

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

November 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 November, 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 Kathryn Foss of Municipal Financial Services; 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 October 18, 2017, regular meeting. After review and discussion, Director Nava moved to approve the regular meeting minutes, as presented. Director Brandman seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

The Board did not receive any public comments.

ORDER CANVASSING THE RETURNS AND DECLARING THE RESULTS OF THE BOND ELECTION AND OPERATION AND MAINTENANCE TAX ELECTION

The Board canvassed the returns of the November 7, 2017, Bond Election and Operation and Maintenance Tax Election, noting that the election resulted favorably for the issuance of bonds for water, sewer, and drainage facilities, and an operation and maintenance tax (in addition to the District's existing authorized operation and maintenance tax) not to exceed \$0.25 per \$100 assessed valuation for facilities authorized by Article XVI, Section 59, of the Texas Constitution. After review and

discussion, Director Nava moved to adopt an Order Canvassing Returns and Declaring Results of Bond Election and Operation and Maintenance Tax Election reflecting the election results. Director Brandman seconded the motion, which passed by unanimous vote.

AMENDMENT TO INFORMATION FORM

Mr. Seale presented an Amendment to the Information Form, updated to reflect the results of the elections. After review and discussion, and upon a motion by Director Nava and seconded by Director Brandman, the Board voted unanimously to approve the Amendment to the Information Form and authorize execution and filing of same with the Texas Commission on Environmental Quality and Harris County.

AUTHORIZE RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal from HARCO for the District's insurance policies with the Texas Municipal League ("TML") and a proposal from McDonald and Wessendorff. Following review and discussion, Director Nava moved to approve the proposal presented by HARCO for the insurance policies with TML, reflecting a one-year term for all policies, and direct that the proposal be filed appropriately and retained in the District's official records. Director Rodriguez seconded the motion, which passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Mr. Swindell reviewed and recommended approval of Change Order No. 2, reducing the original contract amount by \$31,870.00, and Pay Estimate No. 6 and Final, in the amount of \$50,212.50, payable to W. W. Payton for the ground storage tank no. 1 replacement project. He also reviewed and recommended approval of Pay Estimate No. 2, in the amount of \$180,650.39, payable to MMG Contractors for the force main replacement project.

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached. After review and discussion, Director Brandman moved to (1) approve Change Order No. 2, reducing the original contract amount by \$31,870.00, and Pay Estimate No. 6 and Final, in the amount of \$50,212.50, payable to W. W. Payton for the ground storage tank no. 1 replacement project; (2) approve Pay Estimate No. 2, in the amount of \$180,650.39, payable to MMG Contractors for the force main replacement project; and (3) approve the bookkeeper's report and payment of the bills. Director Rodriguez seconded the motion, which carried by unanimous vote.

INVESTMENT POLICY

The Board conducted its annual review of the District's Investment Policy. Mr. Seale reported that during the 2017 Legislative Session, several changes were made to

the Public Funds Investment Act, Public Funds Collateral Act, and other laws impacting the investments of governmental entities. He stated that the District's current Amended Investment Policy, originally adopted in 2009, would need to be revised accordingly. Mr. Seale next reviewed a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy. After review and discussion, Director Rodriguez moved to approve and authorize execution of the Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Nava 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 0.29% of the District's 2017 taxes have been collected as of October 31, 2017. Following review and discussion, Director Rodriguez 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.

ADOPT RESOLUTION CASTING BALLOT FOR THE ELECTION OF A PERSON TO THE BOARD OF DIRECTORS OF THE HARRIS COUNTY APPRAISAL DISTRICT ("HCAD")

The Board discussed the Board of Directors election of HCAD and reviewed a Resolution Casting Ballot for the Election of a Person to the Board of Directors of the Harris County Appraisal District. After review and discussion, Director Rodriguez moved to approve the Resolution voting in favor of Mr. Glenn Peters and direct that the Resolution be filed appropriately and retained in the District's official records. Director Hoffman seconded the motion, which passed four votes "yay" and with Director Brandman abstaining.

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 94.51% and updated the Board on maintenance and repairs conducted during the previous month. Ms. Laguarta stated that there was one account totaling \$181.70 to send to Collections Unlimited. Following review and discussion, Director Nava moved to (1) approve the operator's report; and (2) authorize ST to submit the recommended account to a collections. 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.

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.

Mr. Seale discussed a memorandum from the WHCRWA and reviewed two Right of Entry Agreements between the District and the WHCRWA for the WHCRWA's installation of automatic meter reading systems at the District's water wells. Mr. Seale stated that ABHR represents the WHCRWA on general legal and bond counsel matters as well as the District. He explained that if the Board chooses, they could seek outside counsel to represent the District in matters related to the Right-of-Entry Agreement with the WHCRWA. The Board reviewed a legal conflict waiver letter in connection with Right-of-Entry Agreement with the WHCRWA. After review and discussion, Director Brandman moved to: (1) acknowledge that ABHR represents WHCRWA as well as the District; (2) approve and authorize execution of the legal conflict waiver and direct that the letter be filed appropriately and retained in the District's office records; and (3) approve and authorize execution of the Right of Entry Agreements. Director Nava seconded the motion, which carried unanimously.

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 project is complete. He recommended District acceptance of the facilities. Mr. Swindell presented the Certificate of Substantial Completion, affidavit of guarantee, and affidavit of bills paid.

Mr. Swindell updated the Board on the progress of the sanitary sewer force main replacement project. He reported that the contractor is working on the Barker Cypress Crossing, which will be complete by November 16.

Mr. Swindell stated that J&C provided ST with a proposal from a welder for the hydro-pneumatic tank no. 1 rehabilitation. He stated that the welder will begin work the week after Thanksgiving and then J&C will coordinate with the operator to have the recoating work completed.

Mr. Swindell reported that J&C is drafting a letter of CenterPoint Energy to request the removal of the downed lines at the water plant.

After review and discussion, Director Hoffman moved to approve the engineer's report and authorize final acceptance of the ground storage tank no. 1 replacement project. Director Rodriguez seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

Mr. Seale updated the Board on communications with Kroger with regards to the force main 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 6:46 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 6:59 p.m., the Board reconvened in open session. No action was taken by the Board.

WATER CONSERVATION MATTERS

There was no discussion on this agenda item.

DISTRICT WEBSITE MATTERS

There was no discussion on this agenda item.

DISCUSSION OF DISTRICT OUTREACH AND COMMUNITY RELATIONS

The Board discussed a possible schedule for future town hall meetings in the District.

DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on December 20, 2017, at 5:30 p.m. at ABHR.

UPDATE ON EVO METRICS REPORT

Ms. Foss distributed and reviewed the District's EVO Metrics Report with the Board. The Board concurred that any questions regarding the report will be sent to Director Appelget, who will then forward them to Ms. Foss.

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.


Secretary, Board of Directors



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