The Board deferred the issuance of utility commitments, as no requests for same had been received.

#### DISTRICT WEBSITE

There ensued a discussion regarding updates to the District's website. No action was taken by the Board on the matter at this time.

#### ATTORNEY'S REPORT

Mr. Roach next advised the Board that correspondence was received from North Harris County Regional Water Authority ("Authority") stating that the Authority has extended its current pumpage fee of \$1.50 per 1,000 gallons of water pumped through December 31, 2009. Mr. Roach further advised the Board that said correspondence also states that the Authority is considering a rate increase to be effective January 2010.

#### DISTRICT SECURITY ISSUES

The Board considered the report regarding District security issues. Mr. Roach distributed the Harris County Sheriff's Office's call sheet summary for September 2009, a copy of which is attached hereto as Exhibit J.

Mr. Roach next advised the Board that correspondence was received from Harris County advising that there will be a fee increase for law enforcement services in 2010 and discussed same in detail with the Board. Director Haude noted his concerns as to whether the HCSO is actually patrolling the area. A discussion ensued regarding same and the inconsistency of the patrolling hours. The Board then requested that SPH contact the HCSO regarding the matter and request that the area be patrolled from 9:00 p.m. to 5:00 a.m.

#### ORDER ESTABLISHING MEETING PLACE INSIDE THE DISTRICT

The Board next considered the approval and execution of an Order Establishing Meeting Place Inside the District at 323 East Louetta Road, Spring, Texas 77373. It appeared that this location would be convenient to establish such meeting place for the conduct of business to be transacted within the District. After consideration of the matter, it was moved by Director Adamek, seconded by Director Stage and unanimously carried that said Order, attached hereto as Exhibit K, be passed and adopted.

#### UTILITY SYSTEM OPERATIONS AND MAINTENANCE SERVICES PROPOSALS

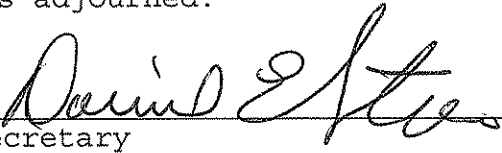
Mr. Roach reminded the Board that, as discussed at last month's meeting, e-mail correspondence was received from District resident Dwight "Clint" Moore regarding various concerns and questions that he would like addressed relative to a potential conflict of interest with Director Haude's participation in any discussion and any actions taken related to the operator presentation presented by Severn Trent Environmental Service, Inc. In connection therewith, Mr. Roach informed the Board that, as previously requested, SPH prepared and forwarded a written response to the Board regarding Mr. Moore's e-mail inquiry. Mr. Roach also stated that Mr. Moore was copied on said response. A discussion ensued regarding same.

The Board next considered termination of the District's operating contract with SWWC and the approval of a Notice of Termination to SWWC in connection therewith. Mr. Roach noted that the current contract with SWWC requires the District to provide SWWC thirty (30) days notice prior to termination of the contract. There then ensued a discussion regarding the proposals for utility system operation and maintenance services for the District from Municipal Operations & Consulting, Inc. ("MOC"), Severn Trent Environmental Services, Inc. ("STES"), Municipal District Services, L.L.C. ("MDS") and Environmental Development Partners, L.L.C. ("EDP") that were presented to the Board at last month's meeting. After a lengthy discussion on the matter, Director Adamek moved

that the Board accept EDP's proposal to perform utility system operation and maintenance services for the District and that SPH be authorized to prepare and forward a Notice of Termination to SWWC, subject to (i) the receipt of a mutually acceptable contract from EDP, (ii) the approval of new Sludge Management Agreements with EDP, as necessary, (iii) the determination of a mutually acceptable transition date, and (iv) confirmation that Eric Thiery of EDP will be designated as the District's representative in the field and at Board meetings. Director Stage seconded the motion, which carried unanimously.

**ADJOURN**

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

  
Secretary



LIST OF ATTACHMENTS TO MINUTES

- Exhibit A - Tax Assessor-Collector's Report
- Exhibit B - Delinquent Tax Report
- Exhibit C - Order Levying Taxes
- Exhibit D- Bookkeeper's Report
- Exhibit E - Quarterly Investment Inventory Report
- Exhibit F - Resolution Regarding Review of Investment  
Policy
- Exhibit G - Engineer's Report
- Exhibit H - Operator's Report
- Exhibit I - Notice of Violation
- Exhibit J - District Security Report
- Exhibit K - Order establishing Meeting Place Inside the  
District