

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

May 17, 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 17th day of May, 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
Patty Rodriguez	Assistant Secretary

and all of the above were present except Directors Brandman and Rodriguez, 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").

JONES & CARTER ORGANIZATIONAL PRESENTATION

Mr. Swindell gave a presentation on the organization of J&C and responded to questions from the Board. No action was taken by the Board.

MINUTES

The Board considered approving the minutes of the April 19, 2017, regular meeting, the April 26, 2017, special meeting, and the May 8, 2017, special meeting. After review and discussion, Director Hoffman moved to approve the April 19, 2017, regular meeting minutes, the April 26, 2017, special meeting minutes, and the May 8, 2017, special meeting minutes as presented. Director Nava seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

The Board did not receive any public comments.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed fees of office and expenses in connection with the Association of Water Board Directors summer conference. After discussion and consideration of the District's Travel Reimbursement Guidelines, Director Nava moved to authorize up to three fees of office for attendance at the conference, up to three nights of lodging expense at the conference rate, and up to six meals, with reimbursement to be submitted in accordance with the District's Travel Reimbursement Guidelines. Director Hoffman seconded the motion, which carried unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Mr. Swindell reviewed and recommended approval of (1) Pay Estimate No. 3 in the amount of \$205,497.00, payable to W.W. Payton for the ground storage tank no. 1 replacement project; and (2) Pay Estimate No. 3 in the amount of \$16,987.50, payable to McDonald Municipal and Industrial for the motor control center ("MCC") replacement project.

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached. After review and discussion, Director Nava moved to (1) approve Pay Estimate No. 3 in the amount of \$205,497.00, payable to W.W. Payton, for the ground storage tank no. 1 replacement project; (2) approve Pay Estimate No. 3 in the amount of \$16,987.50, payable to McDonald Municipal and Industrial, for the MCC replacement project; and (3) approve the bookkeeper's report and payment of the bills. Director Hoffman 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 99.03% of the District's 2016 taxes have been collected as of April 30, 2017. Following review and discussion, Director Nava 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 100.12% 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. Laguarta recommended that three 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; and (2) authorize ST to submit three accounts totaling \$405.46 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. Laguarta 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

Ms. Laguarta reviewed the annual report on implementation of the District's Water Conservation Plan with the Board. After review and discussion, Director Nava moved to approve the annual report on implementation of the Water Conservation Plan and direct that the report be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which passed by unanimous vote.

APPROVE CONSUMER CONFIDENCE REPORT ("CCR") AND AUTHORIZE OPERATOR TO MAIL CCR AND FILE CERTIFICATE OF MAILING WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ")

Ms. Laguarta distributed and reviewed the District's CCR with the Board, a copy of which is included in the operator's report. After review and discussion, Director Nava made a motion to approve the CCR, authorize the operator to mail the CCR to the District's customers, file the certificate of mailing with the TCEQ, subject to ABHR final review, and direct that the CCR be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which passed by unanimous vote.

REVIEW CRITICAL LOAD SPREADSHEET FOR DISTRICT FACILITIES AND AUTHORIZE ANNUAL FILING

The Board reviewed the Critical Load Spreadsheet listing the District's facilities so that any updated information can be provided to the proper governmental

authorities to include in the critical load registry. The engineer, operator, and bookkeeper confirmed that the information on the Critical Load Spreadsheet is correct. After review and discussion, Director Nava moved to authorize annual filing of the Critical Load Spreadsheet and direct that the Spreadsheet be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which carried by unanimous vote.

JOINT WASTEWATER TREATMENT PLANT MATTERS

The Board took no action on this agenda item.

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

Director Appelget reported on WHCRWA matters, and noted that the WHCRWA will hold a MUD directors' outreach workshop on June 8, 2017.

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.

Mr. Swindell updated the Board on the MCC replacements and stated that service at the lift station has been transferred to the new MCC.

Mr. Swindell updated the Board on the progress of the sanitary sewer force main replacement project.

Mr. Swindell reviewed the results of a survey of the sidewalk panels in the District that include or are adjacent to the District's sanitary sewer manholes. He reminded the Board that the storm sewer manholes are owned by Harris County. Mr. Swindell recommended that seven sidewalk panels adjacent to the District's sanitary sewer manholes be replaced and nine sidewalk panels be leveled and estimated that the cost would total \$3,250.00.

After review and discussion, Director Nava moved to (1) approve the engineer's report; and (2) authorize J&C to solicit proposals for the replacement and leveling of sidewalk panels in the District that include or are adjacent to the District's sanitary sewer manholes. Director Hoffman seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

Mr. Seale reported on communications with Director Brandman regarding rollback elections, and stated he would forward that information to the other directors.

Mr. Seale reported on Director Brandman's request that ABHR compile a list of districts that have conducted bond and/or maintenance tax elections in the last five years. Mr. Swindell noted that J&C has received a similar request. After review and discussion, the Board concurred that neither ABHR nor J&C should compile such a list.

WATER CONSERVATION MATTERS

There was no discussion on this agenda item.

DISTRICT WEBSITE MATTERS

The Board discussed the District website and requested that ABHR direct Off Cinco to publish the PowerPoint presentation from the May 8, 2017, town hall meeting.

DISCUSSION OF DISTRICT OUTREACH AND COMMUNITY RELATIONS

The Board discussed the recent town hall meeting held on May 8, 2017.

ENGINEERING MATTERS (CONTINUED)

The Board discussed the District's capital improvement plan ("CIP") and requested that Mr. Swindell revise the CIP by removing any items that are either (i) already handled by ST as part of the District's ongoing maintenance program, or (ii) of such a character that it would be more appropriate to include them in the District's ongoing maintenance program.


The Board requested additional information regarding potential financing options for the items included in the District's CIP, including water and sewer rates, maintenance and operations taxes, and the issuance of bonds. After review and discussion, the Board requested that the District's financial advisor present such additional information at the Board's next meeting.

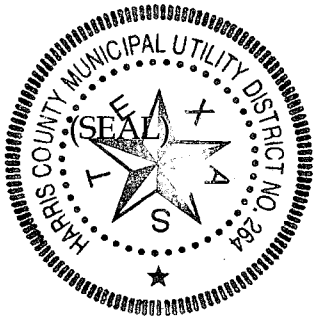
Mr. Swindell requested authorization to prepare a bond election report reflecting an initial bond authorization amount of \$20,000,000, noting that such amount can be revised prior to finalization of the report. After review and discussion, Director Nava moved to authorize J&C to prepare a bond election report reflecting an initial bond authorization amount of \$20,000,000. Director Hoffman seconded the motion, which carried unanimously.

DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on June 28, 2017, at 5:00 p.m. at ABHR.

There being no further business to come before the Board, the meeting was adjourned on the motion of Director Nava, which was seconded by Director Hoffman and carried by unanimous vote.


Secretary, Board of Directors



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