

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

October 15, 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 October 15, 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 duly constituted officers and 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 Brandman, thus constituting a quorum.

Also present at the meeting were Darren Willis of Jones & Carter, Inc. ("J&C"); Ben Agee of Severn Trent Environmental Services ("ST"); Wendy Austin of District Data Services, Inc.; 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 September 24, 2008, regular meeting and August 26, 2008, special meeting. The Board discussed the changes submitted by Director Brandman prior to the meeting. Following review and discussion, Director Appelget moved to approve the minutes of the September 24, 2008, regular meeting as revised and of the August 26, 2008, special meeting as submitted. Director Gingell seconded the motion, which passed unanimously.

TAX ASSESSOR/COLLECTOR'S REPORT, INCLUDING REPORT ON DELINQUENT TAXES

Ms. Humphrey presented and reviewed with the Board the tax assessor/collector's report, including a report on delinquent taxes. She reported that the tax levy is 98.72% collected for 2007. After discussion, Director Winkler moved to approve the tax assessor/collector's report. Director Nava seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S 2008 TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Humphrey stated that Notice of Public Hearing was published in the newspaper stating the District anticipates levying a \$0.68 tax rate for 2008 at this meeting.

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

Ms. Dorman presented and reviewed with the Board an Order Levying Taxes reflecting a total tax rate for 2008 of \$0.68 per \$100 of assessed valuation, comprised of \$0.52 debt service and \$0.16 for operations and maintenance. After review and discussion, Director Nava moved to adopt the Order Levying Taxes as presented. Director Gingell seconded the motion, which passed unanimously. The Board confirmed its intention that the 2008 tax levy includes a debt service component for the calendar year ending December 31, 2008, and a maintenance tax component for the fiscal year ending March 31, 2009.

Ms. Dorman presented 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. Director Gingell seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached, and presented the bills for approval. She noted she has a separate accounting of engineering fees by project. After review and discussion, Director Gingell moved to approve the bookkeeper's report and payment of the bills. Director Winkler seconded the motion, which passed by unanimous vote.

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 reported that water accountability is 88.50%. He noted that this accountability period includes Hurricane Ike dates which could have contributed to the lower than normal accountability. Mr. Agee reported that debris piles in residents' yards prohibited the reading of a few meters and stated that these residents received a minimum bill. Mr. Agee stated he has four accounts to send to collections and three accounts to write off.

Mr. Agee reported that the school is installing a generator at their pump station.

Mr. Agee reported that water well no. 1 was damaged when the electricity shorted and that the motor will be repaired. He stated he has submitted this claim to the District's insurance. Mr. Agee stated that the control board at the chlorinator experienced the same damage. In response to an inquiry, the Board reported that there have been power outages in the District. Mr. Agee stated the manufacturer of the current control board is no longer making that brand. He recommended the Board replace the control board with a new brand to avoid additional costs in the future. Mr. Willis stated this may be a reimbursable storm expense.

Mr. Agee reported that the surface water quality has decreased over the last several days.

Director Appelget discussed the letter from the West Harris County Regional Water Authority (the "Authority") requesting that the District keep all valves open to accept as much surface water as possible. Ms. Dorman reviewed a proposed response letter and Director Brandman's comments on the draft. Discussion ensued.

Following review and discussion, Director Nava moved to approve the operator's report, approve replacement of the damaged control board at the chlorinator, not to exceed \$10,000, and authorize Directors Appelget and Brandman to work with ABHR to complete the response letter to the Authority as discussed. Director Gingell seconded the motion, which carried unanimously.

#### CONDUCT HEARING ON TERMINATION OF WATER AND SEWER SERVICE

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, which carried unanimously.

#### ENGINEER'S REPORT

Mr. Willis presented and reviewed the engineer's report, a copy of which is attached. Mr. Willis presented and recommended approval of Pay Estimate No. 1 and Final in the amount of \$16,885 for the additional analyzer. Mr. Willis discussed submittal of the reimbursement package to the Authority for the District's chloramine conversion costs and stated that he will submit it as soon as possible and that the Authority could approve it as early as mid-November. Following review and

discussion, and based on the engineer's recommendation, Director Winkler moved to approve the engineer's report, approve Pay Estimate No. 1 and Final, and authorize the engineer to submit the reimbursement package to the Authority on the District's behalf. Director Nava seconded the motion, which carried unanimously.

#### DISTRICT'S WEBSITE

The Board discussed the District's website. No action was necessary.

#### WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

Ms. Dorman reported that the Authority anticipates its fee to increase in January 2009, to \$0.95 per 1,000 gallons pumped and to \$1.25 per 1,000 of surface water delivered.

#### PARKS PLAN

The Board concurred there was nothing new to report at this time.

#### BOND AND MAINTENANCE TAX ELECTION

The Board discussed a special meeting to canvass the returns of the Park Bond and Maintenance & Operation Tax Elections. Following discussion, the Board concurred to meet on November 15, 2008, at 9:30 a.m. in the District.

#### DISTRICT'S INSURANCE POLICIES

Ms. Dorman stated that the District's insurance policies with Harco Insurance expire on November 21, 2008. Following discussion, the Board concurred not to seek proposals from additional insurance companies.

#### REPORTS FROM DIRECTORS AND CONSULTANTS

Director Appelget reported that the Association of Water Board Directors will have a Fall Seminar on October 29, 2008. Following discussion, Director Gingell made a motion to authorize attendance at the Fall seminar. Director Nava seconded the motion, which carried unanimously.

Ms. Dorman stated that assistance request forms were filed with FEMA on behalf of the District.

Director Appelget discussed the possibility of changing the water rate for public space users and requested that an item be placed on the November agenda to discuss the issue.

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

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Secretary, Board of Directors

(SEAL)

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