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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors
November 9, 2017

The Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") met on November 9, 2017 at 2701 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:

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, operator for the District; Ms. Pat Hall, tax assessor-collector for the District; Ms. Michelle Lofton, the District's bookkeeper; Mr. Shane Stuckey with Stuckey's Contract Services, L.P.; and Mr. W. James Murdaugh, Jr., attorney for District.

In the absence of Director Whitaker, President of the Board and of the District, Vice President VanLoo took the chair and presided for the remainder of the meeting. He 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 October 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 and confirmed that 2017 tax notices had been sent immediately after the October meeting. Taxes for 2016 were 99.8% collected, and 1.1% of the collections for 2017 taxes had already been received. Based on current information the tax assessor-collector expected the 2017 final taxable values to be approximately \$5,000,000 more than the 2016 values. The Board reviewed the delinquent tax report presented by the attorney. Subject to that discussion, 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. Ms. Lofton presented the bookkeeper's report and expressed some concern over

the current low balance of the General Fund, although she noted maintenance tax proceeds had not yet begun to be received. The Board reviewed and approved the investment report, and noted the energy usage report. After a brief discussion, upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and payment of the checks listed thereon.

4. The Board reviewed the status of the District's surplus construction funds in light of sinkhole remediation work to be performed by Stuckey's and proposals which had previously been approved. Accordingly, after a further discussion the Board unanimously approved the attached Resolution Authorizing the Use of Surplus Funds for such projects.

5. Mr. White presented the operations report which showed 484 active connections and 100% water accountability. Three bacteriological tests had been performed, all with good results. Director Oyen addressed proposed work at the Rolling Fork joint plant, which had not yet been scheduled according to Mr. Bordelon. Mr. White continued his report and addressed various routine repairs and maintenance items. He discussed the status of the free chlorine conversion system which had commenced on October 16, 2017. He also recommended that the Board consider a manhole survey at an estimated cost of \$5,000.00. After a brief discussion, the Board unanimously approved the operator's proposal for a manhole survey. Mr. White stated he continued to coordinate with FEMA, Stuckey's, and representatives from the attorney's office on the District's FEMA claim, and all parties agreed to keep track of their expenses for possible reimbursement by FEMA.

6. The operator then submitted a delinquent account to the Board for termination of utility service and stated that the account in question had 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 account listed had 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 account pursuant to the provisions of the District's Rate Order.

7. Mr. Stuckey approached the Board to review the status of sinkhole repairs which had begun. He also reviewed increased correct use of cement-stabilized sand by his firm and then discussed a revised proposal for work at pond No. 2 for a new lower cost of \$10,865.39. After a brief discussion the Board unanimously approved the proposal as presented. Mr. Stuckey also confirmed

that his office was preparing a proposed contract for services for the District which he would provide to the attorneys for review in the near future.

8. Mr. Bordelon presented the engineer's report. The survey for perimeter wall property lines was almost completed with only a few items left to address. Mr. Bordelon anticipated presenting the findings at the December meeting. He reviewed the recent rate studies performed by his firm and the recommendations made thus far. The Board approved the proposed changes in addition to those proposed by the operator. The engineer, operator and attorney agreed to coordinate on a new draft rate order for review and action at the December meeting.

9. The Board then considered a contract between the District and the Department of Public Safety/Texas Division of Emergency Management providing for grant terms and conditions under FEMA regulations. After consideration, upon unanimous vote, the Board approved and executed the contract.

10. The Board considered proposals for the renewal of District insurance. After a brief review and discussion the proposal was unanimously approved without the cyber liability item with a total premium of \$3,936.00—an increase from the previous year of \$163.00. The attorney agreed to investigate an apparent discrepancy in the property value increase amounts. The attorney also confirmed that his office had conducted its annual review of required consultant insurance and that all such insurance was current and in the correct amounts.

11. Director Goldberg briefly reviewed the the status of the fence project on Congo Lane, and the attorney confirmed the District's claim against cable companies would proceed once the previously discussed survey was completed. There was no new information concerning the pending claim against the Homeowners Association for damage to District facilities, nor had the attorney received a final version of the new agreement with the Homeowners Association for shared maintenance of certain properties.

