

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors August 9, 2018

The Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") met on August 9, 2018 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
Larry Goldberg, Assistant Secretary Emory
Milton Dooley, Jr., Director

and the following absent:

None.

Also present were Ms. Pat Hall, tax assessor-collector for the District; Ms. Michelle Lofton, District bookkeeper; Mr. Nathan White, operator for the District; Mr. Troy Bordelon, engineer for the District; Mr. Joseph Ellis, auditor 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 July 19, 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, copy attached, which showed 99.3% collections for 2017 taxes with \$138,504,933 in certified taxable value. She expected to have certified values from Harris County Appraisal District within the week so that the District would be in a position to discuss its 2018 tax rate at the September meeting. 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, copy attached. The Board reviewed and approved the investment report and as well as 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 discussed the required review of the District's investments in compliance with Senate Bill 253. The Board requested that the District's bookkeeper and investment officer review the list promulgated by the State Comptroller and monitor it periodically to prevent violations of Senate Bill 253.

4. Mr. Ellis approached the Board to review the District's audit for its fiscal year ended April 30, 2018. He noted good fund balances and stated his firm was providing a clean opinion. After a brief discussion the Board unanimously approved the audit and authorized its filing with all appropriate entities. The Board also conducted the annual review of its investment policy and concluded that no changes were required or advisable at the time. Accordingly the Board unanimously approved the attached Resolution Affirming Review of District Investment Policy.

5. With respect to related matters the attorney confirmed that his office would perform the annual continuing disclosure filing with respect to outstanding District bonds and was also completing the local debt report in accordance with House Bill 1378.

6. The Board reviewed its current Code of Ethics, which previously had been provided, and after discussion unanimously confirmed that no changes were in order. The Board then reviewed the District's rate order, and after a discussion with the operator, also concluded that no changes were in order.

7. The Board discussed receipt of the annual arbitrage analysis concerning all previous bond issues of the District, and noted that no action was required at this time.

8. Mr. White presented the operations report, copy attached, which showed 484 connections with 100% water accountability. Three bacteriological tests had been performed, all with good results. Lead and copper testing in the District had also been completed with good results as well. The operator discussed various repairs which had performed during the previous month and stated that his office was investigating a "mystery" telephone connection to District facilities. 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

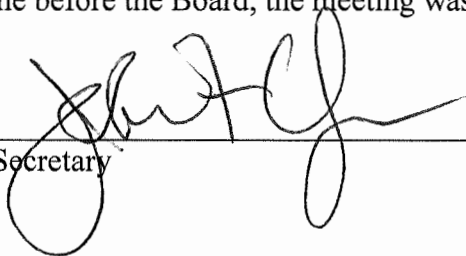
District's Rate Order. The Board also noted receipt from the Texas Commission on Environmental Quality of the results of a recent complaint investigation which revealed no violations related to the District's water supply. A copy of the letter is attached.

9. Mr. Bordelon presented the engineer's report, copy attached. His office is advertising for receipt of bids for the sanitary sewer cleaning, televising and smoke testing project, with his recommendation of award of contract to be presented at the September meeting. There was no additional information concerning the request of Mr. Koenig for utilities, and the engineer agreed to remove the item from his report at future meetings. He also agreed to review and take under advisement recent correspondence from consultants hired by the Harris County Flood Control District concerning surveying and easements in the District.

10. The Board noted that Mr. Shane Stuckey expected to attend the September meeting, and after a brief review unanimously approved his proposed assumption of contract. There was some discussion concerning items requiring cleaning and/or maintenance at lake No. 1 and Director Goldberg agreed to coordinate with Mr. Stuckey.

11. The attorney confirmed that his office was filing appropriate litigation documents this week concerning the District's claims against AT&T and Comcast. The Board also discussed the date for the September meeting in light of the possible absences of President Whitaker and Director Goldberg. Nevertheless, the Board agreed to maintain the regular monthly schedule until further notice.

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


Secretary