

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors March 14, 2019

The Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") met on March 14, 2019 at 2727 Allen Parkway, Suite 1100, Houston, Harris County, Texas, in accordance with the duly posted notice of said meeting, with a quorum of Directors present as follows:

S. Brady Whitaker, President
John F. Oyen, Secretary
Larry Goldberg, Assistant Secretary
Emory Milton Dooley, Jr., Director

and the following absent:

Jason VanLoo, Vice President.

Also present were Mr. Troy Bordelon, engineer for the District; Mr. Nathan White and Mr. Dino Wright, operators for the District; Ms. Michelle Lofton, District bookkeeper; Mr. Loren Morales, financial advisor for the District; Mr. Shane Stuckey with Stuckey's; and Mr. W. James Murdaugh, Jr., attorney for District.

President Whitaker called the meeting to order and declared it open for such business as might regularly come before it.

1. The Board reviewed the minutes of the meeting held on February 14, 2019. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. On behalf of Ms. Pat Hall, Ms. Lofton presented the tax assessor-collector's report, copy attached, which showed 98% collections for 2018 taxes. Certified taxable value in the District stood at \$138,387,913. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and payment of the checks listed thereon.

3. Ms. Lofton continued with the bookkeeper's report, a copy of which is also attached. The Board reviewed and approved the investment report and noted the energy usage report as well as draft budget No. 2, of the annual budget to be adopted at the April meeting. She was awaiting receipt of the joint sewage treatment plant budget from Rolling Fork P.U.D. Subject to that

discussion, upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and payment of the checks listed thereon. The Board discussed the required review of the District's investments in compliance with Senate Bill 253. The Board requested that the District's bookkeeper and investment officer review the list promulgated by the State Comptroller and monitor it periodically to prevent violations of Senate Bill 253.

4. Mr. White presented the operations report, copy attached, which showed 484 active connections with 98% water accountability. Three bacteriological tests had been performed, all with good results. No excursions had occurred at the Rolling Fork sewage treatment plant which had operated at 32.7% capacity. He reported that Windfern Utility District was considering adjusting its water rate calculation, and he would provide additional information when available. He also reviewed recent routine repair and maintenance items. The operator then submitted a list delinquent accounts to the Board for termination of utility service and stated that the accounts in question had been given written notification of the opportunity to appear, either in person or in writing, at the Board meeting to contest, explain, or correct the charges, services, or disconnection. The operator noted that the accounts listed had neither attended the Board meeting nor contacted the operator's office or the District to contest or explain the charges. After discussion, upon motion duly made, seconded and unanimously carried, the Board authorized the District's operator to proceed with termination of utility service to said accounts pursuant to the provisions of the District's Rate Order.

5. The Board discussed updated Drought Contingency and Water Conservation Plans which had previously been distributed. The Board agreed to take the matters under advisement for review and action at the April meeting.

6. Mr. Bordelon presented the engineer's report, a copy of which is attached. The televising and smoke testing project was now complete, and the engineers were reviewing the resulting tapes. Rolling Fork has authorized the engineers to begin design of the joint sewage treatment plant project, and Mr. Bordelon expects to have a draft of the District's bond application available in approximately two weeks.

7. Mr. Shane Stuckey presented his quarterly report, a copy of which is attached. He discussed an apparent irrigation leak and repairs needed at an adjacent walking bridge, both of which need to be performed by the homeowners association. He then discussed problems relating to fallen trees, debris, and a small sink hole, and then presented two proposals for work to be performed at pond No. 1 and pond No. 2, copies of which are attached. After discussion, the Board authorized

proceeding with the miscellaneous cleanup items at pond No. 2 in the amount of \$3,438.15; the Board agreed to take the other portions of the proposals under advisement, with the understanding that the District might eventually back-bill the homeowners association for tree removal costs.

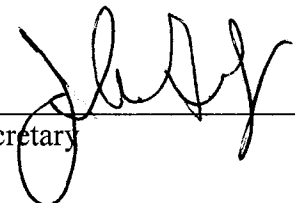
8. President Whitaker discussed a recent request from the homeowners association for District participation in certain repairs, and after a full discussion and careful review the Board agreed that the District should not participate because the costs were solely the responsibility of the homeowners association. In that regard, President Whitaker confirmed he had been in conversations with the HOA for the District's claim for costs incurred relating to problems with the HOA's irrigation system.

9. Director Dooley reviewed proposals which had been received for garbage collection, and after discussion and review the Board unanimously agreed to continue with service from Waste Management. The Board requested that Ms. Tiana Smith, Waste Management representative, be present at the April meeting and that she send a proposed new contract to the attorney for his review.

10. The attorney confirmed that with respect to the District's litigation matters his office was preparing a default motion for Comcast. AT&T was still reviewing the District's claim and asked permission for a site inspection. Mr. Bordelon agreed to coordinate with the attorney's office for dates when he and the AT&T representatives could be present on site.

11. Finally, the Board noted receipt from the District's auditors of a continuance letter for performing the audit of the fiscal year ending April 30, 2019, and the Board expressed its agreement with the terms set out in the letter.

There being no further business to come before the Board, the meeting was adjourned.


Secretary

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

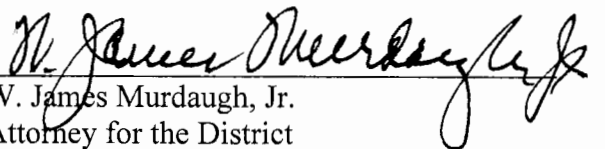
AMENDED NOTICE OF PUBLIC MEETING

Notice is hereby given to all interested parties that the Board of Directors of the captioned District will hold a public meeting at **2727 Allen Parkway, Suite 1100, Houston, Texas.**

The meeting will be held at **12:00 p.m. on Thursday, March 14, 2019.** The subject of the meeting is to consider and act on the following:

1. Approve minutes of meeting held on February 14, 2019
2. Tax assessor-collector's report; status of tax collections; review invoices and authorize payment; status of delinquent taxes; authorize litigation, as necessary; consider any taxpayer appeals; approve installment payment agreements, as necessary
3. Bookkeeper's report; review invoices and authorize payment of bills; review investment report and approve investment of District funds
4. Review draft budget for F.Y.E. 4/30/2020 (including joint budget for STP)
5. Operator's report; review active connections and water accountability; status of operation, maintenance and repair of District facilities; consider customer appeals; approve termination of service on delinquent accounts
6. Review and approve drought contingency plan
7. Review and approve water conservation plan
8. Engineer's report; authorize preparation of plans as appropriate; authorize advertising for bids; award contracts; approve change orders
9. Stuckey's quarterly report
10. Status of bond application
11. Pending business, including:
 - a. Status of proposals for garbage collection
 - b. Status of litigation against AT&T and claim against Comcast for District damages
 - c. Status of claim against homeowner's association for costs incurred as a result of the irrigation system
 - d. Audit continuance letter
12. Executive Session as necessary Authorized under Texas Government Code Ann., §551.071




W. James Murdaugh, Jr.
Attorney for the District