

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

September 16, 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 16th day of September, 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 Nava, thus constituting a quorum.

Also present at the meeting were Thomas Mraz of HARCO Insurance Services ("HARCO"); Ryan Fortner of Wheeler & Associates, Inc.; Anthea Moran of First Southwest Company; 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 August 19, 2015, regular meeting. After review and discussion, Director Winkler moved to approve the minutes as amended. Director Brandman seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

The Board did not receive any public comments.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME IN ACCORDANCE WITH DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT

Mr. Seale stated as part of the District's continuing disclosure obligations, the District is required to file an annual report containing the District's audit on an annual basis with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System ("EMMA") pursuant to SEC Rule 15c2-12. Following review and

discussion, Director Winkler moved to approve the annual report and authorize ABHR to file the annual report through EMMA, and direct that the report be filed appropriately and retained in the District's official records. Director Brandman seconded the motion, which passed by unanimous vote.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Mr. Seale stated no changes are required at this time.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Mr. Mraz introduced himself to the Board and reviewed a proposal from HARCO for the District's insurance policies with the Texas Municipal League ("TML"). Following review and discussion, Director Winkler moved to approve the proposal presented by HARCO for the insurance policies with TML and direct that the proposal be filed appropriately and retained in the District's official records. Director Brandman 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 Winkler moved to approve the bookkeeper's report and payment of the bills. Director Brandman seconded the motion, which carried by unanimous vote.

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 99.63% 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 Brandman seconded the motion, which carried by unanimous vote.

2015 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board discussed the District's 2015 tax rate. Ms. Moran reviewed a tax rate analysis, a copy of which is attached. She recommended the Board consider levying \$0.11 per \$100 of assessed valuation for debt service. The Board discussed setting a \$0.25 per \$100 of assessed valuation for maintenance and operations. After review and discussion, Director Winkler moved to set a public hearing for adoption of a total tax

rate of \$0.36 per \$100 of assessed valuation on October 21, 2015, at 5:30 p.m. and to authorize the tax assessor/collector to publish notice of the hearing regarding adoption of the \$0.36 total tax rate, consisting of a \$0.11 debt service tax rate and a \$0.25 operation and maintenance tax rate. Director Brandman seconded the motion, which carried unanimously.

ADOPT RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTORS
ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT

The Board took no action on this agenda item.

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 96.85%, 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.

Mr. Richmond stated that the operator for Harris County Municipal Utility District No. 144 ("MUD 144") opened the emergency interconnect for testing. He added that the emergency interconnect was not closed properly by MUD 144 and remained open for approximately six weeks, resulting in the District receiving approximately 13,784,000 gallons of water from MUD 144. The Board directed ST to communicate with operators of neighboring Districts during the testing of interconnect waterlines and to confirm all interconnect valves are properly closed when testing is completed.

Mr. Richmond reported that a tap line was broken at 17430 Hamilwood Drive by Burns Landscaping. He stated that ST has repaired the broken tap line and will be invoicing Burns Landscaping for the cost of the repairs.

Mr. Richmond also reported that the lift station lift pump is being evaluated for repair. He added that either the cable or the pump is damaged. Mr. Richmond stated ST is currently evaluating whether the pump needs internal work or the cable needs to be replaced. He added that ST will be submitting a claim for the pump to TML if the pump is damaged.

Mr. Richmond stated that the District was named in a Facebook posting regarding the cost of current water bills. Discussion ensued. The Board concurred to take no action.

Following review and discussion, Director Hoffman moved to (1) approve the operator's report; and (2) authorize ST to submit one account totaling \$114.76 to a collection agency. Director Brandman 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 Hoffman 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 Brandman seconded the motion, which passed by unanimous vote. A copy of the termination list is included in the operator's report.

ENGINEERING MATTERS

Mr. Saenz 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. Saenz presented the Phase Two CCTV contract for Board execution. Mr. Swindell noted that the Board had previously approved the execution of the contract with CleanServe, LLC, at the last Board meeting.

Mr. Saenz reviewed preliminary cost estimates for the recommended and non-critical items for the water plant rehabilitation. He stated that depending upon the results of the Phase Two CCTV project, some of these items could be included with the proposed water plant ground storage tank roof replacement project.

After review and discussion, Director Hoffman moved to approve the engineer's report. Director Winkler 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.

DISTRICT WEBSITE

Director Appelget stated that the District website had been hacked but the site has been restored. Director Appelget requested Board approval of a \$40 invoice from Karthost for the website repair. After discussion, Director Hoffman moved to approve the invoice submitted by Karthost in the amount of \$40 for the website repair. Director Brandman seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

Mr. Seale updated the Board on ongoing discussions with the apartment complex ownership group, Kroger, and Cy-Fair Independent School District ("Cy-Fair ISD") regarding the force main replacement project. He requested authorization to send a draft First Amendment to Water, Sewer and Drainage Services Contract between the District and Cy-Fair ISD to Cy-Fair ISD for review and comment. After discussion, Director Winkler moved to authorize ABHR to transmit the First Amendment to Water, Sewer and Drainage Services Contract to Cy-Fair ISD for review and comment. Director Hoffman seconded the motion, which carried unanimously.

DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on October 21, 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 Appelget, which was seconded by Director Winkler and carried by unanimous vote.

(SEAL)



Donnie Hoffman
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	2
Tax assessor/collector's report	2
Tax rate analysis.....	2
Operations and maintenance report	3
Regional sewage treatment plant report and testing results	3
Engineer's report.....	4