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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors
April 13, 2017

The meeting of the Board of Directors (“Board”) of Harris County Municipal Utility District No. 261 (“District”) was held on April 13, 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
Larry Goldberg, Assistant Secretary
Emory Milton Dooley, Jr., Director

and the following absent:

Jason VanLoo, Vice President
John F. Oyen, Secretary.

Also present were Ms. Pat Hall, tax assessor-collector for the District; Mr. Nathan White, the District’s operator; Mr. Troy Bordelon, engineer for the District; Ms. Michelle Lofton, the District’s bookkeeper; Mr. Shane Stuckey, with Stuckey’s Contract Services; 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 March 9, 2017. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented. In the absence of Director Oyen, Secretary of the Board and of the District, Director Goldberg, Assistant Secretary, was authorized to sign the minutes of this meeting.

2. Ms. Hall presented the tax assessor-collector’s report, copy attached. The report showed 2016 taxable value in the District currently certified at \$134,648,468, with 98.1% collections. 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 active connections with 92% water accountability. Three bacteriological tests had been performed during the previous month, all with good results. No excursions had occurred at the Rolling Fork sewage treatment plant, which had operated at 26% of capacity. The operator agreed to investigate issues relating to water accountability, and then reviewed normal preventive maintenance work during the previous month. The guardrail removal project had been completed, and the operators had investigated a manhole on Ensemble Lane. The Board authorized the manhole repair to be performed and also requested that the operator investigate another manhole located on Andante. 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.

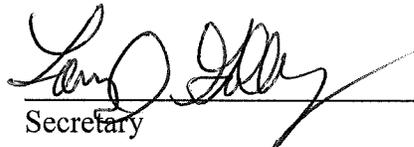
4. Mr. Bordelon presented the engineer's report, a copy of which is attached. The perimeter wall project is almost complete, and on the engineer's recommendation the Board approved payment of pay estimate no. 3 in the amount of \$86,454.55, leaving only the retainage portion of the perimeter wall contract. Mr. Stuckey discussed a report concerning the condition of drainage and detention facilities in the District which his company had prepared based on the recent inspection. He suggested that the Board consider concentrating on drainage facilities and items which were the responsibility of the District as opposed to the homeowners association. He and the Board also discussed problems resulting from unauthorized structures constructed by residents and/or the homeowners association adjacent to the detention ponds. Mr. Stuckey further reviewed serious concerns in pond no. 2 and presented a proposal for work to be performed on a regular basis. The Board expressed its interest in the proposal and agreed to table the matter for an additional month in order to have further discussion with the directors absent today as well as appropriate representatives of the homeowners association. The Board thanked Mr. Stuckey for his work and interest.

5. Ms. Lofton presented the bookkeeper's report, copy attached. The Board approved the investment report and reviewed the energy usage report. 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 postponed any consideration of the Rolling Fork joint sewage treatment plant budget inasmuch as a proposed budget has not yet been established by Rolling Fork. However, the Board next considered a proposed budget for the District for the fiscal year ending April 30, 2018, and after a full review and discussion with certain modifications the budget was unanimously approved in accordance with the Resolution which is attached. The Board also noted that the auditors had been engaged for a 2-year period in 2016, so that no additional action with respect to the annual audit was necessary.

6. The attorney stated that Comcast was apparently contesting the District's claim for damages due to the location of its cable. His firm continued to investigate the matter, and had received notice from AT&T of the District's claim which had been filed. The Board also discussed a draft letter which the attorney had prepared for the homeowners association in connection with their insurance claim for damages to District facilities. President Whitaker proposed one change, subject to which the letter was approved and was authorized to be utilized as appropriate by the HOA.

7. Finally, the Board reviewed with the engineer a map of properties owned by the District, including two lakes, a drainage easement, a lift station site, and other areas. The Board agreed to discuss a possible arrangement for shared maintenance responsibility with the homeowners association and to schedule a special meeting, likely in early May. The Board also agreed that it might be appropriate for Stuckey's to be involved in the meeting.

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


Secretary