

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

September 21, 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 21st day of September, 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, thus constituting a quorum.

Also present at the meeting were Anthea Moran of FirstSouthwest, a Division of Hilltop Securities; Shannon Waugh of Off Cinco; Stephen Swindell and Victor Saenz of Jones & Carter, Inc. ("J&C"); Lynnette Tujague of District Data Services Inc.; Ryan Fortner of Wheeler & Associates, Inc.; Teri Laguarda 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 17, 2016, regular meeting and the August 19, 2016, special meeting. After review and discussion, Director Brandman moved to approve both sets of minutes as presented. Director Nava seconded the motion, which passed by unanimous vote with the exception of Director Winkler, who abstained from voting.

PUBLIC COMMENTS

The Board did not receive any public comments.

DISCUSSION OF DISTRICT OUTREACH AND COMMUNITY RELATIONS

The Board discussed holding a town hall in the District in early 2017. After discussion, the Board requested that Ms. Ollwerther contact the Copperfield Community Center regarding availability on the evenings of January 25, January 26, and February 1.

## PUBLIC BEAUTIFICATION AND WATER CONSERVATION

Director Brandman discussed a request from the Westcreek Village Homeowners Association potential for the District funding of certain landscaping projects.

## 2016 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board discussed the District's 2016 tax rate. Ms. Moran reviewed a tax rate analysis, a copy of which is attached. She recommended the Board consider levying \$0.115 per \$100 of assessed valuation for debt service. The Board discussed setting a \$0.235 per \$100 of assessed valuation for maintenance and operations. After review and discussion, Director Brandman moved to set a public hearing for adoption of a total tax rate of \$0.35 per \$100 of assessed valuation on October 19, 2016, at 5:30 p.m. and to authorize the tax assessor/collector to publish notice of the hearing regarding adoption of the \$0.35 total tax rate, consisting of a \$0.115 debt service tax rate and a \$0.235 operation and maintenance tax rate. Director Winkler seconded the motion, which carried unanimously.

## DISTRICT WEBSITE MATTERS

Ms. Waugh reviewed the District's current website and responded to Board members' questions.

## RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal from HARCO for the District's insurance policies with the Texas Municipal League ("TML"). Following review and discussion, Director Brandman 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 Nava seconded the motion, which passed by unanimous vote.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Tujague 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 Brandman seconded the motion, which carried by unanimous vote.

## TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Fortner reviewed the tax assessor/collector's report, a copy of which is attached, which reflects that 99.56% of the District's 2015 taxes have been collected as of August 31, 2016. 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

Ms. Laguarda presented and reviewed the operations and maintenance report and the regional sewage treatment plant report and testing results, copies of which are attached. She reported that the water accountability for the past month was 98.31% and updated the Board on maintenance and repairs conducted during the previous month.

Ms. Laguarda reviewed a revised fire hydrant survey with the Board. After discussion, the Board directed ST and J&C to determine the District's whether the suggested fire hydrant repairs are technically required.

Ms. Laguarda recommended that one account with an outstanding balance of over \$25.00 be turned over to a collection agency.

Following review and discussion, Director Nava moved to (1) approve the operator's report; and (2) authorize ST to submit one account totaling \$354.05 to a collection agency. Director Winkler 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. Ms. Laguarda 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.

## WHCRWA MATTERS

The Board did not receive a report on WHCRWA matters.

## 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 received approval from the City of Houston (the "City") and the signatures are valid for one year. He added that J&C will submit the plans to Harris County for signature next week after they are scanned by the City. Mr. Swindell stated that Kinder Morgan has confirmed that the District does not need to secure an encroachment agreement at the southern end of the alignment. He stated that they are working with Kinder Morgan to coordinate construction access to the site along their easement northwest of the apartment complex.

Mr. Swindell updated the Board on the ground storage tank replacement. He presented the contracts with W. W. Payton Corporation for Board signature. Director Brandman suggest that ST notify residents near the water plant of the project by hanging door tags, an also suggested that a notice should be posted on the District's website.

Mr. Swindell reported that J&C received three bids on September 16, 2016, for the motor control center ("MCC") replacements. He stated that the lowest bidder was MM&I. The Board concurred to proceed with the base items only, and Mr. Swindell recommended that the Board award the contract to MM&I in the original contract amount of \$420,000. The Board concurred that in its judgment MM&I was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Swindell stated that the Change in Scope application is currently under technical review.

Mr. Swindell reviewed an updated schedule for the bond projects, a copy of which is included in the engineer's report.

Mr. Swindell reviewed an updated budget overview for bond projects, a copy of which is included in the engineer's report.

Mr. Swindell requested Board authorization to coordinate with Harris County Municipal Utility District No. 70 ("HC MUD 70") regarding plans and projects at the wastewater treatment plant on a time and materials basis.

After review and discussion, Director Brandman moved to (1) approve the engineer's report; (2) award the contract for the MCC replacements to MM&I in the amount of \$420,000, based upon the engineer's recommendation, pending review of bonds and insurance; (3) authorize ST to place door tags at residences in the vicinity of the water plant notifying them of the grand storage tank replacement project; and (4) authorize Mr. Swindell to coordinate with MUD 70's engineer regarding plans and projects at the wastewater treatment plant. Director Nava seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

Mr. Seale updated the Board on ongoing discussions with the apartment complex ownership group regarding the force main replacement project.

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 a 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 Hoffman 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 Winkler 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.

DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on October 19, 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 did not convene in executive session.

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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