

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

November 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 November, 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 October 21, 2015, regular meeting. After review and discussion, Director Brandman moved to approve the minutes as presented. Director Winkler seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

Director Brandman updated the Board on proposed development outside of the District.

FINANCIAL AND BOOKKEEPING MATTERS

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

Ms. Austin stated that the District's Certificate of Deposit ("CD") with Central Bank is scheduled to expire at the end of November. After discussion, the Board concurred that the CD with Central Bank should not be renewed. Ms. Austin stated that she will instruct Central Bank to wire the funds into the District's account at TexPool.

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 0% of the District's 2015 taxes has 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 Appelget 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 98.09% and updated the Board on maintenance and repairs conducted during the previous month.

Mr. Richmond reviewed correspondence from Lisa Magee, a resident of the District, stating that she requested an adjustment to her October water bill. After review and discussion, the Board concurred to deny the request.

The Board discussed the upcoming increase in the fees charged to the District by the West Harris County Regional Water Authority ("WHCRWA"). After discussion, Director Winkler moved to adopt and authorize execution of an Amended Rate Order, reflecting a reduction in the WHCRWA surface water fee the District charges its customers from 115% of the WHCRWA surface water fee per 1,000 gallons of water delivered to 105% of the WHCRWA surface water fee per 1,000 gallons of water delivered, with an effective date of January 1, 2016, and direct that the Amended Rate Order be filed appropriately and retained in the District's official records. Director Appelget seconded the motion, which carried unanimously, with the exception of Director Brandman, who abstained from voting.

Mr. Richmond updated the Board regarding the water received by the District after the testing of the emergency interconnect by the operator for Harris County Municipal Utility District No. 144 ("MUD 144"). He distributed and reviewed an invoice submitted by MUD 144, reflecting the same rate per thousand gallons that the WHCRWA uses to bill its customers for surface water. After review and discussion, Director Winkler moved to authorize payment to MUD 144, in the amount of \$49,600.25

for 20,245,000 gallons of water at a rate of \$2.45 per thousand gallons. Director Hoffman seconded the motion, which carried unanimously.

Mr. Richmond updated the Board regarding the broken tap line at 17430 Hamilwood Drive. He stated that ST invoiced Burns Landscaping in the amount of \$2,788.78 for the cost of the repairs. He added that he has not received a response or payment from the contractor.

Mr. Richmond updated the Board on an electrical system issue that caused a local lockout for the District's water well. He reported that the wire that had burned out has been replaced.

Following review and discussion, Director Nava moved to approve the operator's report. 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. He reported that J&C reviewed video footage of the Phase 2 cleaning and televising and did not see any major issues. He added that J&C is working with the contractor and operator to locate some missing manholes. Mr. Swindell recommended approval of Pay Estimate No. 1 in the amount of \$12,277.61 payable to CSI Consolidated, LLC. Mr. Swindell requested authorization to meet with Directors Nava and Brandman prior to the next meeting to discuss the results of the CCTV, anticipated rehabilitation costs, and additional items from the water plant inspection to include with the ground storage tank roof replacement project.

Mr. Swindell discussed the water plant rehabilitation and stated that depending upon the results of the Phase 2 CCTV, some of the items from the water plant inspection

will be included with the proposed water plant ground storage tank roof replacement project.

Mr. Swindell updated the Board on a field meeting with the apartment complex ownership group on November 5 to discuss the force main project. He reported that the complex representatives indicated that they would like J&C to evaluate construction options that will be more expensive than those proposed, but which would affect the residents of the apartment complex less. He added that J&C is in the process of reviewing these alternatives and will present them at the December meeting.

Mr. Swindell reviewed a project design schedule for the force main project, a copy of which is included in the engineer's report. Discussion ensued regarding the schedule and the different types of construction techniques for the force main project.

After review and discussion, Director Hoffman moved to (1) approve the engineer's report; and (2) approve Pay Estimate No. 1 in the amount of \$12,277.61 payable to CSI Consolidated, LLC, based upon the recommendation of the engineer. Director Nava seconded the motion, which carried unanimously.

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

Director Appelget reported on WHCRWA matters.

PUBLIC BEAUTIFICATION AND CONSERVATION PROJECTS

There was no discussion on this agenda item.

DISTRICT WEBSITE

Director Appelget stated that the contract with Karthost has been renewed for a one-year term, beginning December 1, 2015.

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. Mr. Seale stated that he has been in contact with a representative from Kroger regarding the draft agreement. He stated that he has been corresponding with Cy-Fair ISD, as well.

Mr. Seale asked for the Board's direction regarding a May 2016 bond election. After discussion, the Board concurred to not hold a bond election in May.

DISTRICT MEETING SCHEDULE

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

(SEAL)



Donnice Hoffman
Secretary, Board of Directors

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