

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

February 17, 2010

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 264 (the "District") met in regular session, open to the public, on the 17th day of February, 2010, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Russell Appelget	President
Jose Nava	Vice President
Janet Gingell	Secretary
Charles E. Brandman	Assistant Vice President
Thomas Winkler	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Darren Willis of Jones & Carter, Inc. ("J&C"); Ben Agee and Bill Richard of Severn Trent Environmental Services ("ST"); Wendy Austin of District Data Services, Inc. ("District Data"); Ryan Fortner of Wheeler & Associates, Inc. ("Wheeler"); and Kerri J. Dorman and Rhonda Sterrett of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 16, 2009, and January 20, 2010, regular meetings and the January 13, 2010, special meeting. After review and discussion regarding revisions, Director Winkler moved to approve the minutes as revised. Director Gingell seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no public comments.

ASSOCIATION OF WATER BOARD DIRECTORS

The Board discussed the Association of Water Board Directors ("AWBD") winter conference. The Board then reviewed the reimbursement of directors' expenses for attendance at the AWBD winter conference. Following review and discussion, Director Brandman moved to authorize any interested Directors to attend the AWBD summer conference and to approve reimbursement of eligible expenses for the winter conference. Director Winkler seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached, including the District's energy consumption report. After review and discussion, Director Gingell moved to approve the bookkeeper's report. Director Brandman seconded the motion, which passed unanimously.

Discussion ensued regarding budget items, including maintenance and repair, capital projects, directors' fees of office, engineering fees and legal fees. In response to directors' questions, Ms. Dorman discussed suggestions for lowering legal bills and explained some of ABHR's billing system. Director Nava suggested that the Board discuss legal fees further at its budget workshop and bring three specific items for discussion at the March meeting.

BUDGET

There was no discussion on this matter.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Fortner distributed and reviewed the tax assessor/collector's report, a copy of which is attached, including the cash flow report. He stated that the 2009 taxes are 93.10% collected and that the 2008 taxes are 99.51% collected. Following review and discussion, Director Brandman moved to approve the tax assessor/collector's report and payment of the tax bills. Director Gingell seconded the motion, which carried unanimously.

OPERATOR'S REPORT

Mr. Agee presented and reviewed the operations and maintenance report, including the regional sewage treatment plant report and the surface water quality report, copies of which are attached. Mr. Agee updated the Board on maintenance and repairs conducted during the previous month. He reviewed the water production report and stated that water accountability was 99.33%. Mr. Agee recommended that one account be deemed uncollectable. Following review and discussion, Director Nava moved to approve the operator's report, including deeming one account to be uncollectable. Director Brandman seconded the motion, which carried unanimously.

Director Brandman updated the Board on sewage treatment plant operations.

Mr. Agee updated the Board on the energy consumption and audit issues. After discussion, the Board concurred to authorize Director Brandman to contact Acclaim Energy Advisors ("Acclaim") and to request that a representative attend the March meeting to discuss this matter further.

Mr. Agee reported on vandalism to District fire hydrants, specifically, that a number of District hydrants had been opened. Mr. Agee suggested that language regarding reporting vandalism be included in the next water bill. Discussion ensued, including the proper number for reporting, and the Board concurred that the number recommended in writing by the sheriff's department would be appropriate. The Board authorized Director Winkler to work with ST and ABHR to finalize language and Mr. Agee to insert the appropriate message language into the next water bill.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

The Board considered termination of utility service to customers with delinquent accounts. Mr. Agee reported that the residents appearing on the termination list were given proper notice and the opportunity to be heard in order to explain, contest or correct the utility service bill and show reason why utility service should not be terminated for reason of nonpayment, all as required by the District's Rate Order. Director Nava moved that since no residents on the list were present at the meeting or had presented any written statement on the matter, service should be terminated to say accounts pursuant to the provisions of the District's Rate Order. Director Brandman seconded the motion, which passed by unanimous vote. A copy of the termination list is included in the operator's report.

LANGHAM CREEK AREA RESOURCES SHARING GROUP ("LCARSG")

Mr. Willis updated the Board on the LCARSG. He stated that Harris County Municipal Utility District No. 264's model is complete but that other individual models and the group model are not. Discussion ensued but no action was necessary.

