

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

Minutes of Special Meeting of Board of Directors
September 17, 2009

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 17, 2009, in accordance with the duly posted Notice of Special 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 Mike Ammel and Eric Thiry of Environmental Development Partners, L.L.C. ("EDP"); Rebecca Marcucci of Municipal District Services, L.L.C. ("MDS"); Lonnie Wright, Beth Wright and Gary Hastings of Municipal Operations & Consulting, Inc. ("MOC"); Jim Gillam, Juan Montano and Chris Morris of Severn Trent Services, Inc. ("ST"); Lisa Hernandez of Municipal Accounts & Consulting, L.P. ("MA&C"); Ryan Fortner of Wheeler & Associates, Inc. ("Wheeler"); Scott Novosad of Van De Wiele & Vogler Incorporated ("VVEI"); Gus Gustafson of SouthWest Water Company, Inc. ("SWWC"); Dwight Rumph and Cindy Adamek, residents of the District; Anthea Moran of First Southwest Company ("FSW"); 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 the Board.

PRESENTATION OF OPERATIONS AND MAINTENANCE SERVICES PROPOSALS

Mr. Skinner first presented to and reviewed with the Board e-mail correspondence received from District resident Dwight "Clint" Moore regarding various concerns and questions that he would like to be addressed at today's meeting relative to a potential conflict of interest with Director Haude's participation in the discussion and any actions taken related to the operator presentation being presented by ST at today's meeting; a copy of said e-mail correspondence is attached hereto as Exhibit A. Director Haude then responded to the questions and a lengthy discussion ensued regarding same. After further discussion on the matter, the Board concurred that there does not appear to be a conflict of interest

with Director Haude's relationship with ST and that Director Haude should participate in the discussion and any actions taken in connection with the ST presentation at today's meeting. The Board also requested that SPH prepare a written response addressed to the Board regarding Mr. Moore's e-mail inquiry. Mr. Skinner stated that he would prepare the response.

The Board considered the presentations regarding the proposals for utility system operations and maintenance services.

Messrs. Ammel and Thiry presented EDP's proposal and then responded to questions.

Ms. Marcucci next presented MDS' proposal and then responded to questions.

Messrs. Wright and Hastings and Ms. Wright next presented MOC's proposal and then responded to questions.

Messrs. Gillam, Montano and Morris next presented ST's proposal and then responded to questions.

After a lengthy discussion, the Board deferred taking any action on the matter at this time.

MINUTES

The Board next reviewed the draft minutes of its meeting held on August 20, 2009. After discussion of the minutes presented, Director Cox moved that the August 20, 2009, minutes be approved, as written. Director Stage 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 August 31, 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 August 31, 2009, copies of which are attached hereto as Exhibit B. After discussion, Director Adamek moved that the tax assessor-collector report be approved and that the checks identified therein be approved for payment. Director Hodge seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTION ATTORNEYS' REPORT

Mr. Skinner presented and reviewed with the Board a Delinquent Tax Attorneys Collections Report, dated September 17, 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 C. Mr. Skinner 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 2009 TAX RATE

The Board next considered the Financial Advisor's recommendation concerning the District's proposed 2009 tax rate and authorization of: (a) the required notice that the Board will consider adoption of a tax rate; and (b) the means of providing 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 ten 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 D. Ms. Moran advised that she is recommending a proposed 2009 debt service tax rate of \$0.88 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 2009 debt service tax rate of \$0.88 per \$100 of assessed valuation and a 2009 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 2009 tax rate at its next meeting in the form and at the time required by law. Director Hodge 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*.

BOOKKEEPER'S REPORT

Ms. Hernandez presented and reviewed with the Board the bookkeeper's report dated September 17, 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 August 2009 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 Stage that the bookkeeper's report be approved and that the various checks identified therein be approved for payment. Director Haude seconded the motion, which carried unanimously.

