

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

December 19, 2007

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 19th day of December, 2007, 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.; 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 October 17, 2007, and November 19, 2007, regular meetings, and of the October 9, 2007, special meeting. Following review and discussion, Director Nava made a motion to approve the minutes of the October 17, 2007, and November 19, 2007, regular meetings, and the October 9, 2007, special meeting, as submitted. Director Gingell seconded the motion, which passed unanimously.

MATERIAL EVENT NOTICE

Ms. Dorman reported that, due to the District's change of fiscal year end to March 31, the District needs to file a material event notice. Following discussion, Director Brandman made a motion to approve the filing of the material event notice for the fiscal year end change. Director Winkler seconded the motion, which carried 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 5.19% of the 2007 taxes levied had been collected as of November 30, 2007. The Board also received and reviewed the delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. Copies of both reports are attached.

Following review and discussion, Director Brandman made a motion to approve the tax assessor/collector's report, including the delinquent tax roll and payment of the bills. Director Nava seconded the motion, which carried unanimously.

## BOOKKEEPER'S REPORT

Ms. Austin presented and reviewed the bookkeeper's report, the quarterly investment report and bills presented for payment. Ms. Austin discussed the several debt service accounts and stated they will be closed and collapsed into one. 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.

## 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 93.47%. 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, and stated he will be ready to submit the letter at the January meeting.

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 reported that the West Harris County Regional Water Authority ("Authority") is inspecting ground storage tank no. 1.

Mr. Agee reported that the District's mandated copper and lead testing water sampling is to occur in July 2008. He noted that other Districts using chloramines to disinfect their water recently have had levels of lead in their water that are not in compliance. Mr. Agee then suggested that the Board consider testing the District's water in January as a proactive measure. The Board concurred they would like to take initiative to ensure the integrity of the District's water system.

Following review and discussion, Director Gingell made a motion to approve the operator's report and authorize water sampling at the Director's homes. The motion was seconded by Director Brandman, 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 Gingell 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 Brandman 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 presented Pay Estimate No. 1 and Final in the amount of \$29,400 for the Board's consideration.

Director Gingell noted there was a substantial amount of water covering a portion of the sidewalk following rain. Mr. Willis stated he will investigate possible remedies for the standing water.

Following discussion, Director Nava made a motion to (1) approve the engineer's report; and (2) approve Pay Estimate No. 1 and Final in the amount of \$24,900 for the Queenston sidewalk extension. Director Gingell seconded the motion, which carried unanimously.

Director Appelget reported that a District resident is requesting a consent to encroachment for a play structure in the District's utility easement. Director Appelget also reported that the Westcreek Homeowner's Association Architectural Control Committee has denied the construction of the play structure. Discussion ensued and following discussion, the Board concurred to take no action on this item at this time and to request that ABHR undertake brief research on the District's options.

## 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. Director Gingell updated the Board on related activities to be undertaken by the Westcreek Homeowner's Association's ("HOA") and reported that the District expects to hold a park bond election in November 2008.

## TREE BEAUTIFICATION

Director Gingell reported that the HOA has requested the Board consider contributing to a public beautification project within the District. Discussion ensued regarding the requirements for the use of District funds for recreational facilities. The Board then noted that funds used for recreational facilities would not be from ad valorem tax collections or capital projects funds. The Board concurred that ABHR should prepare an agreement with the HOA regarding the proposed tree beautification project, and circulate it to all Directors for review prior to the January meeting.

## KALRA SIDEWALK EXTENSION

Director Appelget reported that Satish Kalra has requested a letter from the Board stating that he has a right to construct a parking lot in the easement he has from the District. Following discussion, the Board concurred no action was necessary.

Director Appelget reported that Satish Kalra has requested that the Board consider writing a letter to the HOA requesting that the HOA install a street lamp on the sidewalk extension. Following discussion, Director Nava made a motion not to send a letter to the HOA. Director Gingell seconded the motion, which carried unanimously.

## DISTRICT WEBSITE

The Board discussed proposals for web hosting services from Texas Network and Barlisa, Inc., copies of which are attached. Director Appelget reviewed another oral proposal he had received for \$6.95 per month to host the website and \$60 an hour for maintenance and updates. Following review and discussion, Director Brandman made a motion to accept the proposal from Texas Network for web hosting and maintenance for \$74.95 a month. Director Nava seconded the motion, which passed unanimously. The Board requested that a Texas Network representative attend the January meeting.

RECEIVE REPORTS FROM DISTRICT DIRECTORS AND CONSULTANTS

The Board discussed the monthly regional parks meeting and concurred not to post agendas for these meetings, unless the Board decides in advance a quorum will attend.

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 electrical bills.
2. The engineer will investigate the standing water on the sidewalk.

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
tax reports .....	2
bookkeeper's report .....	2
operator's report, including the report on the regional sewage treatment plant .....	2
termination list .....	3
proposals for web hosting services from Texas Network and Barlisa, Inc.....	4