

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 264

April 15, 2015

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 April, 2015, 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
Thomas Winkler	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Ryan Fortner of Wheeler & Associates, Inc.; Victor Saenz and Stephen Swindell of Jones & Carter, Inc. ("J&C"); Lynnette Tujague of District Data Services ("DDS"); Anthea Moran of First Southwest Company; Bill Fry and Bill Richmond 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 March 18, 2015, regular meeting. After review and discussion, Director Appelget moved to approve the minutes as presented. Director Nava seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

There were no comments from the public.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Tujague presented and reviewed the bookkeeper's report, a copy of which is attached. After review and discussion, Director Appelget moved to approve the bookkeeper's report and payment of the bills. Director Nava seconded the motion, which carried by unanimous vote.

Mr. Seale stated the District has an existing Letter of Credit Agreement (the "Agreement") with BBVA Compass Bank, dated July 21, 2008, regarding the use of Federal Home Loan Bank ("FHLB") letters of credit to collateralize the District's deposits with BBVA Compass Bank. He added the Agreement reflected a limit of \$500,000 on the maximum amount that could be issued as collateral. He stated Compass has provided an Addendum B to the Agreement to raise the limit of the amount of the letter of credit or specify that a letter of credit can be issued for an unlimited amount. Following review and discussion, Director Appelget moved to approve Addendum B to the Agreement reflecting that the FHLB letters of credit being used as collateral for the District's deposits can be an unlimited amount, and direct that the Addendum be filed appropriately and retained in the District's official records. Director Winkler seconded the motion, which carried unanimously.

#### TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Fortner presented and reviewed the tax assessor/collector's report, a copy of which is attached. He presented and reviewed the cash flow report and delinquent tax roll, copies of which are included in the tax assessor/collector's report. Mr. Fortner noted that 98.79% of the District's 2014 taxes have been collected to date. Following review and discussion, Director Winkler 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.

#### ENGINEERING MATTERS

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

Mr. Swindell updated the Board on the closed circuit television program related to the sanitary sewer rehabilitation project. He reported that J&C had a preconstruction meeting with CleanServe on March 31, 2015 and the Notice to Proceed was issued on April 13, 2015. Mr. Swindell stated that the first 1,000 feet of televising of the sewer lines has been completed.

#### OPERATOR'S REPORT

Mr. Richmond presented and reviewed the operations and maintenance report and the regional sewage treatment plant report and testing results, copies of which are attached. He reported that the water accountability for the past month was 97.89% and updated the Board on maintenance and repairs conducted during the previous month.

Mr. Richmond recommended that one account with an outstanding balance of \$75.44 be turned over to a collection agency.

Mr. Fry reported on recently-discovered overbillings of the District by Harris County Municipal Utility District No. 70 and responded to directors' questions.

Following review and discussion, Director Nava moved to (1) approve the operator's report; and (2) authorize ST to submit one account in the amount of \$75.44 to a collection agency. Director Winkler 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. Mr. Richmond 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 Winkler seconded the motion, which passed by unanimous vote. A copy of the termination list is included in the operator's report.

#### CONDUCT ANNUAL REVIEW AND RECEIVE REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM AND ADOPT IDENTITY THEFT PREVENTION PROGRAM AMENDMENT

Mr. Seale stated that the District's Identity Theft Prevention Program (the "Program") requires ST to provide an annual written report evaluating the effectiveness of the Program, significant instances of identity theft detection, and any recommendations regarding changes to the Program. Mr. Richmond distributed and reviewed a report on the District's Program, a copy of which is attached. He stated that the report indicates no significant incidents of identity theft detection and recommends no changes to the Program. The Board concurred that it was not necessary to adopt a Program amendment. After review and discussion, Director Nava moved to approve the report on the District's Program. Director Winkler seconded the motion, which passed unanimously.

#### APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Richmond reviewed the annual report on implementation of the District's Water Conservation Plan with the Board. After review and discussion, Director Nava moved to approve the annual report on implementation of the Water Conservation Plan and direct that the report be filed appropriately and retained in the District's official records. Director Winkler seconded the motion, which passed by unanimous vote.

#### SERIES 2015 UNLIMITED TAX BONDS

Ms. Moran and Mr. Seale discussed the proposed schedule for issuance of the District's \$3,375,000 Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds").

The Board considered appointing The Bank of New York Mellon Trust Company, N.A. as Paying Agent/Registrar for the Series 2015 Bonds.

Ms. Moran distributed and reviewed the Preliminary Official Statement and Official Notice of Sale for the Series 2015 Bonds. Ms. Moran also discussed the processes for the purchase of bond insurance and application for rating for the Series 2015 Bonds.

Following review and discussion, Director Hoffman moved to: (1) appoint The Bank of New York Mellon Trust Company, N.A. as Paying Agent/Registrar for the Series 2015 Bonds; (2) approve the Preliminary Official Statement and Official Notice of Sale for the Series 2015 Bonds; (3) authorize the purchase of insurance and application for rating for the Series 2015 Bonds; (4) authorize advertisement for the sale of the Series 2015 Bonds; and (5) schedule the bond sale for May 20, 2015, at 5:30 p.m. Director Winkler seconded the motion, which carried unanimously.

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

Director Appelget discussed WHCRWA matters.

#### PUBLIC BEAUTIFICATION AND CONSERVATION PROJECTS

There was no discussion on this agenda item.

#### DISTRICT WEBSITE

There was no discussion on this agenda item.

#### ATTORNEY'S REPORT

Mr. Seale updated the Board on ongoing discussions with the apartment complex ownership group, Kroger, and Cy-Fair Independent School District regarding the force main replacement project.

## DISTRICT MEETING SCHEDULE

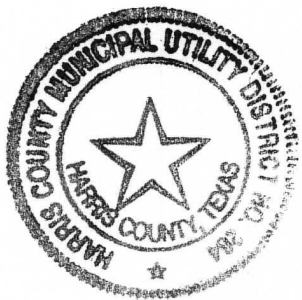
The Board concurred to hold a special meeting on May 5, 2015 at Copeland Elementary School, 18018 Forest Heights, 77095. The Board concurred to hold its next regular meeting on May 20, 2015 at 5:30 p.m. at ABHR.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR SETTLEMENT OFFER

The Board did not convene in executive session.

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 Brandman and carried by unanimous vote.

(SEAL)



Donnice Hoffman  
Secretary, Board of Directors

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