

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

October 19, 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 19th day of October, 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 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 Laguarta 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 September 21, 2016, regular meeting. After review and discussion, Director Brandman moved to approve the minutes, as revised by Director Winkler. Director Winkler seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

The Board did not receive any public comments.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Tujague presented and reviewed the bookkeeper's report, a copy of which is attached. After review and discussion, Director Winkler 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 September 30, 2016. Following review and discussion, Director Brandman moved to approve the tax assessor/collector's report, including payment of the tax bills. Director Winkler 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 95.40% and updated the Board on maintenance and repairs conducted during the previous month.

Ms. Laguarda stated that the protective bulletin board in which the District's agendas are posted at the lift station had fallen and broken and recommended that the bulletin board be replaced. Ms. Laguarda reviewed replacement options with the Board.

Ms. Laguarda reviewed a revised fire hydrant survey with the Board. She reported that there are 56 fire hydrants that ST recommends repairing and/or raising. She recommended that the Board authorize ST to repair and/or raise the fire hydrants in four quarterly increments, in order of priority.

Ms. Laguarda recommended that three accounts with outstanding balances over \$25.00 be turned over to a collection agency, and that two accounts with outstanding balances under \$25.00 be written off as uncollectible.

Following review and discussion, Director Nava moved to (1) approve the operator's report; (2) authorize ST to replace and install the protective bulletin board at the lift station, in the amount of \$484.99; (3) authorize ST to make repairs to fire hydrants in the District as recommended; (4) defer any action regarding raising fire hydrants in the District as recommended, direct ST to explore landscaping around such hydrants as an option, and further direct ST to revise the hydrant survey accordingly; (5) authorize ST to submit three accounts totaling \$173.01 to a collection agency; and (6) authorize ST to write off two accounts totaling \$9.45 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. 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 Brandman seconded the motion, which passed by unanimous vote.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Mr. Fortner stated that Wheeler & Associates, Inc., published a Notice of Public Hearing stating that the District anticipates levying a total tax rate of \$0.35 per \$100 of assessed valuation at this meeting.

Director Appelget then opened the public hearing. No members of the public came forward to make comments. Director Appelget then closed the public hearing.

Mr. Seale presented to the Board an Order Levying Taxes for 2016 reflecting a total tax rate of \$0.35 per \$100 of assessed valuation, comprised of \$0.115 for debt service and \$0.235 for operations and maintenance. Mr. Seale next presented to the Board an Amendment to Information Form reflecting the 2016 tax rate. After review and discussion, Director Hoffman moved to adopt the Order Levying Taxes as presented, approve and authorize execution of the Amendment to Information Form, and direct that the Order and the Amendment be filed appropriately and retained in the District's official records. Director Nava seconded the motion, which passed unanimously. The Board confirmed its intention that the 2016 tax levy includes a debt service component for the calendar year ending December 31, 2017, and a maintenance tax component for the fiscal year ending March 31, 2017.

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

Director Appelget reported on WHCRWA matters. The Board reviewed correspondence from the WHCRWA regarding notice of anticipated fees, a copy of which is attached.

ENGINEERING MATTERS

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

Mr. Swindell updated the Board on the ground storage tank replacement. He stated that J&C held a pre-construction meeting and that a Notice to Proceed was issued on September 29, 2016. He reported that prior to demolition, ST will coordinate with the contract to empty the ground storage tank, using the water in the distribution system. Mr. Swindell stated that CenterPoint has reduced the cost of the power relocation to approximately \$9,400. He reported that the power lines on site will still need to be removed and replaced, but CenterPoint's routing plans have changed. He

reviewed (i) a Facilities Extension Agreement between CenterPoint Energy Houston Electric, LLC, and the District; and (ii) a Service Outlet Location and Data Statement for Electric Service with CenterPoint Energy.

Mr. Swindell updated the Board on the motor control center ("MCC") replacements. He stated that the contract is still in the process of being reviewed by ABHR.

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

Mr. Swindell updated the Board on the force main project. He stated that J&C has received minor comments from Harris County (the "County") and will revise the plans and resubmit them to the County for signature next week. 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 J&C is working with Kinder Morgan to coordinate construction access to the site along their easement northwest of the apartment complex.

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

After review and discussion, Director Winkler moved to (1) approve the engineer's report; and (2) approve and authorize Director Appelget to execute the Facilities Extension Agreement and the Service Outlet Location and Data Statement for Electric Service, subject to final ABHR review and approval and receipt of a Form 1295. Director Nava seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

Mr. Seale reported on resident correspondence and further discussed the Kinder Morgan easements as they related to the force main replacement project.

PUBLIC BEAUTIFICATION AND WATER CONSERVATION

Director Brandman reviewed a letter from the Westcreek Village Community Association (the "Westcreek HOA") regarding a donation request from the Westcreek HOA for the financing of certain landscaping projects in the District, a copy of which is attached. Discussion ensued. After review and discussion, the Board concurred to attend the Westcreek HOA meeting on October 25, 2016, in order to discuss the landscaping projects with the Westcreek HOA Board of Directors.

DISCUSSION OF DISTRICT OUTREACH AND COMMUNITY RELATIONS

The Board discussed holding a town hall meeting in the District in early 2017.

DISTRICT WEBSITE MATTERS

Director Nava updated the Board on website matters.

DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on November 16, 2016, at 5:30 p.m. at ABHR and to hold its regular December meeting on December 14, 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.



Donnic Hoffman
Secretary, Board of Directors

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