

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

February 17, 2016

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 17th day of February, 2016, 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 Winkler, 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 January 20, 2016, regular meeting. After review and discussion, Director Nava moved to approve the minutes, with the addition of one revision suggested by Director Brandman. Director Brandman seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

The Board did not receive any public comments.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT SUMMER CONFERENCE

The Board discussed the AWBD winter conference. Ms. Austin noted the expenses were submitted in accordance with the District's travel guidelines. After review and discussion, Director Brandman moved to approve reimbursement of eligible expenses for the winter conference and authorize all interested Directors to attend the

AWBD summer conference. Director Hoffman seconded the motion, which passed unanimously.

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 Hoffman seconded the motion, which carried by unanimous vote.

BUDGET FOR FISCAL YEAR END MARCH 31, 2017

The Board concurred to hold a special meeting on February 29, 2016, to discuss the budget for fiscal year ending March 31, 2017.

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 97.30% of the District's 2015 taxes have 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 Nava 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 97.32% and updated the Board on maintenance and repairs conducted during the previous month.

Mr. Richmond stated that booster pump check valve nos. 1 and 4 need to be replaced for a total estimated cost of \$7,600. After discussion, the Board concurred to authorize ST To replace the check valves and to further authorize Director Appelget to approve additional valve work in an amount not to exceed \$10,000, should additional valve work be needed prior to the Board's next regular meeting.

Mr. Richmond reported that the two defective water plant hydro-pneumatic tank isolation valves were replaced on January 14 and January 15 and stated that the water plant was back online on January 22. Discussion ensued regarding the length of time the plant was down.

Mr. Richmond reported that lift station pump no. 3 is currently in the repair shop and expects that it may take two to four weeks to complete the repairs.

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

Mr. Richmond next reviewed two customer requests: (i) correspondence from Mr. Lurie requesting that the Board grant a credit for water he claimed to have not used; and (ii) correspondence from Mr. and Mrs. Arnold stating that they had a leak and requesting a 2,000 gallon credit on their next water bill.

Mr. Richmond reviewed correspondence from the West Harris County Regional Water Authority ("WHCRWA") regarding the cost of water and stated that ST could add the insert to the next water bill.

Following review and discussion, Director Hoffman moved to (1) approve the operator's report; (2) authorize ST to submit two accounts totaling \$56.63 to a collection agency and write off one account with an outstanding balance of \$8.63 to be written off the District's accounts receivable ledger as uncollectible; (3) deny the requests of Mr. Lurie and Mr. and Mrs. Arnold; and (4) authorize ST to add the WHCRWA insert to the next water bill. Director Nava seconded the motion, which passed unanimously.

Mr. Richmond updated the Board on the damaged fire hydrant which was hit by a vehicle last month. He stated that he submitted the claim to the driver's insurance company, Progressive, and reported that the insurance company has denied the claim and will be sending ST a denial letter. The Board directed Mr. Richmond to send an invoice to the owner of the vehicle.

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

Mr. Saenz updated the Board on the closed circuit television ("CCTV") program related to the sanitary sewer rehabilitation project. He stated that a cost estimate to perform rehabilitation on the sanitary sewer remains at an amount of \$200,000. He added that J&C has initiated the design work for the project.

Mr. Saenz updated the Board on the water plant inspection. He stated that the inspection is complete and J&C is preparing a report to present at the March meeting.

Mr. Saenz updated the Board on the force main project. He stated that J&C is continuing to design the force main project. He added that J&C will submit the design plans for agency review by the end of the week. Mr. Saenz stated that pipe bursting and open-cut construction are the construction methods that are being used in the design work of the project. He stated that J&C is continuing to work on the contract documents to ensure timely completion of the construction adjacent to Cypress-Fairbanks Independent School District Facilities. He added that J&C prepared a tracking chart for the project, a copy of which is included in the engineer's report.

Mr. Saenz updated the Board on the projects that will be financed with the reallocated funds from bond application no. 6 and reviewed the timing for the following projects: (i) sanitary sewer rehabilitation; (ii) ground storage tank no. 1 replacement; (iii) water plant motor control center replacement; and (iv) lift station motor control replacement.

After review and discussion, Director Hoffman moved to approve the engineer's report. Director Brandman seconded the motion, which carried unanimously.

WHCRWA MATTERS

Director Appelget reported on WHCRWA matters.

PUBLIC BEAUTIFICATION AND CONSERVATION PROJECTS

There was no discussion on this agenda item.

DISTRICT WEBSITE

Directors Appelget and Nava updated the Board on District website matters.

ATTORNEY'S REPORT

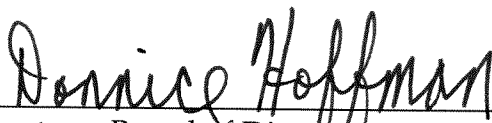
Mr. Seale updated the Board on ongoing discussions with the apartment complex ownership group regarding the force main replacement project. He stated that he had sent the Agreement Regarding Force Main Construction Project with apartment ownership group to Director Brandman, Director Winkler, and Mr. Swindell for review

and comment, and will be submitting the Agreement to the apartment ownership group by the end of the week.

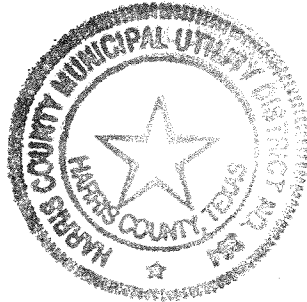
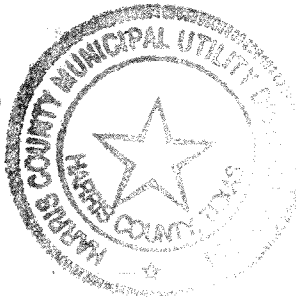
DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on March 16, 2016, at 4:30 p.m. at ABHR. In addition, the Board concurred to hold a special meeting to discuss the 2017 budget on Monday, February 29, 2016, at 6:00 p.m. at Palio's Pizza in the District.

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.


Secretary, Board of Directors

(SEAL)



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