

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

January 16, 2008

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 16th day of January, 2008, 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 Wendy Austin of District Data Services, Inc.; Darren Willis of Jones & Carter, Inc. ("J&C"); Ben Agee of Severn Trent Environmental Services, Inc. ("ST"); Robin Humphrey of Wheeler & Associates, Inc.; and Kerri J. Dorman and Rebecca Good of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approving the minutes of the December 19, 2007, regular meeting. Director Winkler submitted two revisions to the minutes. Following review and discussion, Director Winkler made a motion to approve the minutes of the December 19, 2007, regular meeting, as revised. Director Gingell seconded the motion, which passed unanimously.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Humphrey presented and reviewed the tax assessor/collector's report and delinquent tax roll, and considered the bills presented for payment from the tax account. The tax assessor/collector's report stated that 38.13% of the 2007 taxes levied had been collected as of December 31, 2007. The Board also received and reviewed the delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. Discussion ensued regarding the Roggan account. Ms. Humphrey noted the personal property delinquent accounts for tax years 1997, 1998, 2002 and 2003. Following review and discussion, Director Brandman made a motion to approve the tax assessor/collector's report, including the delinquent tax roll, payment of the bills and authorize the

delinquent tax attorney to write off the delinquent personal property accounts as discussed. Director Gingell seconded the motion, which carried unanimously. Copies of both reports are attached.

#### DISTRICT WEBSITE

The Board discussed the District website. Discussion ensued regarding updates that should be made to the website and the Board concurred to appoint Director Nava as the Board liaison to work with the Texas Network to update the website.

#### BOOKKEEPER'S REPORT

Ms. Austin presented and reviewed the bookkeeper's report, the quarterly investment report and bills presented for payment. She stated she is voiding the check to the West Harris County Regional Water Authority (the "Authority") as it is not the District's bill. Following review and discussion of the report, Director Nava moved to approve the bookkeeper's report, including payment of bills. Director Winkler seconded the motion, which passed unanimously. A copy of the bookkeeper's report is attached.

Discussion ensued regarding electricity consumption and the issues with Centerpoint Energy not reading the meters. Following discussion, the Board requested that the operator and bookkeeper investigate the electricity bills to determine if the meter is being read and reported accurately.

The Board requested that Ms. Austin bring a preliminary budget to the February meeting and discussed scheduling an in-District budget workshop meeting for March 17, 2008.

#### ANNUAL DISCLOSURES

Ms. Dorman presented and reviewed the annual disclosure statements. She stated that, in accordance with the District's Investment Policy, Wendy Austin as the District's bookkeeper and investment officer and Stephanie Viator as the District's Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission and in the District's records and updated whenever necessary. After review and discussion, Director Gingell moved to accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act. Director Nava seconded the motion, which passed unanimously.

#### OPERATOR'S REPORT

Mr. Agee presented and reviewed the operator's report, including the report on the regional sewage treatment plant, copies of which are attached. He stated water accountability for the previous month was 93.01%. He also reviewed maintenance performed in the District during the month. He stated he has four accounts to send to collections.

Mr. Agee discussed the letter to the Texas Commission on Environmental Quality regarding the use of surplus fund for capital projects.

Mr. Agee reported that booster pump no. 1 is being repaired and that the claim will be submitted to insurance once the repair is complete.

Mr. Agee updated the Board on the results of the copper and lead water sampling.

Mr. Agee then discussed the pumpage and surface water fees imposed by the Authority. He stated that the District is charging its customers the same for ground water and surface water received and suggested the possibility of a blended rate to reflect actual usage. The Board requested that the operator prepare recommendations on how to amend the rate order to address this issue.

Following review and discussion, Director Nava made a motion to approve the operator's report and authorize execution of the letter regarding use of surplus funds. The motion was seconded by Director Winkler, and carried unanimously.

#### TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS

The Board conducted a hearing on the termination of utility service. Mr. Agee reported that the residents on the attached termination list were mailed written notice prior to this meeting in accordance with the District's Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest or correct the utility service bill and to show reason why utility service should not be terminated for reason of nonpayment. Director Nava moved that, since the residents on the attached list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with the procedures set forth in the District's Rate Order. Director Winkler seconded the motion, and it carried unanimously.

#### ENGINEER'S REPORT

Mr. Willis updated the Board on the ongoing construction in the District. He updated the Board on the Queenston sidewalk extension and the previous report of water covering a portion of the sidewalk following rain. Mr. Willis stated he is currently investigating possible remedies for the standing water.

Mr. Willis updated the Board on the chloramines conversion and stated that bids for the Free Chlorine Analyzer and Ultra Sonic Level Transmitter will be solicited to three contractors and presented to the Board.

Director Gingell noted that there is a construction sign still posted on Hudson Oaks following completion of the construction. Mr. Agee stated he will call the contractor to check on the removal of the sign.

Mr. Willis requested authorization for J&C to complete an annual inspection of the District's facilities to identify possible expenditures for the District's upcoming budget.

Discussion ensued regarding the request for a consent to encroachment from a District resident. Ms. Dorman discussed with the Board the option of sending a letter to the resident stating the District will not grant the consent to encroachment and acknowledging the play structure is in the District's easement.

Following discussion, Director Gingell made a motion to (1) approve the engineer's report; (2) authorize the annual inspection; and (3) authorize a letter to the resident as discussed. Director Winkler seconded the motion, which carried unanimously.

#### DISCUSS WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The Board discussed the Authority. No action was necessary.

#### PARK PLAN

The Board discussed the District's involvement in the establishment of park facilities. No action was necessary.

#### TREE BEAUTIFICATION

Ms. Dorman presented and reviewed an agreement for development of recreational facilities with the Westcreek Homeowner's Association ("HOA") for tree maintenance and replacement. Discussion ensued. Following review and discussion, Director Brandman made a motion to approve the agreement subject to the revisions as discussed, and to authorize Directors Gingell and Appelget to finalize the agreement on the District's behalf, on the terms discussed. Director Nava seconded the motion, which carried unanimously. Ms. Dorman noted that the agreement requires Exhibit A to be a signed estimate from the contractor.

RECEIVE REPORTS FROM DISTRICT DIRECTORS AND CONSULTANTS

Ms. Dorman noted that the terms of Directors Appelget and Brandman expire on May 10, 2008.

There being no further matters to come before the Board, Director Nava made a motion to adjourn the meeting. Director Brandman seconded the motion, which carried unanimously.

(SEAL)

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Secretary, Board of Directors

ACTION ITEMS

1. The operator and bookkeeper will investigate the electric bills.
2. The operator will call regarding the construction sign on Hudson Oaks.
3. The operator will prepare calculating to consider in possibly amending the rate order.

LIST OF ATTACHMENTS TO MINUTES

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