

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

January 21, 2015

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 21st day of January, 2015, at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, 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
Donnice Hoffman	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 Ray Arce of Wheeler & Associates, Inc.; Victor Saenz and Stephen Swindell of Jones & Carter, Inc. ("J&C"); Wendy Austin of District Data Services ("DDS"); Bill Richmond of Severn Trent Environmental Services ("ST"); and Robert A. Seale and Alyssa Ollwerther of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 17, 2014 regular meeting. After review and discussion, Director Appelget moved to approve the minutes of the December 17, 2014 regular meeting as presented. Director Brandman seconded the motion, which passed unanimously.

PUBLIC COMMENTS

There were no comments from the public.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. Seale reported on the District's compliance activities during the prior calendar year related to bond financings. He stated that no corrective action is required at this time.

ADOPT RESOLUTION EXPRESSING INTENT TO REIMBURSE

Mr. Seale presented and reviewed a Resolution Expressing Intent to Reimburse, which reflects the Board's intent that certain costs associated with the magnesium hydroxide feed system, aeration basin no. 1, and sanitary sewer rehabilitation projects will be paid from the operating account and reimbursed from future bond proceeds. After review and discussion, Director Winkler moved to adopt a Resolution Expressing Intent to Reimburse. Director Brandman seconded the motion, which carried by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached. After review and discussion, Director Nava moved to approve the bookkeeper's report and payment of the bills. Director Hoffman seconded the motion, which carried by unanimous vote.

Discussion ensued regarding the requested increase to the operating reserve received from Harris County Municipal Utility District No. 70 ("HCMUD 70"). After review and discussion, the Board concurred to wire HCMUD 70 the District's share of funds. The Board also asked Ms. Austin to request an explanation from the bookkeeper for HCMUD 70.

ANNUAL DISCLOSURE STATEMENTS

Mr. Seale stated that Wendy Austin, as the District's Investment Officer and bookkeeper, is required to execute an annual disclosure statement that discloses her relationships with banks and brokers who seek to sell investments to the District. He added that the disclosure statement will be filed with the Texas Ethics Commission. Ms. Austin presented her executed disclosure statement for the Board's consideration. After review and discussion, Director Nava moved to accept the disclosure statement and direct that it be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Arce presented and reviewed the tax assessor/collector's report, a copy of which is attached. Mr. Arce presented and reviewed the cash flow report and delinquent tax roll, copies of which are included in the tax assessor/collector's report. Mr. Arce noted that 73.87% of the District's 2014 taxes have been collected to date. Following review and discussion, Director Hoffman moved to approve the tax assessor/collector's report, including payment of the tax bills. Director Nava seconded the motion, which carried by unanimous vote.

OPERATOR'S REPORT

Mr. Richmond presented and reviewed the operations and maintenance report and the regional sewage treatment plant report and testing results, copies of which are attached. He reported that the water accountability for the past month was 98.49% and updated the Board on maintenance and repairs conducted during the previous month.

Mr. Richmond stated that there are 3 accounts with outstanding balances over \$25.00 to be turned over to a collection agency, and that there are no accounts to be written off.

Following review and discussion, Director Nava moved to (1) approve the operator's report, and (2) authorize ST to turn over 3 accounts totaling \$529.57 to a collection agency. Director Hoffman seconded the motion, which passed unanimously.

Discussion ensued regarding the re-painting of the fire hydrants in the District. The Board discussed the current condition of the hydrants within the District and concurred that Mr. Richmond should present a proposal for the work at the next Board meeting.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

The Board considered termination of utility service to customers with delinquent accounts. Mr. Richmond reported that the customers appearing on the termination list were given proper notice and the opportunity to be heard in order to explain, contest or correct the utility service bill and show reason why utility service should not be terminated for reason of nonpayment, all as required by the District's Rate Order. After review and discussion, Director Nava moved that, since no customers on the list were present at the meeting or had presented any written statement on the matter, service should be terminated to said accounts pursuant to the provisions of the District's Rate Order. Director Hoffman seconded the motion, which passed by unanimous vote. A copy of the termination list is included in the operator's report.

ENGINEERING MATTERS

Mr. Swindell reviewed the engineer's report, a copy of which is attached.

Mr. Swindell updated the Board on the closed circuit television program related to the sanitary sewer rehabilitation project and stated that he received four bids for the project. He stated that the lowest bidder was CSI Consolidated, LLC dba CleanServe, LLC ("CleanServe") in the amount of \$35,934.00. He added that J&C has past experience and work history on similar projects with CleanServe and therefore, recommended that

the contract be awarded to CleanServe, the lowest responsible bidder, in the initial contract amount of \$35,934.00. The Board concurred, in its judgment, that CleanServe was a responsible bidder who would most economically and efficiently complete the project on behalf of the District.

Mr. Swindell reviewed the Capital Improvements Plan and the proposed Summary of Costs for the bond issue.

Mr. Swindell next updated the Board on the wastewater treatment plant repairs and improvements and discussed the items presented at the Joint Wastewater Treatment Plant Committee meeting, a summary of which is included in the engineer's report.

Mr. Swindell reviewed bond application no. 6 with the Board. He stated he is working on a final review of the application, which will be submitted to the TCEQ in the next few days.

After discussion, Director Brandman moved to (1) approve the engineer's report and (2) based on the engineer's recommendation, award the contract for sanitary sewer cleaning and televising to CleanServe in the initial contract amount of \$35,934.00. Director Winkler seconded the motion, which passed by unanimous vote.

WHCRWA MATTERS

Director Appelget reported on WHCRWA matters.

PUBLIC BEAUTIFICATION AND CONSERVATION

There was no discussion on this agenda item.

DISTRICT WEBSITE

There was no discussion on this agenda item.

ATTORNEY'S REPORT

Mr. Seale updated the Board on ongoing discussions with the apartment complex ownership group, Kroger, and Cy-Fair Independent School District regarding the force main replacement project.

DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on Wednesday, February 18, 2015 at 5:30 p.m. at ABHR. In addition, the Board concurred to hold a special

meeting to discuss budget matters on Monday, February 23, 2015 at Palio's Pizza in the District.

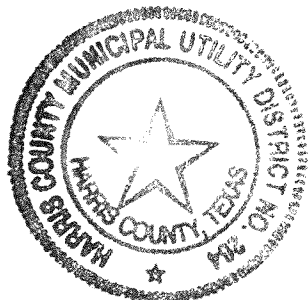
CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR SETTLEMENT OFFER

The Board did not convene in executive session.

There being no further business to come before the Board, the meeting was adjourned on the motion of Director Appelget, which was seconded by Director Brandman and carried by unanimous vote.

3.

(SEAL)



Dennise Hoffman
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
bookkeeper's report	2
tax assessor/collector's report	2
operations and maintenance report	3
regional sewage treatment plant report and testing results	3
engineer's report	3