

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors
September 14, 2017

The Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") met on September 14, 2017 at 2817 W. Dallas St., 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
Larry Goldberg, Assistant Secretary
Emory Milton Dooley, Jr., Director

and the following absent:

None.

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. Matt Dustin, Financial Advisor for the District; Mr. Shane Stuckey, with Stuckey's Contract Services L.P.; Ms. Mendi Strnadell, representing the Woodwind Lakes HOA; 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 August 10, 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, which showed 99.8% collections for 2016 taxes with a 2016 certified taxable value of \$134,585,379. The attorney distributed his report on the status of delinquent tax collections. 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. Mr. Dustin approached the Board to discuss the proposed tax rates for 2017. He reviewed the debt service requirements for future years as well as the District's budgetary needs, and recommended a 2017 debt service tax rate \$0.14 per \$100 assessed valuation and \$0.36 per \$100

assessed valuation for maintenance and operation tax purposes. After careful review and discussion the Board unanimously agreed with the financial advisor's recommendation and authorized the tax assessor-collector to publish notice of the Board's intent to set such tax rates at its October meeting.

4. Ms. Lofton presented the bookkeeper's report. The Board reviewed the report as well as the energy usage report, and reviewed and approved the investment report. After further discussion, upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and payment of the checks listed thereon.

5. Mr. White presented the operations report which showed 484 active connections with 97% water accountability. Three bacteriological samples had been taken, all with good results. The Rolling Fork sewage treatment plant had operated at 29% of capacity with no excursions. The operator discussed various repairs, particularly work performed at the lift station. No accounts were presented for termination of service due to delinquent payment. The operator further confirmed that the District's facilities had not encountered significant problems as a result of the recent Hurricane Harvey, and stated that he had added information concerning water quality for the District's website as requested by the Board at its August meeting. The primary problems produced by Hurricane Harvey appear to have been significant sinkholes.

6. Mr. White then reviewed a proposed addendum to agreement for ACH Services. A previous draft had already been approved by the Board, but this was the final version, and on the operator's recommendation it was unanimously approved.

7. Mr. Stuckey discussed proposed work on behalf of the District and stated that he had coordinated with Director Dooley with respect to work on the sinkholes. He addressed proposals which had previously been approved by the Board at an earlier meeting, and then discussed two new proposals for sinkhole repair work, one at a cost of \$15,627.00, plus safety fencing, and another at a cost of \$28,426.00, plus safety fencing. After a thorough review and discussion the proposals were approved, and the attorney was requested to obtain information on a possible FEMA claim by the Board to address the situation.

8. Mr. Stuckey confirmed that his company had begun routine inspections in the District, as previously authorized, and is coordinating with the homeowners association and the association's landscape company. In that regard, he agreed to provide a draft contract for regular, routine District services to be reviewed at the October meeting. Mr. Stuckey agreed to provide the

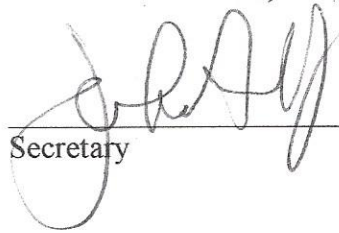
Board information on the sinkhole work within two weeks and would try to minimize disruption to existing paths and bridges. The Board and Mr. Stuckey agreed that going forward he would email monthly reports and attend meetings on a quarterly basis unless otherwise needed.

9. Mr. Bordelon presented the engineer's report and confirmed that S&V Survey Company was performing the work relating to the perimeter walls and cable easements, as previously authorized. The engineer expected to present that report at the next meeting. He noted approval from adjacent land owners relating to accessing the fence north of Congo, with survey work to begin September 18, and finally confirmed that his office was in the process of preparing a rate study for the Board's review and possible action at the October meeting.

10. With respect to various other matters the Board considered previous correspondence from a District resident, Mr. Richard Green, which Mr. Stuckey agreed to address. The Board agreed that the matter need not appear on future agendas. The attorney inquired as to the status of the final agreement with the homeowners association for shared maintenance of certain facilities. It was the opinion of those present that the July 13, 2017 document was not the final version approved by the HOA, and President Whitaker agreed to provide the final version for the District's books and records.

11. Finally, the Board considered a recent inquiry from a possible purchaser of a residence in the District adjacent to the sewage treatment plant reserve. The attorney was authorized to contact the resident, Mr. Matthew Baker, and state that the District had no plans for use of the land in the foreseeable future, but that the engineer advised that possibly in as many as ten years the Rolling Fork plant might need to be reconstructed on the site in question.

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


Secretary