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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors February 8, 2018

The Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") met on February 8, 2018 at 5300 Memorial Drive, Suite 700, 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, engineer for the District; Ms. Michelle Lofton, the District's bookkeeper; Ms. Pat Hall, tax assessor-collector for the District; and Mr. W. James Murdaugh, Jr., attorney for District.

President Whitaker 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 January 11, 2018. 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 and 91.6% collections for 2017 taxes (94% as of the date of the meeting). Current certified taxable value in the District stood at \$138,478,385. 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. Consideration was next given to 2017 taxes remaining delinquent. After a discussion, upon motion duly made, seconded and unanimously carried, the Board approved and adopted the attached Order authorizing the levying of an additional 20% statutory penalty on business personal property accounts remaining delinquent on April 1, 2018 and on real property accounts

remaining delinquent on July 1, 2018. This penalty defrays the attorney fees for collection.

4. Ms. Lofton presented the bookkeeper's report. The Board approved the investment report and reviewed the energy usage report. Ms. Lofton noted an initial draft budget for final action at the April meeting. 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.

5. Mr. White presented the operations report which showed 484 active connections with 99% water accountability. Three bacteriological samples had been taken, all with good results. No excursions had occurred at the Rolling Fork sewage treatment plant, which had operated at 25.3% of capacity. Mr. White discussed routine maintenance and repairs including replacing 20 meters in the District. The operator then submitted a list delinquent accounts to the Board for termination of utility service and stated that the accounts 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 accounts 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 accounts pursuant to the provisions of the District's Rate Order.

6. Mr. White discussed the District's Water Smart application, and after a brief discussion the Board unanimously approved and passed the resolution which is attached. The Board also unanimously approved the attached Resolution Affirming the District's Identity Theft Program, as recommended by Mr. White.

7. There was no presentation by Stuckey's Contract Services, L.P. however, the Board briefly reviewed a proposed contract for services which had been previously discussed, and after further review the Board unanimously approved the contract with Stuckey's Contract Services L.P. and authorized execution thereof. The attorney agreed to provide copies to the Board of Directors.

8. Mr. Bordelon presented the engineer's report and stated that the survey of cable easements and related matters had been completed, and he was providing new information as soon as possible to Ms. Seipel in the attorney's office. He also briefly discussed the cost summary from the 2014 bond issue with regard to projects still remaining. Finally, he discussed work being proposed at

the Rolling Fork sewage treatment plant and agreed to provide the District with estimated costs and a scope of work as soon as possible.

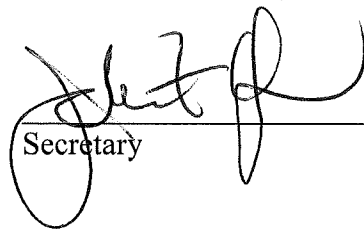
9. The Board confirmed that the Congo fence project had been completed and no longer needed to appear on the agenda. It appeared that an election of directors should be called for and within the District on Saturday, May 5, 2018. The attached Order calling such election was presented and reviewed by the Board of Directors. Upon motion duly made, seconded and unanimously carried, the Board approved and adopted the Order which is attached to these minutes. The attorneys were instructed to handle the mechanics of the election.

10. The attorney confirmed that his office was preparing the annul report to the Texas Comptroller pursuant to Senate Bill 625. He further noted that his office would have additional information with respect to the District's claim against cable companies upon receipt of the survey from Mr. Bordelon. President Whitaker discussed the District's pending claim for damages against the homeowners association, and agreed to provide the attorney with the final agreement for maintenance of facilities between the District and the homeowners association.

11. The Board discussed a request from Acclaim Energy for a director designated to coordinate concerning the possibility of a new electric contract, and Director Dooley was so designated. The Board also unanimously approved participation in the Water Wise Program of the Subsidence District and noted sponsorship for Emmott Elementary School in Cypress Fairbanks ISD for 153 students. The Water Wise Resolution is attached. The attorney reported recent correspondence from Waste Management concerning the CPI increase in the District's garbage rate which was being raised from \$18.12 to \$18.48 per residence.

12. Finally, the attorney distributed a memorandum from his office concerning requirements for District websites.

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


Secretary