

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors
August 10, 2017

The Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") met on August 10, 2017 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
Jason VanLoo, Vice President
John F. Oyen, Secretary
Emory Milton Dooley, Jr., Director

and the following absent:

Larry Goldberg, Assistant Secretary

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

The President 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 July 13, 2017. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.
2. Mr. Ellis presented the audit of the District's books and records for the fiscal year ended April 30, 2017. After a full review and discussion, the Board unanimously approved the audit and authorized its filing with all appropriate entities. The auditor commended the Board on good budget to actual comparisons, and confirmed that his company was issuing a clean opinion.
3. The Board conducted its annual review of the District's investment policy and after a brief discussion unanimously approved the attached resolution affirming the District's investment policy as well as various strategies and objectives. In that regard the attorney confirmed that his office was performing the annual continuing disclosure filings as well as the local debt report

filing with the State Comptroller.

4. Ms. Hall presented the tax assessor-collector's report, a copy of which is attached, which showed 99.5% collections for 2016 taxes, with 2016 taxable values currently certified at \$134,601,822.00. The Board reviewed the delinquent tax report presented by the attorney. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and payment of the checks listed thereon.

5. Ms. Lofton presented the bookkeeper's report, a copy of which is attached. The Board also requested that at future meetings the bookkeeper's report appear on the posted agenda immediately following the tax assessor-collector's report. The Board reviewed the report including the energy usage report and the investment report, which was approved. The Board noted the report included charges invoiced by Windfern Forest Utility District. Upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and payment of the checks listed thereon.

6. Mr. White presented the operations report, copy attached, which showed 484 active connections with 95% water accountability during the previous month. Three bacteriological tests had been taken all with good results. No excursions had occurred at the Rolling Fork sewage treatment plant, which had operated at 28% of capacity. No accounts were presented for termination of service due to delinquent payment. Mr. White reviewed various repair and maintenance items which had been performed during the previous month, including tree removal, and he agreed to provide a response for the Board's use in connection with the neighborhood concern over recent water quality issues. The Board suggested that such response be posted on the District's webpage.

7. The operator next discussed the request for approval of an addendum to the District's agreement with HCH Services, and on his recommendation the addendum was unanimously approved.

8. Mr. Bordelon presented the engineer's report, a copy of which is attached. He advised that the S&V survey to assist in the dispute with Comcast and AT&T would cost approximately \$16,260.00-greater than the number shown in his report. After a full discussion and review the Board agreed that the engineer should proceed with obtaining the survey even at the higher cost. He also discussed issues related to a fence north of Congo that apparently is constructed three feet inside the District's property line. The Board agreed to proceed with the project which would

require the fence to be rebuilt and the vehicles outside the District but adjacent to the fence to be moved. The engineer agreed to provide an appropriate drawing for the Board's use and discussions with the landowner in question. He reiterated the fact that both the District and the City of Houston would need access to and utilization of the easement where the fence and the vehicles are currently located.

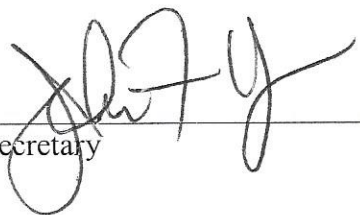
9. The Board discussed the District's Rate Order. The attorney and operator agreed that no changes were required at this time, but the attorney discussed a change in the Rate Order's format in the near future. After a full discussion the Board authorized the engineer to perform a rate study as part of the process.

10. The Board considered the District's existing Code of Ethics, copies of which had previously been provided. After full discussion and review the Board unanimously agreed that no changes were required and that the Code of Ethics was satisfactory in its present form. The Board discussed the recent annual arbitrage analysis, and the attorney noted the recommendation that no action was necessary at this time.

11. With regard to pending matters the Board discussed the status of the District's claim against the homeowners association for certain damages, and President Whitaker confirmed that he was working on that project. The attorney also discussed the status of claims against cable companies related to the recent perimeter wall project, and the fact that the claims would be pursued upon completion of the recently authorized survey.

12. Finally, the Board noted receipt of notice of a workshop organized by Mr. Ellis' firm, and all Directors were encouraged to attend.

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


Secretary