

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

September 19, 2018

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 19th day of September, 2018, 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 Anthea Moran of Masterson Advisors, LLC; Stephen Swindell and Victor Saenz of Jones & Carter, Inc. ("J&C"); Wendy Austin of District Data Services Inc.; Ryan Fortner of Wheeler & Associates, Inc.; Don Self of Inframark Water & Infrastructure Operations ("Inframark"); and Robert A. Seale and Anne-Marie Bradford of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 15, 2018, meeting. After review and discussion, Director Hoffman moved to approve the minutes, as revised. Director Nava seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

Director Brandman discussed the tour of the Inframark offices with the Board and thanked Mr. Self for the tour.

DISTRICT'S INSURANCE POLICIES

Mr. Seale stated the District's current insurance policies with HARCO Insurance Services ("HARCO") expire on November 21, 2018, and requested the Board's direction on whether to solicit new proposals in addition to obtaining a renewal proposal from HARCO. Following discussion, the Board directed ABHR to only obtain a renewal proposal from HARCO.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached. In response to an inquiry by the Board, Ms. Austin stated she will research the status of the reimbursement check from Harris County Municipal Utility District No. 70 for lab fees erroneously billed to the wastewater treatment plant and report back to the Board at the next meeting. After review and discussion, Director Hoffman moved to approve the bookkeeper's report and payment of the bills. Director Brandman seconded the motion, which passed 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 99.47% of the District's 2017 taxes have been collected as of August 31, 2018. He stated check no. 2330 to Harris County Municipal Utility District No. 285 ("MUD 285") was a repayment of a MUD 285 check that was erroneously deposited into the District's account. Following review and discussion, Director Brandman moved to approve the tax assessor/collector's report, including payment of the tax bills. Director Nava seconded the motion, which passed by unanimous vote.

2018 TAX RATE

The Board discussed the District's 2018 tax rate. Ms. Moran reviewed a tax rate analysis, a copy of which is attached. Ms. Moran recommended the Board consider levying \$0.112 per \$100 of assessed valuation for debt service. The Board discussed setting a tax rate of \$0.273 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 \$0.385 per \$100 of assessed valuation on October 17, 2018, at 5:30 p.m. and to authorize the tax assessor/collector to publish notice of the hearing regarding adoption of the \$0.385 total tax rate. Director Nava seconded the motion, which carried unanimously.

OPERATOR'S REPORT

Mr. Self presented and reviewed the operations and maintenance report, a copy of which is attached. He reported the water accountability for the past month was 96.1% and updated the Board on maintenance and repairs conducted during the previous month. Mr. Self stated there are four accounts totaling \$395.53 to send to Collections Unlimited.

Mr. Self informed the Board that 22 residential water meters were replaced during the month of July, prior to the Board's instructions to discontinue the water meter replacement program.

Mr. Self then reviewed the preventative maintenance schedule and discussion ensued regarding the well performance testing schedule. Mr. Self noted the well performance test was performed prior to its scheduled time and stated he will investigate and update the preventative maintenance schedule.

Mr. Self then reviewed a proposal from Rage Industrial Solutions in the amount of \$11,500.00 for the installation of an elevated walkway around the backup generator. He stated he will solicit additional proposals for review at the next meeting. Discussion ensued regarding moving the bollards currently situated around the backup generator to be located around the new walkway and the Board requested that Mr. Self obtain an updated proposal from Rage Industrial Solutions to include moving the bollards.

The Board then discussed converting the District to smart water meters and reviewed a chart comparing key features of the various brands of smart water meters. Discussion ensued and the Board concurred to schedule a special meeting on October 5, 2018, at Inframark's offices to further discuss the different brands and features.

Mr. Self reported that he received a quote from the water lab for testing the corrosivity of the District's water. He stated this test is called the Langelier test. He stated the Langelier test costs \$150.00 per sample test and recommended the District water be sampled at multiple locations in the system. After discussion, the Board directed Mr. Self to gather samples from the two wells and from the surface water pump.

Following review and discussion, Director Nava moved to (1) approve the operator's report; (2) authorize Inframark to submit the recommended accounts to Collections Unlimited; and (3) authorize Inframark to gather and send three water samples for Langelier testing, as discussed. Director Hoffman seconded the motion, which passed unanimously.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

Mr. Self presented a list of delinquent customers and reported the customers on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Nava moved to authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Hoffman and passed by unanimous vote.

