

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors
January 10, 2019

The Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") met on January 10, 2019 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 Mr. Nathan White, operator for the District; Mr. Troy Bordelon, engineer for the District; Ms. Michelle Lofton, District bookkeeper; Mr. Loren Morales, financial advisor for the District; Ms. Tiana Smith, with Waste Management, Inc.; 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 December 13, 2018. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. In the absence of Ms. Hall, Ms. Lofton presented the tax assessor-collector's report, a copy of which is attached. The report showed 31.6% collections for 2018 taxes and 99.6% for 2017 taxes. Certified taxable value in the District stood at \$138,351,432. 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 continued with the bookkeeper's report, copy attached. The Board noted the energy usage report and approved the investment 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. It was reported to the meeting that under the provisions of Article VIII, Section 1-b of the Constitution of Texas, this District may exempt by its own action not less than \$3,000 of the assessed value of residence homesteads of persons 65 years of age or older or disabled from all ad valorem taxes thereafter levied by the District. Those present discussed at length the various points for or against the adoption of the exemption by the District. After the discussion, it was duly moved, seconded and unanimously carried that there be passed and adopted the attached Order providing a \$20,000 homestead exemption for residents of the District 65 years of age or older or disabled.

5. Mr. White presented the operations report, copy attached, which showed over 100% water accountability for 484 active connections. Repairs were underway on the interconnect meter which would address future accountability issues. Three bacteriological samples had been performed, all with good results. Rolling Fork sewage treatment plant was operating at 30.8% of capacity. 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 reviewed various repairs and maintenance items, and discussed the status of the District's Water Smart application. The Board agreed to supply certain additional information, and the attorney was requested to have ratification of the Water Smart application on the agenda for the February meeting.

7. Mr. Bordelon presented the engineer's report, copy attached. On his recommendation the Board approved Pay Estimate No. 1 for the cleaning and smoke testing project in the amount of \$55,973.21. He also reported that Rolling Fork had approved preparation of a bond

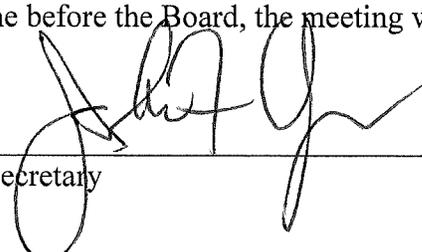
application for substantial work at the joint sewage treatment plant. Accordingly, after a brief discussion the Board unanimously authorized Mr. Bordelon and his office to prepare the necessary bond application for the project on behalf of the District. Mr. Morales approached the Board and reviewed various schedules of future debt service/tax rate requirements assuming bonds were issued in 2020. The Board agreed to review the schedules and continue to consult with Mr. Morales as appropriate.

8. Ms. Smith approached the Board to review the service provided by Waste Management for garbage collection and her proposal for a new contract which would include trash pick-up once a week on Mondays and recycling service on Thursdays. She expected that new service could begin approximately 90 days after approval by the Board. After further discussion the Board agreed to review the matter in February and reach a decision at the March meeting. Director Dooley agreed to coordinate with Waste Management on behalf of the Board.

9. The attorney discussed the status of litigation involving AT&T and Comcast. It appeared that a settlement was close with AT&T, after which the lawyers would address the Comcast situation. The attorney expressed significant appreciation for the assistance of Mr. Bordelon in the process. President Whitaker said there was no new information to present concerning the District's claim against the homeowners association, but he would continue to pursue the matter. He also agreed to respond to a request from the District's webmaster concerning possibly archiving or deleting certain information on the website.

10. Finally, the attorney distributed the calendar of events for District meetings and actions in the new year.

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



Secretary