12. The attorney next addressed the need to establish an additional office for conducting business and maintaining records of the District and designating an additional meeting place outside the District, particularly in light of possible director elections in 2018. After a brief discussion the attached Order was unanimously approved and its execution was authorized. The Board also unanimously approved an additional similar Order designating the engineer's office as a meeting place for the District.

13. Finally, the Board unanimously authorized participation with the Homeowners Association in their annual holiday celebration.

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

Ass't 
Secretary

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

NOTICE OF PUBLIC MEETING

Notice is hereby given to all interested parties that the Board of Directors of the captioned District will hold a public meeting at **2701 W. Dallas, Houston, Texas 77019**.

The meeting will be held at **12:00 p.m. on November 9, 2017**.

The subject of the meeting is to consider and act on the following:

1. Approve minutes of meeting held on October 12, 2017
2. Tax assessor-collector's report; status of tax collections; review invoices and authorize payment; status of delinquent taxes; authorize litigation, as necessary; consider any taxpayer appeals; approve installment payment agreements, as necessary
3. Bookkeeper's report; review invoices and authorize payment of bills; review investment report and approve investment of District funds
4. Approve resolution for use of surplus funds
5. Operator's report; review active connections and water accountability; status of operation, maintenance and repair of District facilities; consider customer appeals; approve termination of service on delinquent accounts
6. Stuckey's report on sinkholes; take action, as appropriate
7. Review and approve, as appropriate, Contract for Services from Stuckey's
8. Engineer's report; status of perimeter wall project; authorize preparation of plans as appropriate; authorize advertising for bids; award contracts; approve change orders; discuss sinkhole repairs
9. Status of District Rate Order; approve changes and take action as appropriate
10. Status of FEMA claim; Approve and/or ratify the Grant Terms and Condition for FEMA-4332-DR-TX agreement
11. Insurance proposals (policies expire 12/15/2017)
12. Confirm consultant insurance compliance
13. Discuss issues related to moving fence on Congo Lane
14. Order Designating Additional Office for Conducting Business and Maintaining Records of the District and Designating Additional Meeting Place Outside the District
15. Pending business, including:
 - a. Status of claims against cable companies
 - b. Status of claim against homeowner's association for costs incurred as a result of the irrigation system

- c. Status of agreement for shared maintenance of District and HOA properties
- d. Authorize participation in HOA celebration

16. Executive Session as necessary Authorized under Texas Government Code Ann., §551.071



W. James Murdaugh, Jr.

W. James Murdaugh, Jr.
Attorney for the District

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Order Authorizing Use of Surplus Construction Funds

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 261 (the "District") met on November 9, 2017, at its regular meeting place 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 director was absent:

S. Brady Whitaker, President

The order thus adopted is as follows:

WHEREAS, the Texas Water Commission, predecessor to the Texas Natural Resource Conservation Commission, (the "Commission") approved projects and the District issued bonds for the construction of water, sanitary sewer and drainage facilities to serve the area of the District (the "Bonds"), to-wit:

\$1,660,000 Harris County Municipal Utility District No. 261 Unlimited Tax Bonds, Series 1994;

\$3,490,000 Harris County Municipal Utility District No. 261 Unlimited Tax Bonds, Series 1995; and

\$1,800,000 Harris County Municipal Utility District No. 261 Unlimited Tax Bonds, Series 2014;

WHEREAS, the projects pursuant to which said bonds were sold have been completed, and there is not any additional utility construction presently needed in the District or contemplated by the Board or the District's engineer that would require expenditure of these construction funds;

WHEREAS, according to the District's bookkeeper, the District has funds in excess of \$44,911 in surplus, unexpended and unescrowed construction funds;

WHEREAS, the District has been informed of the need for the use of \$44,911 in surplus funds for repair of sinkholes at the detention ponds (the "Project"). Such improvements are need to be performed to preserve the integrity and efficiency of the District's facilities and to serve development within the District;

WHEREAS, the rules of the Commission governing use of surplus construction funds provide that the District may utilize surplus construction funds if the District meets certain criteria established by the Commission under 31 T.A.C. §293.83;

WHEREAS, the Board of Directors affirmatively finds that the District meets such criteria, and that such expenditure of surplus construction funds for the Projects is authorized under 31 T.A.C. §293.83 (c)(3)(C) and (D); and

WHEREAS, the District desires to utilize such surplus, unexpended construction funds to pay the costs related to such repairs, in accordance with 31 T.A.C. §293.83, and for the engineering fees related thereto.

