

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

March 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 March, 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
Vacant	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Patty Rodriguez, resident of the District; 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 February 15, 2017, regular meeting and the March 6, 2017, special budget meeting. After review and discussion, Director Brandman moved to approve the two sets of minutes as presented. Director Hoffman seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

The Board did not receive any public comments.

APPOINT NEW DIRECTOR

The Board considered appointing a new director. Patty Rodriguez was introduced as a person both willing and qualified to serve on the Board of Directors. After discussion, Director Hoffman moved to appoint Ms. Rodriguez to the Board. The motion was seconded by Director Nava and carried by unanimous vote.

APPROVE SWORN STATEMENT, OFFICIAL BOND AND OATH OF OFFICE

The Board next considered approving the Sworn Statement, Oath of Office and Official Bond for Ms. Rodriguez. After discussion, Director Hoffman moved to approve

the Sworn Statement, Official Bond and Oath of Office for Ms. Rodriguez. Director Nava seconded the motion, which was approved by unanimous vote.

#### REORGANIZE THE BOARD AND ELECT OFFICERS

The Board next considered reorganization of the Board. After discussion, Director Hoffman moved that Director Rodriguez be appointed Assistant Secretary and that the remainder of the Board retain their current positions. Director Nava seconded the motion, which was approved by unanimous vote.

#### DISTRICT REGISTRATION FORM

The Board next considered authorizing the execution and filing of an updated District Registration Form with the Texas Commission on Environmental Quality ("TCEQ"). After discussion, Director Hoffman moved to authorize execution and filing of the updated District Registration Form. Director Nava seconded the motion, which was approved by unanimous vote.

#### DISCUSS OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Mr. Seale reviewed a Memorandum from ABHR regarding Open Meetings Act and Public Information Act Training Requirements. He reported that Texas law requires each elected or appointed public official to complete a course of training of not less than one and not more than two hours regarding the responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 551, Government Code.

#### CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE

Mr. Seale next reviewed Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest. He reviewed the forms adopted by the Texas Ethics Commission for making disclosures under Chapter 176 and noted that the forms are required to be filed with the records administrator for the District within seven days of a disclosable conflict arising. Mr. Seale explained that failure to make a disclosure required under Chapter 176 is a Class C misdemeanor. He encouraged the Board to contact ABHR if assistance is needed in determining whether a conflict requires disclosure or in making a required disclosure.

#### REVIEW LIST OF LOCAL GOVERNMENT OFFICIALS PURSUANT TO CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE

Mr. Seale reviewed an updated List of Local Government Officers for the District. After review and discussion, Director Hoffman moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed

appropriately and retained in the District's official records. Director Nava seconded the motion, which passed by unanimous vote.

#### AUTHORIZE AUDITOR TO CONDUCT AUDIT

The Board discussed authorizing McCall Gibson Swedlund Barfoot PLLC ("McCall") to conduct the audit for the District's fiscal year ending March 31, 2017. After review and discussion, Director Nava moved to authorize the auditor to conduct the audit for fiscal year ending March 31, 2017. Director Brandman seconded the motion, which passed by unanimous vote.

#### FINANCIAL AND BOOKKEEPING MATTERS

Mr. Swindell reviewed and recommended approval of: (i) Pay Estimate No.1, in the amount of \$373,095.00, payable to W.W. Payton Corporation, for the ground storage tank no. 1 replacement project; (ii) Pay Estimate No. 1, in the amount of \$65,700.00, payable to McDonald Municipal and Industrial for the motor control center ("MCC") replacement project; and (iii) Change Order No. 1, increasing the original MCC replacement contract amount by \$9,500.00, for the installation of a power pole and conduit as required by CenterPoint.

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached. After review and discussion, Director Hoffman moved to (1) approve Pay Estimate No. 1, in the amount of \$373,095.00, payable to W.W. Payton Corporation, for the ground storage tank no. 1 replacement project; (2) approve Pay Estimate No. 1, in the amount of \$65,700.00, payable to McDonald Municipal and Industrial for the MCC replacement project; (3) approve Change Order No. 1, increasing the original MCC replacement contract amount by \$9,500.00; and (4) approve the bookkeeper's report and payment of the bills. Director Nava seconded the motion, which carried by unanimous vote.

#### ADOPT BUDGET FOR FISCAL YEAR END MARCH 31, 2018

Ms. Austin presented and reviewed a proposed budget for the fiscal year ending March 31, 2018, a copy of which is included in the bookkeeper's report. Following review and discussion, Director Rodriguez moved to adopt the budget for fiscal year ending March 31, 2018 as revised. Director Brandman seconded the motion, which passed unanimously.

#### TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Fortner reviewed the tax assessor/collector's report, a copy of which is attached, which reflects that 97.02% of the District's 2016 taxes have been collected as of February 28, 2017. Following review and discussion, Director Rodriguez 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.

## ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered adopting a Resolution Concerning Exemptions from Taxation. Mr. Seale reviewed the Resolution which provides for a \$10,000 exemption for persons who are over 65 or disabled. After review and discussion, Director Nava moved to adopt the Resolution Concerning Exemptions from Taxation and direct that the Resolution be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which passed unanimously.

## 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 96.28% and updated the Board on maintenance and repairs conducted during the previous month.

Ms. Laguarda reviewed the list of customers with sanitary sewer surcharges.

Ms. Laguarda updated the Board on replacement of lift pump no. 1. She stated that she is working with J&C to determine the most cost-effective option for future lift pump replacements.

Ms. Laguarda stated that the gate valve on the well header discharge line needs to be replaced. She stated that it would cost approximately \$3,000.00 to replace the gate valve.

Ms. Laguarda recommended that five 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 submit five accounts totaling \$564.29 to a collection agency; and (3) authorize ST to replace the gate valve on the well header discharge line. 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.

APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

The Board deferred this item until the April Board meeting.

CONDUCT ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board reviewed the District's current Amended and Restated Drought Contingency Plan and determined that no changes were needed at this time.

JOINT WASTEWATER TREATMENT PLANT MATTERS

Director Nava reported on joint wastewater treatment plant matters.

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 contractor provided the schedule of values last week and that J&C has requested the detailed construction schedule. He reported that the contractor set the tank walls and completed the winding tract around the ground storage tank. He added that CenterPoint completed their work and power is available at the water plant and anticipates that the water plant will be online next week.

Mr. Swindell updated the Board on the MCC replacements and stated that CenterPoint completed its work at the lift station. He reported that the station is currently being powered by the old control panel in a temporary location while the new panel and wiring is being installed. Mr. Swindell anticipated that work will be completed at the lift station next week.

Mr. Swindell stated that the TCEQ checklist had been completed at the water plant. He reported that J&C planned for approximately \$200,000 of expenditures for the next three years in the capital improvement plan for re-coating ground storage tank no. 2 and touching-up the hydrotank, booster pumps, and above ground piping

Mr. Swindell discussed a capital improvement plan for the District and stated that J&C has incorporated more projects from the capital improvement plan for Harris County Municipal Utility District No. 70.

Mr. Swindell updated the Board on the force main project and stated that J&C held a pre-bid meeting with 12 contractors on March 9. He added that J&C will open bids the project on March 17. The Board discussed the possibility of holding a special meeting in the event that the low bidder is not qualified. After discussion, the Board concurred to hold a special meeting on March 22 at 5:30 p.m. at Palio's Pizza, if necessary.

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

#### ATTORNEY'S REPORT

Mr. Seale reviewed a tax rate impact study prepared by FirstSouthwest, a Division of Hilltop Securities. After discussion, the Board concurred to hold a town hall meeting at Copeland Elementary School, with backup meeting places of Holmsley Elementary School and/or Langham Creek High 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.

#### ADOPT RESOLUTION ESTABLISHING OFFICES AND OUT-OF-DISTRICT MEETING PLACES

Mr. Seale reviewed a Resolution Establishing Offices and Out-of-District Meeting Places with the Board. He stated that Resolution would add the following out-of-District locations as official meeting places: (1) the Katy offices of ST; (2) the Katy and Bellaire offices of J&C; (3) Holmsley Elementary School; and (4) Langham Creek High School. After review and discussion, Director Hoffman moved to approve and authorize execution of the Resolution Establishing Offices and Out-of-District Meeting Places and direct that the Resolution be filed appropriately and retained in the District's official records. Director Brandman seconded the motion, which passed unanimously.

#### WATER CONSERVATION MATTERS

There was no discussion on this agenda item.

#### DISTRICT WEBSITE MATTERS

The Board discussed District website matters and directed Ms. Ollwerther to contact Off Cinco to correct the time of regular District meetings.

#### DISCUSSION OF DISTRICT OUTREACH AND COMMUNITY RELATIONS

Director Brandman stated that the Westcreek Homeowners Association meeting is scheduled for April 26, 2017 at 7:15 p.m. at Copeland Elementary School.

DISTRICT MEETING SCHEDULE

The Board concurred to hold: (1) a special meeting on March 22, 2017, at 5:30 p.m. at Palio's Pizza to receive the engineer's recommendation of award for the contract for the force main project and tour District facilities, if necessary; (2) a special meeting on April 3, 2017 at 5:30 p.m. at Palio's Pizza to discuss the town hall meeting; (3) its next regular meeting on April 19, 2017, at 5:00 p.m. at ABHR; (4) a special meeting on April 26, 2017 to attend the Westcreek Homeowners Association meeting; and (5) a special town hall meeting in early May.

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.

  
~~Assistant~~ Secretary, Board of Directors



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