

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

March 18, 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 18th day of March, 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 except Director Hoffman, thus constituting a quorum.

Also present at the meeting were Ryan Fortner of Wheeler & Associates, Inc.; Victor Saenz and Stephen Swindell of Jones & Carter, Inc. ("J&C"); Wendy Austin of District Data Services ("DDS"); Julia McCain of McCall Gibson Swedlund Barfoot PLLC ("McCall"); 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 February 18, 2015, regular meeting and the February 23, 2015, special meeting. After review and discussion, Director Winkler moved to approve both sets of minutes as presented. Director Brandman seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

There were no comments from the public.

ENGAGE AUDITOR

Ms. McCain reviewed a proposal to conduct the audit for the District's fiscal year ending March 31, 2015. After review and discussion, Director Winkler moved to approve and authorize execution of an engagement letter with McCall to conduct the audit for the District's fiscal year ending March 31, 2015, and direct that the letter be filed appropriately and retained in the District's official records. Director Nava seconded the motion, which passed 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 Winkler seconded the motion, which carried by unanimous vote.

ADOPT BUDGET FOR FISCAL YEAR ENDING MARCH 31, 2016

Ms. Austin presented and reviewed a proposed budget for the fiscal year ending March 31, 2016, a copy of which is included in the bookkeeper's report. Following review and discussion, Director Appelget moved to adopt the budget for fiscal year ending March 31, 2016. Director Nava seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Fortner presented and reviewed the tax assessor/collector's report, a copy of which is attached. He presented and reviewed the cash flow report and delinquent tax roll, copies of which are included in the tax assessor/collector's report. Mr. Fortner noted that 98.13% of the District's 2014 taxes have been collected to date. Following review and discussion, Director Brandman 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.

ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Seale presented and reviewed a Resolution Concerning Exemptions from Taxation, explaining that the optional exemptions include a general residential homestead exemption, an exemption for travel trailers, and a residential homestead exemption for individuals who are disabled or who are 65 years of age or older. After review and discussion, Director Brandman moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting a \$10,000 residential homestead exemption for individuals who are disabled or 65 years of age or older and rejecting the general homestead exemption and any exemption for travel trailers, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Nava seconded the motion, which passed 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 97.85% and updated the Board on maintenance and repairs conducted during the previous month.

Mr. Richmond recommended that five accounts with outstanding balances over \$25.00 be turned over to a collection agency and one account with an outstanding balance of less than \$25.00 be written off the District's accounts receivable ledger as uncollectible.

Mr. Richmond also updated the Board on the status of the survey and re-painting the District's fire hydrants, and discussed ST's plan to inspect manholes throughout the District to check for potential sources of debris in the wastewater system.

Following review and discussion, Director Nava moved to (1) approve the operator's report; (2) authorize ST to submit five accounts totaling \$820.52 to a collection agency; and (3) authorize ST to write off one account with an outstanding balance of \$8.80 from the District's accounts receivable ledger. Director Appelget seconded the motion, which passed unanimously.

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 Appelget seconded the motion, which passed by unanimous vote. A copy of the termination list is included in the operator's report.

APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

The Board concurred to table this agenda item until the April meeting.

CONDUCT ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board reviewed the District's current Amended and Restated Drought Contingency Plan and determined that no changes were needed at this time.

ENGINEERING MATTERS

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

Mr. Saenz updated the Board on the closed circuit television program related to the sanitary sewer rehabilitation project and requested Board execution of contract

documents submitted by CSI Consolidated, LLC d/b/a CleanServe, LLC ("CleanServe"), which were approved last month.

Mr. Saenz also reviewed the Capital Improvements Plan with the Board, a copy of which is included in the engineer's report.

Mr. Seale updated the Board on the District's bond application. He reported that the District has received the Staff Memorandum from the Texas Commission on Environmental Quality. Mr. Seale next updated the Board on the upcoming schedule of events pertaining to the District's bond sale. He requested that the Board authorize preparation of the Preliminary Official Statement and Official Notice of Sale and authorize the tax assessor/collector to request a Certificate of Assessed Value from the Harris County Appraisal District ("HCAD").

After review and discussion, Director Brandman moved to (1) approve the engineer's report; (2) authorize preparation of the Preliminary Official Statement and Official Notice of Sale for the District's Unlimited Tax Bonds, Series 2015; and (3) authorize the tax assessor/collector to request a Certificate of Assessed Value from HCAD. Director Winkler seconded the motion, which passed by unanimous vote

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("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

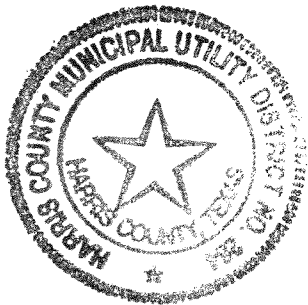
The Board concurred to hold its next regular meeting on April 15, 2015 at 5:30 p.m. at ABHR.

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 Nava, which was seconded by Director Brandman and carried by unanimous vote.

(SEAL)



Denrice Hoffman
Secretary, Board of Directors

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