

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

August 16, 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 16th day of August, 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, thus constituting a quorum.

Also present at the meeting were Charles McFarland of McFarland PLLC; 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 and Cyrus Dumas 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 July 17, 2017 special meeting and the July 19, 2017 regular meeting. After review and discussion, Director Hoffman moved to approve the July 17, 2017 special meeting minutes and the July 19, 2017 regular meeting minutes, as presented. Director Brandman seconded the motion, which passed by unanimous vote, with the exception of Director Rodriguez, who abstained from voting.

PUBLIC COMMENTS

The Board did not receive any public comments.

FINANCIAL AND BOOKKEEPING MATTERS

Mr. Swindell reviewed and recommended approval of Pay Estimate No. 5, in the amount of \$21,150.00, payable to McDonald Municipal and Industrial, for the motor control center replacements.

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached. Ms. Austin reported that, due to a checking account irregularity, she has

closed the District's old operating account and opened a new one. After review and discussion, Director Nava moved to (1) approve Pay Estimate No. 5, in the amount of \$21,150.00, payable to McDonald Municipal and Industrial, for the motor control center replacements; and (2) approve the bookkeeper's report and payment of the bills. Director Hoffman seconded the motion, which carried by unanimous vote.

REVIEW, REVISE, AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Mr. Seale presented and reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. He noted that the District's bookkeeper provided the updated list of broker/dealers, which is attached as Exhibit A to the Resolution. After review and discussion, Director Nava moved to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which carried unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Fortner reviewed the tax assessor/collector's report, a copy of which is attached, which reflects that 99.41% of the District's 2016 taxes have been collected as of July 31, 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.

Discussion ensued regarding the process and timing for the District's 2017 tax levy.

OPERATOR'S REPORT

Ms. Laguarta 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 97.80% and updated the Board on maintenance and repairs conducted during the previous month.

Ms. Laguarta reviewed the preventative maintenance schedule for the District facilities, as well as the results from the performance test of water well no. 1 from August 2016. Mr. Dumas stated that ST would review the results of the performance test from 2017 at the next Board meeting.

Director Brandman left the meeting.

Ms. Laguarda stated that the water well no. 1 motor needs to be replaced or repaired. She added that the estimated costs for replacement and repair of the motor are \$32,000.00 and \$22,000.00, respectively. Ms. Laguarda and Mr. Swindell recommended replacement of the motor. Ms. Laguarda stated that ST is working to file a claim with HARCO for the motor.

Ms. Laguarda reviewed the list of customers with sanitary sewer surcharges. Ms. Laguarda stated that there were three accounts totaling \$300.74 for collections.

Following review and discussion, Director Nava moved to (1) approve the operator's report; (2) authorize ST to replace the motor of water well no. 1, based on the recommendation of the operator and engineer; and (3) authorize ST to submit three accounts totaling \$300.74 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.

JOINT WASTEWATER TREATMENT PLANT MATTERS

Director Appelget reported on the most recent Harris County Municipal Utility District No. 70 Board meeting.

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

Director Appelget reported on WHCRWA matters and stated that the next meeting will be held on August 24, 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. He stated that the contractor will mobilize early this week to finish the site grading work and that J&C will perform a final inspection late next week and provide any punch list items to the contract for completion.

Mr. Swindell added that during the water plant start-up, J&C noticed the coupling from the leveling probe to hydropneumatic tank no. 1 was heavily corroded. He reported that ST drained the tank on August 10, 2017, for an interior inspection to evaluate the extent of the corrosion. Mr. Swindell stated that due to areas of interior coating failure, the condition of the cabinet, and the corroded coupling, J&C estimates the rehabilitation cost to be approximately \$80,000.00. He added that J&C estimates that the cost to replace the tank to be approximately \$200,000.00. Mr. Swindell recommended that the Board rehabilitate the tank given the time constraints associated with the water plant operating with only one working tank.

Mr. Swindell updated the Board on the status of the motor control center ("MCC") replacement project. He stated that J&C completed the programming of the programmable logic controller. Mr. Swindell reported that the project is complete and the water plant is no longer on interconnect. He added that J&C is working with the contractor to repair the radio transmitter to the remote well. Mr. Swindell and Mr. Dumas reviewed and addressed two instances discussed at the July meeting where the operator's notes indicated there were "problems" with the new MCC installation. Mr. Swindell clarified the physical order of the lift station pumps and the control panel order of the lift station pumps. Mr. Swindell also discussed that the hand mode switch of the lift station will not pump the station completely dry and a few ways to address this instance. He recommended that the Board authorize ST to install a spring loaded hand switch that would need to be manually held in order for the tank to completely drain, in an amount not to exceed \$3,000.00.

Mr. Swindell updated the Board on the progress of the sanitary sewer force main replacement project. He reported that the contractor completed the installation of the pipe on the school and bus grounds. Mr. Swindell added that the contractor installed a total of 1,280 linear feet of the force main, filled the pipe with water, and is waiting for the pressure testing equipment to arrive onsite. He stated that site restoration will occur after the pressure testing is completed. Mr. Swindell added that J&C will ensure final restoration occurs prior to school opening.

