

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

August 21, 2019

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 21st day of August, 2019, at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, 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 LLP; Wendy Austin of District Data Services Inc.; Caryn Adams of Wheeler & Associates, Inc. ("Wheeler"); Don Self, Katie May, and Chris Townsend of Inframark Water & Infrastructure Operations ("Inframark"); Stephen Swindell of Jones & Carter, Inc. ("J&C"); and Robert A. Seale, Sandra Staine, and Anne-Marie Bradford of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the July 17, 2019, regular meeting. After review and discussion, Director Rodriguez moved to approve the minutes, as revised. Director Brandman seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

The Board did not receive any public comments.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Austin presented and reviewed the bookkeeper's report, a copy of which is attached. After review and discussion, Director Brandman moved to approve the bookkeeper's report and payment of the bills. Director Rodriguez seconded the motion, which passed by unanimous vote.

## INVESTMENT POLICY

The Board conducted its annual review of the District's Investment Policy and Ms. Staine reviewed a Resolution Regarding Annual Review of Investment Policy. After review and discussion, Director Rodriguez moved to approve and authorize execution of the Resolution Regarding Annual Review of Investment Policy. Director Brandman seconded the motion, which passed unanimously.

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

Ms. Staine 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 (the "Resolution"). She stated 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 Rodriguez moved to adopt the Resolution. Director Nava seconded the motion, which carried unanimously.

## 2019 TAX RATE

The Board discussed the District's 2019 tax rate. Ms. Moran reviewed a tax rate analysis, a copy of which is attached, and recommended the Board consider levying \$0.109 per \$100 of assessed valuation for debt service. The Board discussed setting a tax rate of \$0.296 per \$100 of assessed valuation for maintenance and operations.

Director Hoffman entered the meeting.

After review and discussion, Director Rodriguez moved to set a public hearing for adoption of a total tax rate of \$0.405 per \$100 of assessed valuation on September 18, 2019, at 5:30 p.m. and to authorize the tax assessor/collector to publish notice of the hearing regarding adoption of the \$0.405 total tax rate. Director Brandman seconded the motion, which carried unanimously.

## TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Adams reviewed the tax assessor/collector's report, a copy of which is attached, which reflects that 99.49% of the District's 2018 taxes have been collected as of July 31, 2019. Following review and discussion, Director Rodriguez moved to approve the tax assessor/collector's report, including payment of the tax bills. Director Brandman seconded the motion, which passed by unanimous vote.

## OPERATOR'S REPORT

Mr. Self stated that Mr. Townsend will be the new representative for the District moving forward. Mr. Townsend then presented and reviewed the operations and maintenance report, a copy of which is attached. He reported that the water accountability for the prior month was 102.59% and updated the Board regarding maintenance and repairs conducted during the prior month. Mr. Townsend stated there is one delinquent water and sewer service account totaling \$157.25 to send to Collections Unlimited.

The Board discussed options for paying Harris County Municipal Utility District No. 144 for the interconnect usage during the month of June and Mr. Townsend stated he will coordinate with ABHR to review the Emergency Water Supply Agreement between the two districts and report back.

Mr. Townsend then reviewed the preventive maintenance schedule and the list of delinquent water and sewer service accounts with the Board.

Mr. Townsend reported Inframark received an appeal from the resident at 7907 Erin Cove Court requesting the Board consider lowering her water bill for the month of June, 2019, due to a leak under her foundation that has since been repaired.

The Board reviewed a sample letter for printing on the reverse side of the monthly water bill to address anticipated increases to the WHCRWA rates for the 2020 calendar year and concurred to include a general message about WHCRWA rates until such rate increase is officially announced by the WHCRWA.

Mr. Townsend reported the repainting of the fire hydrants has begun and is scheduled to be complete in four to six weeks.

Upon a motion made by Director Nava, and a second by Director Hoffman, the Board voted unanimously to (i) approve the operator's report; (ii) authorize turning the one delinquent account over to Collections Unlimited, as recommended; and (iii) deny the resident's request for a lowered water bill.

## 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 on WHCRWA matters and the Board considered authorizing interested directors to attend the Texas Water Conservation Association fall conference in San Antonio. After discussion, Director Rodriguez moved to authorize interested directors to attend the Texas Water Conservation Association fall conference. Director Nava seconded the motion, which passed unanimously.