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

Director Appelget updated the Board regarding WHCRWA matters and reviewed a memorandum from the WHCRWA regarding the anticipated water fee increase. A copy of the memorandum is attached. He stated a public forum is scheduled for October 25, 2018. After discussion, the Board directed Mr. Self to include a notice of the anticipated water fee increase on the November billing period invoice.

JOINT WASTEWATER TREATMENT PLANT MATTERS

Director Nava reported on joint wastewater treatment plant matters.

Mr. Seale then presented and recommended adoption of a Resolution Delegating Authority Regarding Replacement of Emergency Generator, received from Schwartz, Page & Harding, LLP. He stated this Resolution will be provided to the Federal Emergency Management Agency for Harris County Municipal Utility District No. 70's application for the joint wastewater treatment plant repairs. After review and discussion, Director Rodriguez moved to adopt the Resolution Delegating Authority Regarding Replacement of Emergency Generator. Director Nava seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Saenz reviewed the engineer's report, a copy of which is attached.

Mr. Saenz updated the Board on the status of the sanitary sewer force main project, noting it is currently operational.

Mr. Saenz updated the Board on the water plant improvements and reviewed a detailed project schedule and status memorandum. Discussion ensued regarding the timeline and design of the project.

Mr. Swindell then updated the Board on the status of the lift station piping rehabilitation projects. He reported that he, Mr. Self, and the pipe supplier met onsite with the contractor, RAC, to review and discuss modifications to the projects due to spacing and measurement concerns. Mr. Swindell reported RAC has requested an increase to the original contract amounts of \$53,705.00 for phase 1 and \$35,040.00 for phase 2, to \$62,205.00 for phase 1 and \$43,540.00 for phase 2. Discussion ensued.

Mr. Saenz stated the contractor for the Ground Storage Tank No. 1 repairs is scheduled to begin the warranty repairs on September 24, 2018. In response to Director Nava's request, Mr. Saenz stated he will prepare a list of the completed repairs for review at the next Board meeting.

Mr. Saenz then discussed the advantages and disadvantages of converting the water treatment plant from chlorine gas treatment to liquid bleach treatment. He estimated the conversion costs to be approximately \$175,000.00 to \$250,000.00. Discussion ensued and Mr. Saenz, Mr. Swindell, and Mr. Self answered questions from the Board regarding the conversion process. The Board requested J&C gather additional information regarding the safety hazards of each treatment for review at the next meeting.

After review and discussion, Director Nava moved to approve the engineer's report and the change orders for the lift station piping rehabilitation projects, as discussed. Director Brandman seconded the motion, which passed by unanimous vote.

DISTRICT'S CONTINUING DISCLOSURE ANNUAL REPORT

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 Hoffman 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

There was no discussion on this matter.

WATER CONSERVATION MATTERS

Director Hoffman discussed the Westcreek Village Community Association's (the "HOA") usage of sprinklers during or directly after rainfall in the District. Discussion ensued and she requested the operator prepare a report of the HOA's water usage for review at the next meeting.

DISTRICT WEBSITE MATTERS

There was no discussion on this agenda item.

DISCUSSION OF DISTRICT OUTREACH AND COMMUNITY RELATIONS

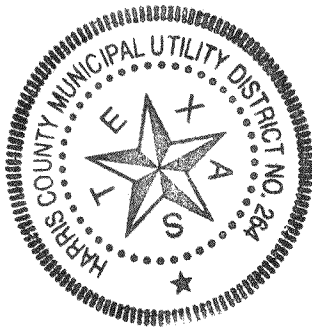
Mr. Swindell presented information regarding solar lights for possible use along the District's greenbelt path and requested that Mr. Seale distribute copies to the Board.

DISTRICT MEETING SCHEDULE

The Board concurred to (1) hold a special meeting to discuss smart water meter options on October 5, 2018, at 9:00 a.m. at Inframark; (2) hold its next regular meeting on October 17, 2018, at 5:30 p.m. at ABHR; and (3) reschedule its regular November meeting to November 28, 2018, due to the Thanksgiving holiday.

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

(SEAL)



Donnie Hoffman
Secretary, Board of Directors

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