

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

October 20, 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 20th day of October, 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 except Director Gingell, thus constituting a quorum.

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

MINUTES

The Board considered approving the minutes of the September 15, 2010, regular meeting. After review and discussion, Director Winkler moved to approve the minutes. Director Brandman seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

No members of the public were present.

ATTORNEY'S REPORT

Ms. Dorman reported on matters ABHR had handled between the September and October meetings.

## 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 Brandman moved to approve the bookkeeper's report and payment of the bills. Director Nava seconded the motion, which passed unanimously.

## TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Bonerjee presented and reviewed the tax assessor/collector's report, a copy of which is attached, including the cash flow report and delinquent tax roll. He stated that the 2009 taxes are 99.72% collected. Following review and discussion, Director Winkler moved to approve the tax assessor/collector's report, the payment of the tax bills, and the delinquent tax attorneys' report. Director Nava seconded the motion, which carried by unanimous affirmative vote. Mr. Bonerjee then explained to the Board that Sakura Japanese Steakhouse is not located within the District and that the State has been crediting sales tax payments to the District in error. He then responded to general and specific questions from the Board regarding sales tax matters. The Board determined that no action was necessary.

## CONDUCT PUBLIC HEARING REGARDING ADOPTION OF TAX RATE, ADOPT ORDER LEVYING TAXES, AND APPROVE AMENDMENT TO THE INFORMATION FORM

Mr. Bonerjee stated that Wheeler had properly and timely published a Notice of Public Hearing stating that the District anticipates levying a \$0.76 tax rate at this meeting.

Director Appelget then opened the public hearing. No members of the public came forward to make comments, and Director Appelget closed the public hearing.

Ms. Dorman presented to and reviewed with the Board an Order Levying Taxes with a total tax rate of \$0.76 per \$100 of assessed valuation, comprised of \$0.51 for debt service and \$0.25 for maintenance and operations. After review and discussion, Director Nava moved to adopt the Order Levying Taxes as presented and to direct that the Order be filed appropriately and retained in the District's official records. Director Winkler seconded the motion, which passed by unanimous vote.

Ms. Dorman then presented to and reviewed with the Board an Amendment to Information Form reflecting the newly adopted tax rate. After review and discussion, Director Nava moved to approve the Amendment to Information Form, to authorize its execution, and to direct that the Amendment be filed appropriately and retained in the District's official records. Director Winkler seconded the motion, which passed 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, and updated the Board on maintenance and repairs conducted during the previous month. He reviewed the water production report and stated that water accountability was 105.17%. He noted that a breaker at Well No. 1 at the water plant needs to be replaced and recommended a refurbished unit with a two year warranty, at a cost not to exceed \$2,300.00.

Following review and discussion, Director Nava moved to approve the operator's report and to authorize installation of a refurbished breaker at Well No. 1 at the water plant at a cost not to exceed \$2,300.00. Director Winkler seconded the motion, which carried unanimously.

## 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 said accounts pursuant to the provisions of the District's Rate Order. Director Winkler seconded the motion, which passed by unanimous vote. A copy of the termination list is included in the operator's report.

## ENGINEERING MATTERS

Mr. Willis reviewed the items in his e-mail correspondence sent to the Board prior to the meeting, a copy of which is attached. He recommended: (1) payment of Pay Estimate No. 2 in the amount of \$7,650.00 to C. F. McDonald for work on the water plant generator; and (2) award of a contract to D & L Quality Painting, Inc. ("D & L") in the amount of \$27,582.00 for the interior recoating of hydrotanks nos. 1 and 2. A copy of Mr. Willis' bid tabulation is attached as an exhibit, and Mr. Willis noted that D & L was the lowest responsible bidder. After review and discussion, Director Winkler, seconded by Director Nava, moved to accept the engineer's report, to approve Pay Estimate No. 2 to C. F. McDonald in the amount of \$7,650.00, and to award a contract for recoating the interior of the Tanks to D & L in the amount of \$27,582.00, subject to ABHR's approval of any applicable bond(s). The motion carried by unanimous vote.

## SEWAGE TREATMENT PLANT AND LIFT STATION ISSUES

The Board discussed various maintenance, rehabilitation and capital projects being proposed by MUD 70 for the sewage treatment plant and lift station, as well as MUD 70's request for a contract amendment to address (1) cost sharing of certain lift station operation and maintenance expenses ("Lift Station Expenses") on a go forward basis and (2) resolution of past disputed amounts. After discussion, Director Brandman, with a second by Director Nava, moved that ABHR be instructed to contact the attorneys for MUD 70 and Harris County Municipal Utility District No. 144 ("MUD 144") and discuss the Board's questions and concerns regarding the proposed amendment and to report the conversation to Director Winkler as the District's liaison to legal counsel. The motion carried by unanimous vote.

## AMENDED RATE ORDER

No action was taken on this item.

## DISASTER AND EMERGENCY PREPAREDNESS GROUP(S)

Discussion ensued and Director Brandman said that he would call the president of MUD 144.

## FACILITIES ENERGY CONSUMPTION REPORT AND AUDIT

No action was taken on this item.

## WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

Mr. Appelget reported on the last WHCRWA Board meeting. The Board considered correspondence from WHCRWA regarding a capital payment option but took no action.

## PUBLIC BEAUTIFICATION AND CONSERVATION

Discussion ensued regarding the installation of "smart controllers" on property open to the public. Ms. Dorman stated that she would send Director Appelget a similar contract from another District and the Board requested that Director Appelget discuss terms with the homeowners' association president or other Board member.

## DISTRICT'S WEBSITE, INCLUDING PROPOSALS

The Directors reviewed a proposal from Karthost.com and, after discussion, Director Brandman moved to accept the Karthost.com proposal, subject to review and final negotiation by ABHR and Director Appelget, and to instruct the bookkeeper to

hold any payment to Karthost.com pending final negotiation of the proposal. Director Winkler seconded the motion and it carried by unanimous vote.

EXECUTIVE SESSION TO DISCUSS LITIGATION

No executive session was necessary.

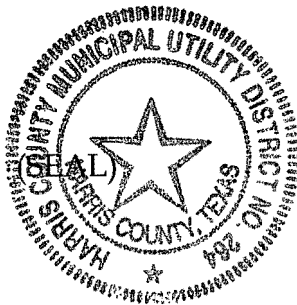
EXECUTIVE SESSION TO DISCUSS CONFIDENTIAL MATTERS INVOLVING  
ADVICE OF COUNSEL

No executive session was necessary.

ACTION AND AGENDA ITEMS

The Board reviewed the action items from the meeting.

There being no further business to come before the Board, the meeting was adjourned on motion by Director Brandman, seconded by Director Nava, and passed by unanimous vote.



*Janet Gergel*  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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