

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

November 16, 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 16th day of November, 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"); Wendy Austin 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 October 19, 2016, regular meeting and October 25, 2016, special meeting. After review and discussion, Director Brandman moved to approve the minutes of the October 19, 2016 regular meeting, as amended, and the minutes of the October 25, 2016 special meeting, as presented. 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. Austin presented and reviewed the bookkeeper's report, a copy of which is attached. After review and discussion, Director Brandman 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

Mr. Fortner reviewed the tax assessor/collector's report, a copy of which is attached, which reflects that 0% of the District's 2016 taxes have been collected as of October 31, 2016. 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

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 95.06% and updated the Board on maintenance and repairs conducted during the previous month.

Ms. Laguarda updated the Board on the new protective bulletin board in which the District's agendas are posted at the lift station.

Ms. Laguarda stated that the air conditioning unit in the control room at the water plant needs to be replaced at a cost of approximately \$1,100.

Ms. Laguarda reported that all of the fire hydrants that could be repaired for \$150 or less have been repaired. She then reviewed a revised fire hydrant survey, which reflects that there are 53 fire hydrants remaining on the list that ST recommends to be raised. She reported that the recommended clearance for 8 of the remaining 53 hydrants can be achieved by landscaping around the hydrants, and that ST recommends raising 45 of the remaining 53 hydrants to achieve the recommended clearance. After review and discussion, the Board concurred to authorize ST to landscape around the 8 hydrants for which the recommended clearance can be achieved by landscaping, and defer any action on raising the remaining 45 hydrants, pending discussion between Directors Brandman and Winkler and the local fire department.

Ms. Laguarda recommended that two accounts with outstanding balances over \$25.00 be turned over to a collection agency.

Following review and discussion, Director Nava moved to (1) approve the operator's report; (2) authorize ST to replace the air conditioning unit at the water plant; and (3) authorize ST to submit two accounts totaling \$547.88 to a collection agency. 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 Hoffman seconded the motion, which passed by unanimous vote.

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 effective January 1, 2017, 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 demolition of the ground storage tank is complete. He reported that during demolition, the contractor disturbed a poly-tube which relays water level in the ground storage tank no. 2 to the water control center. Mr. Swindell stated that this created a false low water level reading and the plant controls shut down the distribution pumps. He added that J&C determined that the tube was in an unanticipated location and was temporarily relocated by ST to an area away from construction. He stated that the soil boring sample beneath the demolished tank was collected and that J&C expects that revised geotechnical report this week. Mr. Swindell stated that this will determine if the foundation design will need to be modified by the tank manufacturer. He reported that if the foundation design remains the same, J&C should receive the ground storage tank submittal in a couple of weeks. He added that construction is anticipated to resume in early December. Mr. Swindell reported that J&C has completed its final review of the District's agreement with CenterPoint Energy.

Mr. Swindell updated the Board on the motor control center ("MCC") replacements. He stated that a pre-construction meeting was held on November 3, 2016.

Mr. Swindell updated the Board on the Change in Scope application and stated that J&C has corresponded with the reviewer at the Texas Commission on Environmental Quality and expects to receive comments or approval in early December.

Mr. Swindell updated the Board on the force main project. He stated that J&C is continuing to address comments from Harris County and will submit the plans to CenterPoint Energy and AT&T this month for review. Mr. Swindell stated that J&C is continuing to work with Kinder Morgan to coordinate construction access to the site.

He reviewed critical dates for the force main project, which are outlined in the engineer's report.

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

Mr. Swindell discussed anticipated capital improvement plans to Harris County Municipal Utility District No. 70's regional wastewater treatment plant.

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

ATTORNEY'S REPORT

Mr. Seale reported on correspondence with the attorney for the apartment complex as it relates to the force main replacement project.

WATER CONSERVATION MATTERS

The Board discussed water conservation matters.

DISCUSSION OF DISTRICT OUTREACH AND COMMUNITY RELATIONS

The Board 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. After review and discussion, Director Nava moved to decline the Westcreek HOA donation request and direct Mr. Seale to draft a letter to the Westcreek HOA regarding same for the Board's review. Director Hoffman seconded the motion, which carried unanimously, with the exception of Director Brandman, who abstained from voting.

The Board discussed the Westcreek HOA meeting on October 25, 2016.

The Board discussed the town hall meeting scheduled for January 25, 2017. The Board authorized ST to place an insert about the town hall meeting in the December and January water bills. The Board also authorized Off Cinco to publish notice of the town hall meeting on the District website.

DISTRICT WEBSITE MATTERS

Director Brandman presented a list of suggested revisions to the District's website for the Board's consideration. After review and discussion, the Board concurred that the website should include: (i) updated contact information for ST; (ii) only the most recent Consumer Confidence Report; and (iii) only the most recent energy consumption report. The Board directed Ms. Ollwerther to provide such information and documentation to Off Cinco for posting on the website. The Board further

concurred to table discussion of any additional revisions to the District's website, and agreed that any additional suggested revisions and/or responses to Director Brandman's suggestions be e-mailed to Ms. Ollwerther prior to the next Board meeting.

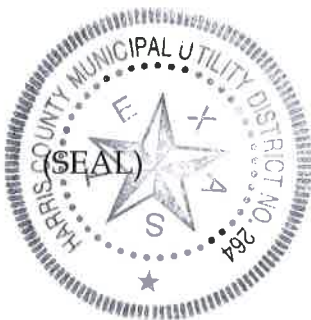
DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular 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.



Donnicc Hoffman
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

Bookkeeper's report	1
Tax assessor/collector's report	2
Operations and maintenance report	2
Regional sewage treatment plant report and testing results	2
Correspondence from the WHCRWA regarding notice of anticipated fees	3
Engineer's report.....	3