

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

August 19, 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 19th day of August, 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 Ryan Fortner of Wheeler & Associates, Inc.; Stephen Swindell and Victor Saenz of Jones & Carter, Inc. ("J&C"); Wendy Austin of District Data Services Inc.; Bill Richmond of Severn Trent Services, Inc. ("ST"); and Robert A. Seale and Alyssa Ollwerther of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the July 15, 2015, regular meeting. Director Winkler stated that the minutes should be amended to reflect the Board's approval of the engineer's report. After review and discussion, Director Winkler moved to approve the minutes as amended. Director Nava seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

The Board did not receive any public comments.

FINANCIAL AND BOOKKEEPING MATTERS

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

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted its annual review of the District's Investment Policy dated August 17, 2011, and determined that no changes were needed. Mr. Seale presented and reviewed a Resolution Regarding Annual Review of Investment Policy, reflecting that no changes will be made to the current Investment Policy. After review and discussion, Director Winkler moved to adopt the Resolution Regarding Annual Review of Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which carried unanimously.

REVIEW, REVISE, AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Mr. Seale presented and reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. He noted that the District's bookkeeper provided the updated list of broker/dealers, which is attached as Exhibit A to the Resolution. After review and discussion, Director Winkler moved to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which carried 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 99.5% of the District's 2014 taxes have been collected to date. Following review and discussion, Director Winkler moved to approve the tax assessor/collector's report, including payment of the tax bills. Director Hoffman 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 98.06%, and updated the Board on maintenance and repairs conducted during the previous month.

Mr. Richmond recommended that one account with an outstanding balance of over \$25.00 be turned over to a collection agency and that two accounts be written off as uncollectible.

Following review and discussion, Director Nava moved to (1) approve the operator's report; (2) authorize ST to submit one account totaling \$43.34 to a collection agency; and (3) authorize ST to write off two accounts totaling \$23.81 as uncollectible. Director Hoffman 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 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 ("CCTV") program related to the sanitary sewer rehabilitation project. Mr. Swindell reported that the Phase One CCTV project is complete. He recommended Board approval of Pay Estimate No. 2 and Final from CleanServe, LLC, in the amount of \$10,784.12.

Mr. Swindell reported that the District received four bids on August 3, 2015, for the Phase Two CCTV project. He stated that the lowest bidder was CleanServe, LLC, with a bid in the amount of \$44,180.50. He added that J&C has past experience and work history with similar projects with CleanServe, LLC and therefore, recommends that the contract be awarded CleanServe, LLC, the lowest responsible bidder, in the initial contract amount of \$44,180.50. The Board concurred that in its judgment CleanServe, LLC was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Swindell distributed and reviewed results from a mechanical inspection of the District's water plant and remote water well site as well as an electrical inspection performed at both facilities. Mr. Swindell stated that J&C will coordinate with ST to

remove items that have already been performed from the cost estimate. Discussion ensued regarding the schedule for commencement of the repairs.

After review and discussion, Director Winkler moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 2 and Final in the amount of \$10,784.12 to CleanServe, LLC, for the CCTV Phase One project; and (3) award the contract for the CCTV Phase Two project to CleanServe, LLC, in the amount of \$44,180.50 and authorize Director Appelget to execute the contract following ABHR's review of bonds and insurance. Director Hoffman seconded the motion, which carried unanimously.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA") MATTERS

Director Appelget discussed WHCRWA matters.

PUBLIC BEAUTIFICATION AND CONSERVATION PROJECTS

There was no discussion on this agenda item.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Mr. Seale reported the District's insurance policies are due to expire on November 21, 2015, and requested the Board's direction on whether to solicit new proposals in addition to obtaining a renewal proposal from the District's current insurance provider, HARCO Insurance Services ("HARCO"). Following discussion, Director Hoffman moved to authorize ABHR to obtain a renewal proposal from HARCO. Director Brandman seconded the motion, which passed by unanimous vote.

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 September 16, 2015 at 5:30 p.m. at ABHR.

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 Appelget and carried by unanimous vote.

Donnice Hoffman
Secretary, Board of Directors

(SEAL)



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