

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

September 16, 2009

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 16<sup>th</sup> day of September, 2009, 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 of Severn Trent Environmental Services ("ST"); Wendy Austin of District Data Services, Inc.; Robin Humphrey of Wheeler & Associates, Inc.; Bob DeForest of KGA DeForest Design LLC ("KGA"); Anthea Moran of First Southwest Company; and Kerri J. Dorman and Jessica Jones of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 19, 2009, regular meeting. Mr. Willis noted a correction to the minutes regarding the discussion about the Texas Department of Transportation. Following review and discussion, Director Gingell moved to approve the minutes of the August 19, 2009, regular meeting as revised. Director Nava seconded the motion which passed, with Directors Appelget, Nava, Gingell and Winkler voting "aye" and Director Brandman abstaining.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Humphrey presented and reviewed with the Board the tax assessor/collector's report, including the District's delinquent tax rolls. She reported that the 2008 tax levy is 99.23% collected. Following review and discussion, Director Brandman moved to approve the tax assessor/collector's report and payment of the tax bills. Director Winkler seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached. The District's delinquent tax attorneys had no recommendations for the Board to consider.

## 2009 TAX RATE

Ms. Moran presented and reviewed two 2009 tax rate calculations and recommendations, the first based on the sale of park bonds and the second based on no bond sale, copies of which are attached. Discussion ensued and Director Nava then moved to authorize publication of the 2009 tax calculation based on the Board's intent to levy a tax rate not to exceed \$0.71 per \$100 of assessed valuation and to authorize publication of the notice of public hearing and adoption of the 2009 tax rate at the Board's next meeting scheduled for October 21, 2009. The motion was seconded by Director Gingell and carried unanimously. The Board then requested additional tax rate calculations, and authorized Director Appelget to discuss the impact of those rates with Ms. Moran and to report to the Board at the next meeting.

## RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT

The Board considered nominating a candidate for the Board of Director Election for Harris County Appraisal District. Following discussion, the Board took no action.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached, and presented the bills for approval. Ms. Austin noted that the District has not received reimbursement from the West Harris County Regional Water Authority for the District's overpayment; Director Appelget reported that the reimbursement has been approved. Director Nava requested that, at the Board's next meeting, Ms. Austin present a summary of certificate of deposit rates offered by various banks. Ms. Dorman noted that the District will be credited all legal fees associated with the cost of the canceled September 21, 2009, meeting. Director Nava reported that Harris County Municipal Utility District No. 70 has indicated that it will be increasing the reserve for operation of the sewage treatment plant. After review and discussion, Director Winkler moved to approve the bookkeeper's report and payment of the bills. Director Nava seconded the motion, which passed by unanimous vote.

## AUTHORIZE FILING OF THE AUDIT WITH THE STATE INFORMATION DEPOSITORY IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AS REQUIRED BY SEC RULE 152C-12.

The Board considered authorizing the filing of the audit with the State Information Depository in accordance with the District's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. After discussion, Director Winkler moved to authorize filing of the audit with the State Information Depository in accordance with the District's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. Director Brandman seconded the

motion, which passed unanimously.

### PARKS PLAN

Mr. DeForest presented and reviewed the project maintenance summary of landscape improvements for the parks plan, a copy of which is attached. He stated that he will revise the summary to indicate that all improvement costs are estimated and will remove the District's name, as the information is being prepared and provided by KGA and not the District. After review and discussion, Director Brandman moved to consent to KGA's forwarding the project maintenance summary to the HOA, with the noted revisions. Director Nava seconded the motion, which passed unanimously. After further discussion and upon request by Mr. DeForest, Director Gingell moved to authorize sending the design, plans and specifications for the parks projects to Harris County for review. Director Winkler seconded the motion, which passed by unanimous vote.

Discussion ensued regarding conversations with directors of the Westcreek Homeowners Association regarding the District's parks plan. Ms. Dorman noted that, while recreational facilities funded by bond proceeds must be open to the public, all facilities have scheduled hours of operation and may be locked when not in operation.

