

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors
March 9, 2017

The meeting of the Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") was held on March 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:

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

and the following absent:

None.

Also present were Mr. Nathan White, operator for the District; Ms. Pat Hall, the District's tax assessor-collector; Mr. Troy Bordelon, the District's engineer; Ms. Michelle Lofton, bookkeeper for the District; Mr. Shane Stuckey, with Stuckey's Contract Services; Ms. Tiana Smith, with Waste Management; and Mr. W. James Murdaugh, Jr., attorney for the District.

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 February 9, 2017. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. Ms. Smith introduced herself to the Board as the new client representative for Waste Management. The Board thanked her for her time and expressed satisfaction with the job being performed by Waste Management. Ms. Hall then presented the tax assessor-collector's report, copy attached, which showed 96.4% collections for 2016 taxes and 99.8% collections for 2015. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks listed thereon.

3. Mr. White presented the operations report, copy attached, which showed 484 connections with 93% water accountability. Three bacteriological tests had been performed, all with good results. No excursions had occurred at the Rolling Fork sewage treatment plant, which was operating at 32% of capacity. The operator then reviewed the semi-annual manhole cleaning and guardrail removal on Fairbanks. He discussed various landscape and pathway repairs as well as the completion of the outfall project on lake no. 1. The operator then submitted a list of delinquent accounts to the Board for termination of utility service and stated that the accounts in question have 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 have 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.

4. The Board discussed the District's red flag/identity theft prevention policy, and on the operator's recommendation the Board unanimously approved and passed the attached Resolution Adopting and Approving Identity Theft Prevention Program.

5. Mr. Bordelon presented the engineer's report, copy attached. He addressed the completion of work related to the Windfern Forest Utility District elevated storage tank waiver request and then discussed issues related to Windfern's amended GRP and take-or-pay issues with the City of Houston. The engineer stated that the perimeter wall project was in good shape, with all panels having been erected and painting completed. He expected the project to be 99% complete by the April meeting. He also confirmed that Stuckey's has completed all required work at lakes nos. 1 and 2.

6. In that regard, Mr. Shane Stuckey discussed with the Board a proposal for an ongoing relationship related to maintenance of District drainage/detention facilities. He discussed possible quarterly inspections at a cost of \$300 per quarter. After further review and discussion, the Board requested that an item addressing the matter be placed on the April agenda and that Mr. Stuckey provide a specific proposal to the Board for circulation and discussion prior to the next meeting.

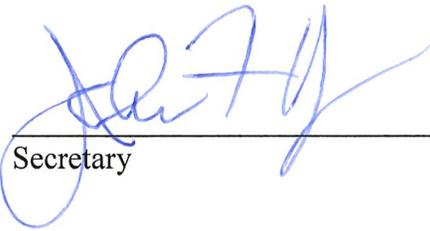
7. Ms. Lofton presented the bookkeeper's report, copy attached. The Board noted the energy usage report and a draft budget for action at the April meeting. The Board also reviewed and approved the investment report. Upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and payment of the checks listed thereon.

8. The attorney reviewed the status of the District's claims for damages caused by AT&T and Comcast cable companies.

9. The Board then discussed the status of the District's claim against the homeowner's association. Directors Whitaker and VanLoo recently had met and discussed the situation with the appropriate representatives of the HOA, and had concluded that the HOA would send a letter to its insurance carrier requesting reconsideration of the carrier's duties under the policy. The attorney was asked to prepare a draft of such a letter, to be sent by the HOA, including a deadline date for an appropriate response. The Board also discussed confirming District ownership and responsibilities of facilities, particularly the lakes, as between the District and the HOA. The attorney and engineer agreed to coordinate on the matter.

10. Finally, the attorney distributed a current analysis of pending legislation possibly affecting districts similar to the District.

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


Secretary