

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

September 24, 2008

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 264 (the "District") met in special session, open to the public, on September 24, 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 Nava, 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.; Cliff Kavanaugh of First Southwest Company; and Kerri J. Dorman of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approving the minutes of the August 20, 2008, regular meeting. Ms. Dorman noted that the minutes for August 26, 2008, special meeting will be presented at the next meeting for the Board's consideration and approval. Following review and discussion, Director Gingell moved to approve the minutes of the August 20, 2008, regular meeting as submitted. Director Winkler seconded the motion, which passed unanimously.

CONTINUING DISCLOSURE

The Board considered authorizing 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 Gingell seconded the motion, which passed unanimously.

APPROVE SWORN STATEMENT, OFFICIAL BOND, AND OATH OF OFFICE FOR DIRECTOR BRANDMAN

Director Brandman addressed the Board regarding the scheduling problems that have caused his recent absences. He stated that he recognizes the need for regular attendance and that he believes that his schedule will allow him to be available for monthly Board meetings beginning in November.

The Board then considered approving the Sworn Statement and Oath of Office executed by Director Brandman in conjunction with his election to the Board of Directors. Upon a motion made by Director Gingell and seconded by Director Winkler, the Board voted unanimously to approve the Sworn Statement and Oath of Office of Director Brandman, to be filed with the Secretary of State.

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 98.45% collected for 2007. Ms. Humphrey reported that there is no delinquent tax report because the delinquent tax attorney's office is still without power due to Hurricane Ike. After discussion, Director Brandman moved to approve the tax assessor/collector's report. Director Winkler seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

2008 TAX RATE, PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING

Mr. Kavanaugh presented and explained the 2008 tax rate calculation and recommendation, a copy of which is attached. Discussion ensued regarding what effect issuing park bonds might have on the District's tax rate. After discussion, Director Gingell moved to authorize publication of the 2008 tax calculation based on the Board's intent to levy a tax rate of \$0.68 per \$100 of assessed valuation and authorize publication of the notice of public hearing and adoption of the 2008 tax rate at the Board's next meeting. The motion was seconded by Director Brandman and carried 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. Director Brandman inquired regarding the apparent negative balance in the Compass Bank account and Ms. Austin explained that this is a sweep account, replenished as necessary from investment deposits. Discussion then ensued regarding a separate accounting of engineering fees for discrete District issues, such as parks, surface water conversion and the like, and Ms. Austin and

Mr. Willis agreed to proceed on that basis. After review and discussion, Director Winkler moved to approve the bookkeeper's report, payment of the bills, and to establish a separate accounting of engineering fees as discussed. Director Brandman 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. Discussion ensued regarding the wastewater treatment plant, including the escalating cost of sludge hauling and the status of the Texas Pollutant Discharge Elimination System ("TPDES") permit. Messrs. Agee and Willis noted that the permit application had been timely filed but that issuance has been delayed due to administrative differences between the TCEQ and the EPA. Director Gingell followed up with Mr. Agee on two sinkholes, one on Hudson Oaks and one on Western Pass at Forest Heights. Mr. Agee stated that he would look into the one on Hudson Oaks, but that the one on Western Pass was simply a low area. After discussion, Director Brandman moved to approve the operator's report. Director Gingell seconded the motion, which carried unanimously.

CONDUCT HEARING ON TERMINATION OF WATER AND SEWER SERVICE

Mr. Agee reported that he would not be distributing a delinquency report because of ST having lost power due to Hurricane Ike. The Board concurred that, as an assistance to residents, there would not be any terminations of delinquent accounts this month. Therefore, no action was necessary on this item.

ENGINEER'S REPORT

Mr. Willis updated the Board on the ongoing construction in the District, including the water plant improvements and the chloramine conversion. Mr. Willis reported that a pre-construction meeting has been held on the work to be done on Water Plant No. 1 and that a Notice to Proceed has been issued for September 26, 2008. After that date, the contractor will have 60 days to complete the work. Mr. Willis also reported that ST has completed installation of the chlorine analyzers and that he expects to present the final pay estimate at the Board's next meeting. Mr. Willis then stated that after that, he will submit documentation to the West Harris County Regional Water Authority ("WHCRWA") for reimbursement for the District's chloramine conversion costs.

AFTERMATH, CLEAN UP AND RECOVERY FROM HURRICANE IKE

Mr. Agee reviewed with the Board the operation of the District's facilities during Hurricane Ike. Discussion ensued regarding potential flooding on Hudson Oaks, apparently resulting from a failure of a Cy-Fair Independent School District pump station. The Board concurred that Mr. Agee should contact the school district and

suggest that they purchase a generator or install other redundancies. The Board also discussed the performance of the District's facilities and the procedures that must be followed in extraordinary circumstances such as the hurricane. The Board concurred to hold a special workshop meeting in November to discuss emergency preparedness and post-emergency procedures and operations.

DISTRICT'S WEBSITE

The Board discussed the District's website, but no action was necessary.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

Director Appelget reported on the Authority's meeting. No action was necessary.

PARKS PLAN

Director Gingell announced that the Westcreek Homeowners Association is holding a town hall meeting on October 6, 2008, to discuss the District's proposed Parks Plan and funding for it. Ms. Dorman reminded the Board that the District cannot take an advocacy position on an election matter. Discussion ensued as to whether a District representative should attend the meeting in an official capacity, and the Board concurred that Director Appelget would attend the meeting to provide information regarding the District's Parks Plan and election procedures. The Board discussed including language on the next water bill regarding the election dates and information, but concurred not to do so.

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

Secretary, Board of Directors

(SEAL)

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