Ms. Dorman then explained that, pending the completion of a recent Internal Revenue Service inquiry regarding the tax exempt status of various bonds issued to fund the purchase of golf courses in Florida, ABHR will not be able to issue an opinion that the District's park bonds would be tax exempt if the District uses recreational easements as the means of conveyance of the property on which the bond-funded recreational facilities will be built. She noted that a ground lease and/or warranty deed could work for the conveyances, and the Board discussed those options. After additional discussion, Director Nava moved to appoint Directors Winkler and Appelget to gather additional information from ABHR and the HOA regarding park bond and park plan matters, and to report to the Board at the next meeting. Director Brandman seconded the motion, and it passed by unanimous vote.

### OPERATION OF DISTRICT FACILITIES, BILLINGS, REPAIRS AND MAINTENANCE

Mr. Agee presented and reviewed the operator's report, including a report on the regional sewage treatment plant, 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 96.31%. Mr. Agee presented and recommended turning over four delinquent accounts to a collection agency. He then presented two delinquent accounts under \$25 and recommended that they be written off as uncollectible.

Mr. Agee presented and reviewed a surface water quality report, a copy of which is included in the operator's report.

Mr. Agee then discussed the District's interconnect with Harris County Municipal Utility District No. 144 ("HC 144"), reporting that the interconnect valve with HC 144 is now open and water can flow. He noted, however, that the meter is not correctly functioning, but stated that he did not recommend repair due to the infrequency of the interconnect usage. Mr. Agee did recommend, though, that the interconnect vault lid be repaired, and estimated the cost to be \$3,000 or less. Discussion ensued.

Following review and discussion, Director Nava moved to approve the operator's report, turning over four accounts to a collection agency, writing off two accounts as uncollectible, and repairing the meter vault lid at a cost not to exceed \$3,000, to be shared equally with HC 144. Director Gingell seconded the motion, which carried unanimously.

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

The Board then 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 termination 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 Gingell seconded the motion, which carried unanimously.

#### ENGINEERING MATTERS

Mr. Willis stated he had nothing to report on the Hudson Oaks drainage matters at this time.

In regard to a question from Director Nava, Mr. Willis stated that he will confirm that an inspection of odor control measures at the wastewater treatment plant was conducted.

Following discussion, Director Nava moved to accept the engineer's oral report. Director Brandman seconded the motion, which passed by unanimous vote.

Director Appelget updated the Board on West Harris County Regional Water Authority matters.

EMERGENCY WATER INTERCONNECT AGREEMENTS

The Board considered Harris County Municipal Utility District No. 173's ("HC 173") proposed First Amendment to the current Emergency Water Supply Contract between the District and HC 173. Discussion ensued.

The Board then considered proposed revisions from HC 144 regarding their request to update the Emergency Water Supply Contract with the District. Discussion ensued.

The Board requested Director Winkler to work with ABHR and to recommend revisions to the First Amendment to the Emergency Water Supply Contract with HC 173 and the Emergency Water Supply Contract with HC 144 with ABHR.

PUBLIC BEAUTIFICATION PROJECTS

Directors Gingell and Winkler updated the Board on public beautification projects, including the possible installation of new "smart" controllers for the irrigation system and for tree trimming. No action was taken.

DISTRICT'S WEBSITE

Ms. Dorman noted that ABHR will send only approved and signed minutes to be posted on the District's website.

EMERGENCY PREPAREDNESS PLANS AND PROCEDURES

The Board decided to defer action on this agenda item until the Texas Commission on Environmental Quality has issued its emergency preparedness template.

WATER DISTRICT PLANNING GROUP ORGANIZATION AND PROJECTS

Mr. Willis reported that the "Langham Creek" service area group meeting will be at 6:30 p.m. on September 17, 2009. Directors Nava and Brandman and Messrs. Agee and Willis said that they plan on attending the meeting. No action was taken.

There being no further business to come before the Board, the Director Nava moved to adjourn the meeting. Director Gingell seconded the motion, which passed by unanimous vote.



*Janet Gingell*  
Secretary, Board of Directors

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