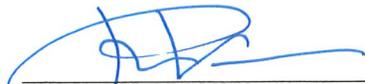
NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261, AS FOLLOWS:

1. The District hereby confirms use of surplus construction funds to pay for the cost of the Projects in accordance with 30 TAC 293.83 (c)(3)(C) and (D).
2. District's bookkeeper is hereby authorized and directed to pay for the costs associated with the Project directly from the District's surplus construction funds.

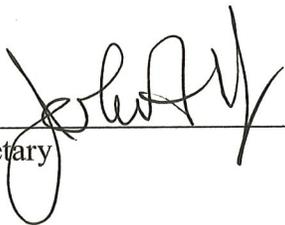
3. The District's engineer is hereby directed to obtain approvals for the associated plans and specifications in connection with the use of surplus construction funds, in accordance with the rules of the Texas Commission on Environmental Quality and the Constitution and laws of the State of Texas.

4. In accordance with the rules of the Commission, be it further ordered by the Board of Directors of Harris County Municipal Utility District No. 261 that the expenditure of the surplus construction funds shall be reported in the annual audit report of the District for the fiscal year ending April 30, 2018, in accordance with the Annual Audit Report Requirements and 30 T.A.C. §293.83.

Passed and adopted this November 9, 2017.

Vice President 

ATTEST:


Secretary



HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Order Designating Additional Meeting Place Outside District

The Board of Directors (“Board”) of Harris County Municipal Utility District No. 261 (the “District”) met at the Board’s regular meeting place on November 9, 2017, 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

when the following business was transacted:

The order set out below was introduced and considered by the Board. It was then moved, seconded and unanimously carried that the following order be adopted:

WHEREAS, the District is a conservation and reclamation district and a political subdivision of the State of Texas created and operating pursuant to the provisions of Chapters 49 and 54, Texas Water Code and Article XVI, Section 59 of the Texas Constitution; and

WHEREAS, pursuant to Section 49.062(b), Texas Water Code, the Board shall designate one or more places inside or outside the District for conducting the meetings of the Board and shall declare the same to be a public place and invite the public to attend any meeting of the Board; and

WHEREAS, the Board hereby establishes the Offices of A&S Engineers, Inc., 10377 Stella Link Road, Houston, Harris County, Texas 77025-5445, as an additional meeting place outside the District and declares said location to be a public place and the Board hereby invites the public to attend any meeting of the Board.

WHEREAS, meetings of the Board are conducted in accordance with the Texas Open Meetings Act, Chapter 551, Texas Government Code, and notices of such meetings are provided in accordance with such law; and

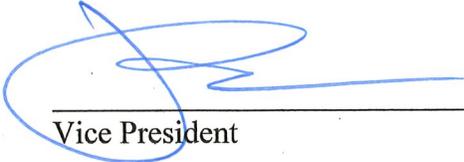
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261 THAT:

Section 1: The Board hereby finds and determines that the matters and facts recited above are true and correct.

Section 2: The Board hereby establishes the Offices of A&S Engineers, Inc., 10377 Stella Link Road, Houston, Harris County, Texas 77025-5445, as a meeting place outside the District and declares said location to be a public place and the Board hereby invites the public to attend any meeting of the Board.

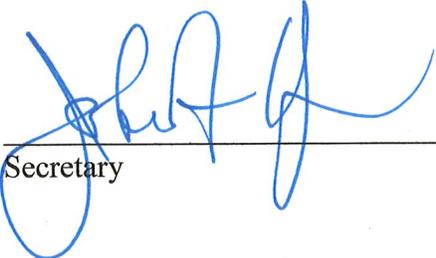
Section 3: Notice of the designation of additional meeting place outside the District for conducting the meetings of the Board shall be given as provided by law.

PASSED and APPROVED this November 9, 2017.



Vice President

ATTEST:



Secretary

