

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

February 15, 2017

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 15th day of February, 2017, 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 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 Laguarda of Severn Trent Services, Inc. ("ST"); and Robert A. Seale and Alyssa Ollwerther of Allen Boone Humphries Robinson LLP ("ABHR").

DISTRICT WEBSITE MATTERS

The Board discussed District website matters and agreed on a number of changes to be made to the website. Director Brandman stated he would send a list of the agreed-upon changes to ABHR for forwarding to Off-Cinco for implementation.

MINUTES

The Board considered approving the minutes of the January 18, 2017, regular meeting and the January 25, 2017, special meeting. After review and discussion, Director Hoffman moved to approve the two sets of minutes as presented. Director Nava 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 Nava 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 Brandman moved to approve the bookkeeper's report and payment of the bills. Director Nava seconded the motion, which carried by unanimous vote.

Director Brandman updated the Board on correspondence with the District's energy broker and stated that CenterPoint Energy ("CenterPoint") is performing an internal audit and will be testing its meters for accuracy.

BUDGET FOR FISCAL YEAR END MARCH 31, 2018

The Board reaffirmed its plan to hold a special budget workshop meeting on March 6, 2017.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Fortner reviewed the tax assessor/collector's report, a copy of which is attached, which reflects that 96.37% of the District's 2016 taxes have been collected as of January 31, 2017. Following review and discussion, Director Brandman moved to approve the tax assessor/collector's report, including payment of the tax bills. Director Hoffman seconded the motion, which carried by unanimous vote.

OPERATOR'S REPORT

Ms. Laguarda presented and reviewed the operations and maintenance report and the sanitary sewer testing results, copies of which are attached. She reported that the water accountability for the past month was 99.08% and updated the Board on maintenance and repairs conducted during the previous month.

Ms. Laguarda reviewed the list of customers with sanitary sewer surcharges. She stated that she has been in contact with Cypress-Fairbanks Independent School District ("CFISD") regarding the sampling points on CFISD's sites.

Ms. Laguarda stated that lift pump no. 1 located at the District's lift station needs to be either repaired or replaced due to the motor on the lift pump burning out. She reviewed the costs associated with repairing the lift pump and replacing the lift pump. After discussion, the Board directed Ms. Laguarda to: (i) replace only the lift pump motor, if such a course of action is feasible and more cost-effective; (ii) alternatively, replace lift pump no. 1 in an amount not to exceed \$29,000; and (iii) in either case, submit a claim to the District's insurance company. The Board further requested that Ms. Laguarda forward the history of repairs and replacements, and the costs associated therewith, for all three lift pumps prior to the Board's March 6 budget meeting.

Ms. Laguarda recommended that one account with an outstanding balance 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 \$75.93 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.

ENGINEERING MATTERS

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

Mr. Swindell updated the Board on the progress of the construction of the ground storage tank no. 1 replacement. He stated that the variances found between the actual underground utilities and the recorded drawings for ground storage tank no. 1 have caused the contractor to re-route the duct bank connecting the control room to the liquid ammonia sulfate building. He stated that due to the change in construction, the water plant will not need to be on interconnect for as long as expected. He reviewed and recommended approval of Change Order No. 1, increasing the original contract

amount by \$12,000, for the changes related to the variances found with the conduits, payable to W.W. Payton Corporation.

Mr. Swindell stated that the water plant is currently on interconnect. He reported that CenterPoint will re-install a transformer for the new power pole. He added that the construction of the new ground storage tank will begin this week.

Mr. Swindell distributed a color selection chart for the new ground storage tank and recommended the color "summer" as it most closely resembles the existing paint scheme. A copy of the color selection chart is included in the engineer's report.

Mr. Swindell stated that there was a minor automotive accident between a subcontractor and a resident of the District. After discussion, Director Brandman requested that J&C follow up with the resident to ensure that the subcontractor will be paying for the appropriate damages.

Mr. Swindell updated the Board on the motor control center ("MCC") replacements and reported that the contractor completed the work at the pump station and contacted CenterPoint to reconnect the power. He reported that CenterPoint refused to connect power as there was no service disconnect upstream of the meter. Mr. Swindell reported that the contractor would install a service disconnect if CenterPoint will not restore the power without the additional disconnect, in the amount of \$9,500, and recommended that the Board approve the additional work. Mr. Swindell reported that MCC construction at the water plant will commence once J&C receives a submittal from GE.

Mr. Swindell requested authorization to perform the Texas Commission on Environmental Quality checklist inspection of the water plant, in the amount of \$700.

Mr. Swindell reported on the lift station rehabilitation and stated that J&C began preliminary design on the lift station repairs. Mr. Swindell requested Board authorization to solicit bids for the project.

Mr. Swindell reviewed a capital improvement plan for the District that extends to year 2031, a copy of which is included in the engineer's report.

Mr. Swindell updated the Board on the force main project and stated that J&C is preparing the technical specifications and contract documents. He reviewed critical dates for the project, as reflected in the engineer's report.

Mr. Swindell reviewed an amended rate schedule for the District's Professional Services Agreement with J&C. He requested Board approval of the new rates.

After review and discussion, Director Brandman moved to (1) approve the engineer's report; (2) approve Change Order No. 1, subject to receipt of the required Form 1295, increasing the original contract amount by \$12,000, payable to W.W. Payton

Corporation, for the construction of the ground storage tank no. 1 replacement; (3) approve the installation of a service disconnect in the amount of \$9,500, for the MCC replacements; (4) approve the water plant inspection, in the amount of \$700; (5) authorize J&C to solicit bids for the lift station rehabilitation project; and (6) approve the amended rate schedule for the District's Professional Services Agreement with J&C. Director Hoffman seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

Mr. Seale stated that the District is in receipt of the resignation of Director Winkler. After review and discussion, Director Hoffman moved to accept the resignation of Director Winkler and directed that the resignation be filed appropriately and retained in the District's official records. Director Nava seconded the motion, which carried unanimously.

The Board reviewed and discussed a preliminary schedule for a potential November 2017 bond election. After discussion, the Board concurred to hold a town hall meeting at Copeland Elementary School during the first two weeks of May, and an additional town hall meeting in the fall at a location to be determined in the future.

WATER CONSERVATION MATTERS

The Board took no action on this agenda item.

DISCUSSION OF DISTRICT OUTREACH AND COMMUNITY RELATIONS

The Board took no action on this agenda item.

DISTRICT MEETING SCHEDULE

The Board concurred to hold a special budget workshop meeting on March 6, 2017, at 6:00 p.m. at Palio's Pizza in the District, and its next regular meeting on March 15, 2017, at 5:30 p.m. at ABHR.

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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