

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

April 20, 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 20th day of April, 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. Director Winkler participated in the meeting via teleconference.

Also present at the meeting were 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 March 16, 2016, regular meeting. The Board discussed an amendment to the minutes regarding the additional investigative costs associated with the replacement of ground storage tank no. 1. After review and discussion, Director Brandman moved to approve the minutes as amended. Director Hoffman 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 Nava seconded the motion, which carried by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

The Board reviewed the tax assessor/collector's report, a copy of which is attached. Following review and discussion, Director Brandman 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 95.5% and updated the Board on maintenance and repairs conducted during the previous month.

Mr. Richmond reported that lift station pump no. 3 is back in service and that the repair to this pump concludes the repairs to all the lift station pumps.

Mr. Richmond stated that booster pump isolation valves no. 1 and no. 4 will need to be replaced as ST was unable to replace the check valves for each. He added that ST is coordinating the excavations for the valve replacements.

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

Following review and discussion, Director Nava moved to (1) approve the operator's report; and (2) authorize ST to submit three accounts totaling \$387.07 to a collection agency and to write off one account with an outstanding balance of \$12.31 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.

CONDUCT ANNUAL REVIEW AND RECEIVE REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM AND ADOPT IDENTITY THEFT PREVENTION PROGRAM AMENDMENT

Mr. Seale stated that the District's Identity Theft Prevention Program (the "Program") requires ST to provide an annual written report evaluating the effectiveness of the Program, significant instances of identity theft detection, and any recommendations regarding changes to the Program. Mr. Richmond distributed and reviewed a report on the District's Program, a copy of which is attached. He stated that the report indicates no significant incidents of identity theft detection and recommends no changes to the Program. The Board concurred that it was not necessary to adopt a Program amendment. After review and discussion, Director Hoffman moved to approve the report on the District's Program. Director Nava seconded the motion, which passed unanimously.

APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Richmond reviewed the annual report on implementation of the District's Water Conservation Plan with the Board. After review and discussion, Director Nava moved to approve the annual report on implementation of the Water Conservation Plan and direct that the report be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which passed by unanimous vote.

APPROVE AND AUTHORIZE OPERATOR TO FILE WATER LOSS AUDIT

Mr. Richmond discussed the requirement for the District to prepare a water loss audit every five years. He requested authorization for ST to prepare and file the District's five-year water loss audit. After review and discussion, Director Nava moved to authorize the operator to prepare and file the District's water loss audit with the Texas Water Development Board and direct that the audit be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which passed by unanimous vote.

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.

ENGINEERING MATTERS

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

Mr. Swindell updated the Board on the force main project. He stated that J&C met with the City of Houston (the "City") to discuss some of their comments. He stated that, with the exception of a letter from the engineer justifying the project, and the need for an access road, all other comments were resolved. He added that the request for an access road has changed into a requirement that either (i) the encroachments are not shown on the plans; or (ii) encroachment agreements are signed by all landowners with permanent features which encroach on the easement.

Mr. Swindell updated the Board on the ground storage tank no. 1 replacement and stated that the plans and specifications are at the 75% stage and will go to constructability review this week. He added that the revised plans will go to the City and Harris County for review in the first week of May. Mr. Swindell next updated the Board on the water plant motor control center replacement, lift station motor control replacement, and remote well control center replacement. He stated that the plans and specifications are at the 75% stage and will go to constructability review during the second week of May and will be submitted to the City for review shortly thereafter. He added that the anticipated advertisement date is mid-September.

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

ATTORNEY'S REPORT

Mr. Seale reported that he is continuing to work with the apartment complex ownership group regarding an agreement for the force main replacement project.

DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on May 18, 2016, at 5:30 p.m. at ABHR.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

The Board concurred to convene in executive session to conduct a private consultation with attorney to discuss pending or contemplated litigation, or a settlement offer pursuant to Section 551.071 of the Texas Government Code. The Board convened in executive session at 6:32 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:16 p.m., the Board reconvened in open session.

After review and discussion, Director Hoffman moved to authorize preparation and execution of: (i) a consent to encroachment with Kroger, (ii) a consent to encroachment with the apartment group, and (iii) a temporary construction easement with the apartment ownership group, all subject to final review and approval of ABHR. Director Appelget seconded the motion, which passed unanimously.

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



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