Mr. Swindell stated that J&C sent ABHR a draft of the Bond Election Report (the "Report") for review and has revised the Report per attorney comments. He stated that the Report reflects the proposed bond election amount of \$15,000,000, which covers capital projects for approximately 13 years per the District's capital improvement plan.

After review and discussion, Director Hoffman moved to (1) approve the engineer's report; (2) authorize J&C to begin the rehabilitation of hydropneumatic tank no. 1; and (3) authorize ST to install the hand switch at lift station. Director Nava seconded the motion, which carried unanimously.

APPROVE ENGINEERING FEASIBILITY REPORT

Mr. Swindell distributed and reviewed the Report, a copy of which is attached. After review and discussion, Director Hoffman moved to approve the Report. Director Nava seconded the motion, which was approved by unanimous vote.

2017 BOND ELECTION AND OPERATIONS AND MAINTENANCE TAX ELECTION

The Board discussed pay for election officials during the 2017 Bond and Operations and Maintenance Tax Elections. Following discussion, Director Nava moved to set the pay for election officials at \$15.00 per hour. Director Rodriguez seconded the motion, which was approved by unanimous vote.

Mr. Seale reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2017 Bond and Operations and Maintenance Tax Elections. Following review and discussion, Director Nava moved to adopt the Resolution Designating an Agent of the Secretary of the Board During the 2017 Bond and Operations and Maintenance Tax Elections appointing Alyssa Ollwerther as the agent of the Secretary of the Board of Directors to perform the duties of the Secretary for the District's Elections, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Rodriguez seconded the motion, which passed unanimously.

Mr. Seale discussed exemptions from using electronic voting systems during the 2017 Bond and Operations and Maintenance Tax Elections. He stated that the District is exempt from the use of electronic voting systems because fewer than 250 voters voted in the District's last Directors Election. Following discussion, Director Nava moved to authorize the Secretary's agent to publish Notice of Exemption in a newspaper of general circulation. Director Rodriguez seconded the motion, which was approved by unanimous vote.

The Board next considered adopting an Order Calling Bond Election and Operations and Maintenance Tax Election (the "Order"). Mr. Seale reviewed the Order with the Board and stated that the elections will be held on November 7, 2017. After review and discussion, Director Nava moved to adopt the Order. Director Rodriguez seconded the motion, which passed by unanimous vote.

Mr. Seale reported on requirements to post a Notice of Election for the 2017 Bond and Operations and Maintenance Tax Elections. After review and discussion, Director Nava moved to authorize posting of the Notice of Election as required. Director Rodriguez seconded the motion, which was approved by unanimous vote.

Mr. Seale reviewed the Notice and Writ of Election. Following review and discussion, Director Nava moved to authorize submission of the Notice and Writ of

Election as required. Director Rodriguez seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

Mr. Seale requested clarification on the items the Board would like included in the preliminary report from EVO Metrics and stated he would contact Kathryn Foss regarding same.

Mr. Seale reported that he sent a letter to Kroger regarding the request for payment pursuant to the Agreement Regarding Force Main Construction Project, which includes an updated payment amount from the bids J&C received for the project.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board concurred to convene in executive session to deliberate the purchase, exchange, lease, or value of real property, pursuant to Section 551.072 of the Texas Government Code. The Board convened in executive session at 7:09 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:40 p.m., the Board reconvened in open session. After discussion, Director Nava moved to engage McFarland PLLC for real estate acquisition matters. Director Rodriguez seconded the motion, which carried unanimously.

WATER CONSERVATION MATTERS

There was no discussion on this agenda item.

DISTRICT WEBSITE MATTERS

The Board did not discuss the District website.

DISCUSSION OF DISTRICT OUTREACH AND COMMUNITY RELATIONS

Director Hoffman reported on the most recent Westcreek Village Homeowners Association meeting.

The Board discussed the potential dates for the upcoming town hall meeting in early October.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

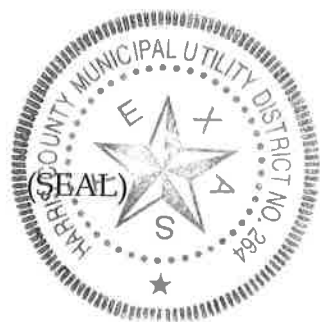
Mr. Seale reported the District's insurance policies are due to expire on November 21, 2017, and requested the Board's direction on whether to solicit new

proposals in addition to obtaining a renewal proposal from the District's current insurance provider, HARCO Insurance Services ("HARCO"). Following discussion, Director Nava moved to authorize ABHR to obtain a renewal proposal from HARCO. Director Hoffman seconded the motion, which passed by unanimous vote.

DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on September 20, 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 Nava, which was seconded by Director Hoffman and carried by unanimous vote.



Rodriguez
Asst Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	1
Tax assessor/collector's report	2
Operations and maintenance report	2
Sanitary sewer testing results.....	2
Engineer's report.....	3
Engineering feasibility report.....	5