

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261**

Minutes of Meeting of Board of Directors  
February 9, 2017

The meeting of the Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") was held on February 9, 2017 at 2727 Allen Pkwy., Suite 1100, Houston, Texas 77019, in accordance with the duly posted notice of said meeting, with a quorum of Directors present, as follows:

Jason VanLoo, Vice President  
John F. Oyen, Secretary  
Larry Goldberg, Assistant Secretary  
Emory Milton Dooley, Jr., Director

and the following absent:

S. Brady Whitaker, President.

Also present were Mr. Troy Bordelon, engineer for the District; Mr. Nathan White, the District's operator; Ms. Pat Hall, tax assessor-collector for the District; Ms. Michelle Lofton, bookkeeper for the District; Rebecca E. Bellay and Mr. W. James Murdaugh, Jr., attorneys for the District.

In the absence of the President, the Vice President took the chair and presided for the meeting. The meeting was called to order and declared open for such business as might regularly come before it.

1. The Board reviewed the minutes of the meeting held on January 12, 2017. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. Ms. Hall presented the tax assessor-collector's report, copy attached, which showed 99.7% collections for 2015 taxes and 84.8% collections for 2016 taxes. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks listed thereon. Ms. Hall advised that delinquent statements would be mailed next week.

3. The attorney presented the delinquent tax report, a copy of which is attached, which required no action by the Board. Consideration was next given to 2016 taxes remaining delinquent. After a discussion, upon motion duly made, seconded and unanimously carried, the Board approved and adopted the attached Order authorizing the levying of an additional 20% statutory penalty on business personal property accounts remaining delinquent on April 1, 2017 and on real property accounts remaining delinquent on July 1, 2017. This penalty defrays the attorney fees for collection.

4. Mr. White presented the operations report, a copy of which is attached, which showed 484 active connections with no accounts to be terminated for delinquent payment. Water accountability was 95%, with no significant leaks during the previous month. All bacteriological samples had produced good results. Similarly, no excursions had occurred at the Rolling Fork sewage treatment plant, which had operated at 35.7% of capacity. The operator also reviewed rehabilitation work to the storm outfall at lake no. 1, and stated that landscaping had been completed. The Board unanimously approved the District's Water Smart application, and upon motion duly made, seconded and unanimously carried, the Board unanimously approved the operations report.

5. The attorney noted that the District was required to review the FTC identity theft red flag program on an annual basis. The attorney confirmed that there were no changes necessary to the program, and the operator agreed. Accordingly, upon motion duly made, seconded and unanimously carried, the Board approved and adopted the attached Resolution Affirming Identity Theft Prevention Program.

6. Mr. White discussed recent correspondence from the EPA. The EPA is auditing the District's carbon footprint, and the District and numerous other districts have been randomly selected for auditing and additional monitoring.

7. Mr. Bordelon presented the engineer's report, a copy of which is attached. Concerning work with Windfern Forest Utility District and their EST waiver, the hydraulic model is complete and the EST waiver has been submitted to the TCEQ. As to the amended GRP, the Windfern engineers have reported that Windfern has requested the annual take or pay increase from the City of Houston. The request was made at the end of 2016. To date, Windfern

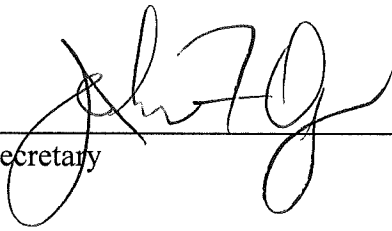
has not received written acknowledgement from the City. The District's operator and engineer will confirm the take or pay amounts are correct. All panels have been erected on the perimeter wall and are currently being painted. The Board expressed satisfaction with the project thus far. The operator has quoted a price to remove the guardrail along Fairbanks North Houston at \$1,750, which was approved by the Board. Pay Application No. 2 for the perimeter wall in the amount of \$426,310.72 was approved as recommended by the engineer. The engineer is assisting the attorney with data collection for the claim against Comcast and AT&T. Finally, Stuckey's has installed the new outfall structure at Lake 2, and a priority repair listing for the remaining outfalls at Lakes 1 & 2 was reviewed. The Board requested a proposal from Stuckey's for lake maintenance, and asked that a representative be present at the March meeting.

8. Ms. Lofton presented the bookkeeper's report, a copy of which is attached. The Board also reviewed and approved the investment report and the energy usage report, and noted a draft budget for the next fiscal year for further review and action in the future. Subject to that discussion, upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's and payment of the checks listed thereon.

9. With respect to other pending matters, the attorney reported on the status of claims against Comcast and AT&T. The cable companies put their lines on property where they did not have easements. The attorney also reported on the status of the District's claim against the homeowner's association for costs incurred as a result of the HOA's faulty irrigation system. A draft demand letter has been prepared for review by the President and Vice President. The prior maintenance agreement with the homeowner's association was discussed as well. After careful consideration, the Board did not approve a request to help the homeowner's association with funds. The Board approved execution of a previously approved contract for maintenance of the District's website.

10. The attorney distributed a summary prepared by his office of pending legislation which might be of interest to the District. He also agreed to provide regular updates to Ms. Hall and Mr. Bordelon.

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

  
Secretary