EMERGENCY WATER INTERCONNECT AGREEMENTS

There was no discussion on this matter.

EMERGENCY PREPAREDNESS PLAN

Mr. Willis updated the Board on J&C's preparation of an Emergency Preparedness Plan ("EPP") required to be filed with the Texas Commission on Environmental Quality ("TCEQ") and reviewed the EPP. Following discussion and review, Director Brandman moved to adopt the EPP and to direct that it be filed with the TCEQ. Director Winkler seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Willis gave an oral report and presented and reviewed a proposed schedule for the replacement of the generator at Water Plant No. 1 (copy attached). Discussion

ensued and, in response to directors' questions, Mr. Willis stated that he will investigate the possible purchase of a used generator. Upon a motion made by Director Nava and seconded by Director Winkler, the Board voted unanimously to approve the engineer's report, a copy of which is attached.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

Director Appelget updated the Board on matters discussed at the last WHCRWA board meeting. He reported that WHCRWA has informational pamphlets that can be included in water bills. Director Appelget added that an increase in the subsidence district disincentive fee could increase the sale price of groundwater credits. After discussion, the Board concurred to authorize Mr. Agee to request pamphlets from WHCRWA for the Board's review at the March meeting.

Director Brandman updated the Board on the Water Wise Program at Holmsley Elementary.

2010 DIRECTORS ELECTION

The Board discussed the 2010 Directors Election scheduled for May 8, 2010.

ORDER CALLING CONSOLIDATED DIRECTORS ELECTION

Ms. Dorman presented and reviewed with the Board the Order Calling Directors Election for the May, 2010 directors election. After review and discussion, Director Winkler moved to adopt the Order Calling Directors Election and to direct that the Order be filed and retained in the District's official records. Director Nava seconded the motion, which passed unanimously.

SET PAY FOR ELECTION OFFICIALS

Ms. Dorman stated that the districts that are required to hold elections would pay a pro rata share of the total election costs. After discussion, Director Winkler moved that the Board pay the election officials the rate of \$10.00 per hour. Director Nava seconded the motion, which passed unanimously.

VOTING MACHINE REQUIREMENTS FOR MAY 2010 DIRECTORS ELECTION

Ms. Dorman discussed voting machine requirements for the 2010 Directors election.

RESOLUTION DESIGNATING AGENT FOR SECRETARY OF BOARD OF DIRECTORS

Ms. Dorman stated that if the Secretary of the Board of Directors is unable to

keep his/her office open for three hours a day for the purpose of accepting candidate applications, the Board may designate another officer of the District to be his/her agent. After discussion, Director Winkler moved to designate Director Appelget as the Secretary's agent. Director Nava seconded the motion, which carried unanimously.

VOTING RIGHTS ACT SUBMISSION LETTER

Ms. Dorman stated that pursuant to the Voting Rights Act, the District must obtain approval from the U.S. Department of Justice of any changes affecting voting, such as the District's polling place. Following review and discussion, Director Winkler moved to approve the Voting Rights Act Submission Letter to the U.S. Department of Justice in connection with the 2010 directors election and direct that the Letter be filed, if such a letter is required to be submitted, and retained in the District's official records. Director Nava seconded the motion, which passed by unanimous vote.

PARKS PLAN

Ms. Dorman discussed the Agreement for Development of Recreation Facilities for the tree maintenance and replacement project with the Westcreek Village homeowner's association. Director Appelget stated he will coordinate with the homeowner's association on this project.

DISTRICT'S WEBSITE

Ms. Sterrett updated the Board on the changes to the District's website.

DISTRICT INFORMATION KIT

Ms. Dorman reviewed the revised Information Kit. Following review and discussion, Director Winkler moved to approve the revised Information Kit. Director Gingell seconded the motion, which passed unanimously.

RESOLUTION ESTABLISHING IN-DISTRICT MEETING PLACE

Ms. Dorman presented and reviewed a Resolution Establishing Additional Regular Meeting Place ("Resolution") establishing Palio's Pizza as a meeting place. Following review and discussion, Director Nava moved to adopt the Resolution and to direct that the Resolution be filed and retained in the District's official records. Director Gingell seconded the motion, which was unanimously approved.

There being no further business to come before the Board, the meeting was adjourned by agreement.

Janet Gergell

Secretary, Board of Directors



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