

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

December 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 December, 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.; 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 November 18, 2015, regular meeting. After review and discussion, Director Appelget moved to approve the minutes, with the addition of one revision suggested by Director Winkler. Director Nava seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

The Board did not receive any public comments.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the upcoming Association of Water Board Directors winter conference. After discussion, Director Brandman moved to authorize for directors attending the conference up to two per diems, one night's hotel accommodations, and reimbursement of any meals not sponsored by the conference. Director Winkler 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.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Arce 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. Arce noted that 5.66% of the District's 2015 taxes has been collected to date. Following review and discussion, Director Nava 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.

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 99.93% and updated the Board on maintenance and repairs conducted during the previous month.

Mr. Richmond updated the Board on the status of an outstanding invoice with Burns Landscaping. After review and discussion, the Board concurred to authorize ST to send a reminder notice to Burns Landscaping.

Director Brandman requested more information on the liquid ammonia sulfate pump located at the water plant. Mr. Swindell stated that he would gather more information and report back at the next Board meeting.

Director Brandman inquired about varying sample results from the Harris County Municipal Utility District No. 70 sewage plant. Mr. Richmond discussed the ways in which the samples may have been collected, which could potentially cause such a variance.

Following review and discussion, Director Nava moved to (1) approve the operator's report; and (2) authorize ST to submit four accounts totaling \$935.46 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 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 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. 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. He added that J&C has drafted a cost estimate to perform rehabilitation on the sanitary sewer in an amount of \$200,000. Mr. Swindell stated that the amount budgeted in the bond application was \$820,000. Mr. Swindell reviewed a potential revised summary of construction costs for which bond proceeds might be expended, a copy of which included in the engineer's report, to account for the change in the cost of the project.

Mr. Swindell stated that the last water plant inspection was performed in November 2014. He requested authorization to perform an inspection of the facilities, including draining both of the hydro tanks, for an approximate cost of \$1,800.

Mr. Swindell updated the Board on the force main project. He stated that J&C reviewed alternative construction methods with the apartment complex ownership group and updated the previous cost estimate. Mr. Swindell stated that J&C will determine the best method for the District, taking into account the construction methods and applicability, and present finalized project design in January.

After review and discussion, Director Hoffman moved to (1) approve the engineer's report; and (2) authorize J&C to perform an inspection of the water plant in the amount of \$1,800. 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

There was no discussion on this agenda item.

ATTORNEY'S REPORT

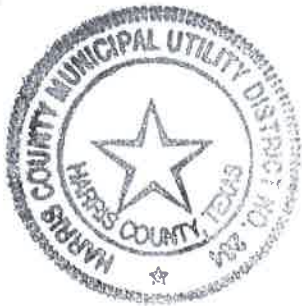
Mr. Seale updated the Board on ongoing discussions with the apartment complex ownership group, Kroger Texas, L.P. ("Kroger"), and Cypress-Fairbanks Independent School District ("Cy-Fair ISD") regarding the force main replacement project. He reviewed an Agreement regarding Force Main Construction Project with Kroger. Next, Mr. Seale reviewed the First Amendment to Water, Sewer, and Drainage Services Contract with Cy-Fair ISD. After review and discussion, Director Hoffman moved to approve and authorize execution of the Agreement Regarding Force Main Construction Project with Kroger, and the First Amendment to Water, Sewer, and Drainage Services Contract with Cy-Fair ISD and direct that the Agreement and First Amendment be filed appropriately and retained in the District's official records. Director Winkler seconded the motion, which carried unanimously. Mr. Seale stated that he and Mr. Swindell have a conference call with the apartment complex ownership group on December 17, 2015.

DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on January 20, 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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