

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

September 20, 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 20th day of September, 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 Director Hoffman, thus constituting a quorum.

Also present at the meeting were Anthea Moran of FirstSouthwest, a Division of Hilltop Securities; 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 and Cyrus Dumas of Severn Trent Services, Inc. ("ST"); and Robert A. Seale and Alyssa Ollwerther of Allen Boone Humphries Robinson LLP ("ABHR").

DISCUSS TOWN HALL MEETING

The Board discussed the upcoming town hall meeting. No action was taken.

MINUTES

The Board considered approving the minutes of the August 16, 2017, regular meeting and the September 6, 2017, special meeting. After review and discussion, Director Brandman moved to approve the August 16, 2017, regular meeting minutes and the September 6, 2017, special meeting minutes, as presented. Director Rodriguez seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

The Board did not receive any public comments.

UPDATE ON EVO METRICS REPORT

The Board discussed the status of the preparation of the EVO Metrics Report for the District. No action was taken.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board deferred any action on this agenda item.

FINANCIAL AND BOOKKEEPING MATTERS

Mr. Swindell reviewed and recommended approval of Pay Estimate No. 1, in the amount of \$298,542.20, payable to MMG Contractors, LLC, for the force main replacement project.

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached. She stated that check no. 7037 will be held until the invoiced amount is verified by ST. After review and discussion, Director Rodriguez moved to (1) approve Pay Estimate No. 1, in the amount of \$298,542.20, payable to MMG Contractors, LLC, for the force main replacement project; and (2) 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 99.57% of the District's 2016 taxes have been collected as of August 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.

2017 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board discussed the District's 2017 tax rate. Ms. Moran reviewed a tax rate analysis, a copy of which is attached. She recommended the Board consider levying \$0.115 per \$100 of assessed valuation for debt service. The Board discussed setting a tax rate of \$0.25 per \$100 of assessed valuation for maintenance and operations. After review and discussion, Director Brandman moved to set a public hearing for adoption of a total tax rate of \$0.365 per \$100 of assessed valuation on October 18, 2017, at 5:30 p.m. and to authorize the tax assessor/collector to publish notice of the hearing regarding adoption of the \$0.365 total tax rate. Director Nava seconded the motion, which carried unanimously.

ADOPT RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT

The Board took no action on this agenda item.

OPERATOR'S REPORT

Ms. Laguarta presented and reviewed the operations and maintenance report, a copy of which is attached. She reported that the water accountability for the past month was 94.86% and updated the Board on maintenance and repairs conducted during the previous month.

Ms. Laguarta updated the Board on the status of the water well no. 1 motor replacement and the installation of the spring-loaded switches at the lift station. She added that the sidewalk repairs are complete. Ms. Laguarta stated that there were two accounts totaling \$225.44 for collections.

Following review and discussion, Director Nava moved to (1) approve the operator's report; and (2) authorize ST to submit two accounts totaling \$225.44 to a collection agency. Director Brandman 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 Brandman seconded the motion, which passed by unanimous vote.

Additionally, the Board discussed waiving late fees for the billing cycle that included Hurricane Harvey. After review and discussion, the Board concurred to waive late fees for the billing cycle that included Hurricane Harvey.

JOINT WASTEWATER TREATMENT PLANT MATTERS

Director Brandman 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. The Board reviewed correspondence from the WHCRWA regarding a Notice of Anticipated Fees for the upcoming year.

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 ground storage tank no. 1 is operational and in service. Mr. Swindell reported that J&C performed a site visit last month and provided the contractor with punchlist items related to site grading and seeding. He added that the contractor is addressing those items.

Mr. Swindell updated the Board on the status of the motor control center replacement project and reported that the project is complete. He reported that the water plant is no longer on interconnect and the repaired well motor is installed, programmed, and on line. He added that J&C worked with the contractor and repaired the radio transmitter to the remote well.

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 1,341 linear feet of the force main, and successfully pressure tested the pipe. He stated that site restoration occurred prior to school opening with only minor grading remaining. He stated that the contractor will continue construction on the open cut areas.

Mr. Swindell stated that the bond election 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.

Mr. Swindell stated that J&C is preparing specifications for the hydro-pneumatic tank no. 1 rehabilitation.

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

HURRICANE HARVEY RELATED MATTERS

The Board discussed matters related to Hurricane Harvey, noting that to date there have been no reports of flooding or other damage to taxable property within the District. Ms. Laguarda reported that there was no interruption of water or sewer service during or after Hurricane Harvey, and that there was no damage to the District's facilities as a result of the storm. No action was taken by the Board.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME IN ACCORDANCE WITH DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT

Mr. Seale stated as part of the District's continuing disclosure obligations, the District is required to file a report containing the District's audit on an annual basis with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System ("EMMA") pursuant to SEC Rule 15c2-12. Following review and discussion, Director Rodriguez moved to approve the annual report and authorize ABHR to file the annual report through EMMA, and direct that the report be filed appropriately and retained in the District's official records. Director Nava seconded the motion, which passed by unanimous vote.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Mr. Seale stated no changes are required at this time.

ATTORNEY'S REPORT

Mr. Seale updated the Board on communications with Kroger with regards to the force main project.

WATER CONSERVATION MATTERS

There was no discussion on this agenda item.

DISTRICT WEBSITE MATTERS

The Board discussed the District website and posting of election documents for the November 7, 2017, election.

DISCUSSION OF DISTRICT OUTREACH AND COMMUNITY RELATIONS

The Board discussed the most recent Westcreek Village Homeowners Association meeting.

The Board discussed the upcoming town hall meeting scheduled for October 9, 2017, at 7:00 p.m. at Holmsley Elementary School.

DISTRICT MEETING SCHEDULE

The Board concurred to hold a special town hall meeting on October 9, 2017, at 7:00 p.m. at Holmsley Elementary School, and its next regular meeting on October 18, 2017, at 5:30 p.m. at ABHR.

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 7:31 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:45 p.m., the Board reconvened in open session.

CONSIDER USE OF EMINENT DOMAIN AUTHORITY TO CONDEMN PROPERTY

The Board discussed the use of eminent domain authority to condemn property for the acquisition of a sanitary sewer easement (the "Easement") in connection with the construction and completion of the force main improvements.

Director Nava moved that the Board of the District, in a record vote applying to all units of property to be condemned, adopt a Resolution Declaring Acquisition of Sanitary Sewer Easement a Public Necessity and Authorizing Initiation of Condemnation Proceedings (the "Resolution") for the provision of sanitary sewer service for property located within the boundaries of the District in the location as shown in Exhibit "A" to the Resolution, and directing the District's attorneys to take all steps necessary to acquire the Easement and other property interests for the construction, installation, operation, and maintenance of the Project as set forth in the Resolution, as well as direct the District's officers, directors, and consultants to take all actions and assist the District's attorneys therewith, consistent with the terms of the Resolution. Director Rodriguez seconded the motion, which prevailed unanimously.

ENGAGE APPRAISER

The Board discussed engaging Jones Lang LaSalle to perform appraisal services for the District. Following review and discussion, Director Nava moved to engage Jones Lang LaSalle to perform appraisal services for the District. Director Rodriguez seconded the motion, which carried unanimously.

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 Rodriguez and carried by unanimous vote.



Donnic Hoffman
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report	2
Tax assessor/collector's report	2
Tax rate analysis	2
Operations and maintenance report	3
Engineer's report.....	4