UNCLAIMED PROPERTY

The Board next considered the review and approval of an Unclaimed Property Report as of June 30, 2009, for the period July 1, 2005 to June 30, 2006. In that regard, Mr. Skinner advised the Board that a letter was received from the District's bookkeeper confirming that MA&C is holding \$47.60 in unclaimed property for such reporting period. After discussion on the matter, Director Stage moved that an Unclaimed Property Report be prepared and that the bookkeeper file same with the Texas State Comptroller prior to November 1, 2009. Director Haude seconded said motion, which unanimously carried.

ENGINEERING REPORT

Mr. Novosad presented and reviewed with the Board a written engineering report dated September 17, 2009, a copy of which report is attached hereto as Exhibit F, relative to the status of various projects within the District.

There next ensued a discussion regarding the drainage issue that occurred in the District on Spring Source Place due to the excessive rain event in May. In connection therewith, Mr. Novosad informed the Board that, as authorized at last month's meeting, Champions Hydro-Lawn, Inc. has lowered the elevation of the drainage swale. The Board then requested that VVEI examine the magnitude of the rain event.

Mr. Novosad 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 to be taken at this time.

There next ensued a discussion regarding the 4-inch drain line that extends from the wastewater treatment plant to Harris County Water Control and Improvement District No. 110's lift station.

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. Skinner 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. Gustafson presented and reviewed in detail with the Board a written Operations Report prepared by SWWC for August 2009, a copy of which is attached hereto as Exhibit G.

STATUS OF APPLICATIONS TO FEDERAL EMERGENCY MANAGEMENT AGENCY FOR REIMBURSEMENT OF ELIGIBLE 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. Skinner advised the Board that, since its last meeting, three (3) checks totaling \$84,467.14 were received from FEMA and have been deposited into the District's General Operating Fund. Mr. Skinner then advised the Board that correspondence was received stating that the District will be receiving an additional \$624.45 from FEMA and noted that the Project Worksheet for same has been executed by SPH and returned to FEMA for further processing.

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.

COMMUNICATION WITH DISTRICT RESIDENTS REGARDING NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY GROUNDWATER REDUCTION PLAN FEES

There next ensued a discussion regarding the possibility of including a notice in the next water bill to inform residents of North Harris County Regional Water Authority's groundwater reduction plan fees. After discussion on the matter, the Board concurred that SWWC be authorized to include said notice in the next water bill, subject to Director Adamek's approval of said notice.

ATTORNEY'S REPORT

Mr. Skinner presented to and reviewed with the Board correspondence from The Houston-Galveston Area Council (the "HGAC") who is the coordinating sponsor for the Bacteria Implementation Group (the "BIG"), a copy of which is attached hereto as Exhibit H. He noted that BIG is preparing a Regional Plan (the "Plan") to address bacteria impairments in twelve watersheds which encompass most of Harris County and portions of Montgomery, Galveston, Fort Bend, Brazoria, Walker, Waller, Liberty, Grimes, and San Jacinto Counties. Mr. Skinner reported that the completed Plan will eventually be presented to the TCEQ, and the TCEQ may act upon some or all of the recommendations cited in the Plan. Mr. Skinner reported that BIG is holding four (4) meetings to inform the public about the Plan.

DISTRICT SECURITY ISSUES

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

Mr. Skinner next advised the Board that correspondence was received from Harris County regarding an anticipated fee increase for law enforcement services and discussed same in detail with the Board.

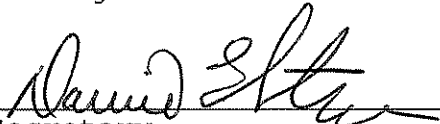
CHANGE IN MEETING LOCATION

The Board discussed the possibility of changing the location of Board meetings. Director Adamek informed the Board that the

Comfort Suites motel in the District has a meeting room available for use and noted that the cost for same would be \$150.00 per meeting. After discussion, the Board requested that SPH add an item to the next agenda to designate Comfort Suites as an official meeting place in the District.

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 - E-mail correspondence from Clint Moore

Exhibit B - Tax Assessor-Collector's Report

Exhibit C - Delinquent Tax Report

Exhibit D- Tax Rate Analysis

Exhibit E- Bookkeeper's Report

Exhibit F - Engineer's Report

Exhibit G - Operator's Report

Exhibit H - Bacteria Implementation Group Correspondence

Exhibit I - District Security Report