#### JOINT WASTEWATER TREATMENT PLANT MATTERS ("JWWTP")

Director Brandman discussed JWWTP matters with the Board. Ms. Staine then presented a draft Amended Order Regulating the Introduction of Wastewater into the Sanitary Sewer System of the District ("Order") and reviewed comments received from Director Brandman prior to the meeting for the Board's consideration. Discussion ensued and the Board concurred to defer action on the revised Order until the next Board meeting.

#### ENGINEERING MATTERS

Mr. Swindell reviewed the engineer's report, a copy of which is attached. He updated the Board regarding the status of the Water Plant Improvements and reviewed and recommended approval of Pay Estimate No. 6 in the amount of \$17,055.00 payable to CFG Industries.

Mr. Swindell stated he will distribute the Emergency Preparedness Plan to the Board for review.

After review and discussion, Director Rodriguez moved (i) to approve the engineer's report and (ii) to approve Pay Estimate No. 6 in the amount of \$17,055.00, based upon the engineer's recommendation. Director Brandman seconded the motion, which passed by unanimous vote.

#### WATER CONSERVATION MATTERS

Director Brandman discussed the implementation of smart water meters in the District. After discussion, Director Hoffman moved to proceed with the implementation and installation of smart water meters in the District. Director Rodriguez seconded the motion, which passed unanimously.

Director Brandman then distributed and reviewed a chart he prepared comparing the installation costs of the smart water meters by both Badger/Beacon and Inframark and discussion ensued regarding the advantages and disadvantages to each company installing the meters. Ms. May then distributed and reviewed a proposal from Inframark in the amount of \$495,826.50 for the installation of the meters and a comparison chart created by Inframark comparing the installation costs of each company. The Board considered accepting the proposal from Inframark, but directly purchasing the equipment from Beacon/Badger, in order to potentially reduce costs. The Board then requested Inframark consider decreasing the 10% district markup fee for Inframark's services and Ms. May stated she will relay the Board's request to Inframark's corporate office and report back.

Ms. May then requested the Board's direction on handling the scrap metal accrued during the replacement of the current water meters with the smart water meters. After discussion, the Board concurred to sell the metal at scrap value, which Ms. May preliminarily estimated to be approximately \$3,700.

The Board then reviewed sample communications for District residents regarding the installation of smart water meters. Director Brandman presented a preliminary communication plan handout for the Board's review.

Ms. May presented the approved Master Agreement with Beacon/Badger for the Board's consideration and discussion ensued regarding the data security provisions.

Director Hoffman exited the meeting.

After review and discussion, Director Brandman moved to (i) accept the proposal from Inframark for the installation of smart water meters in an amount not to exceed \$495,826.50; and (ii) authorize execution of the Master Agreement with Beacon/Badger. Director Nava seconded the motion, which passed unanimously. Copies of the installation cost comparison charts, Inframark proposal, sample communications, and preliminary communication plan handout are attached.

#### ATTORNEY'S REPORT

The Board discussed the report prepared by ABHR regarding legislative matters arising from the 86th Regular Session of the Texas Legislature, as presented at the last meeting, and concurred to review Director Brandman's questions regarding same at the next Board meeting.

### DISTRICT WEBSITE MATTERS

The Board discussed updating the District's website to comply with new legislation requirements.

### DISTRICT OUTREACH AND COMMUNITY RELATIONS

The Board discussed potential dates and locations for a special meeting with the Westcreek Village Community Association Board to discuss the funding and maintenance of common interest projects and concurred to schedule the meeting on September 4, 2019, at 6:00 P.M. at JoJo's Chinese Cuisine, in the District.

### DISTRICT MEETING SCHEDULE

The Board concurred to hold its next regular meeting on September 18, 2019, 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 Rodriguez, which was seconded by Director Brandman and passed by unanimous vote.

*Denice Hoffman*  
Secretary, Board of Directors

(SEAL)



## LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	1
Tax rate analysis.....	2
Tax assessor/collector's report .....	2
Operations and maintenance report .....	3
Engineer's report.....	4
Smart water meter installation cost comparison charts, Inframark proposal, sample customer communications, and preliminary communication plan handout .....	5