

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors
February 14, 2019

The Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") met on February 14, 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
Emory Milton Dooley, Jr., Director

and the following absent:

Larry Goldberg, Assistant Secretary.

Also present were Mr. Nathan White, operator for the District; Mr. Troy Bordelon, engineer for the District; Ms. Pat Hall, tax assessor-collector for the District; Ms. Michelle Lofton, District bookkeeper; 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 10, 2019. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. Mr. White presented the operations report, copy attached, which showed 484 active connections and an incredible 171% water accountability (due to problems with an interconnect meter). Three bacteriological tests had been performed, all with good results. The Rolling Fork sewage treatment plant had operated at 32.9% capacity. On the operator's recommendation five accounts totaling approximately \$953.00 were referred to a collections agency. Mr. White also addressed manhole repairs and the recent cleanout of the lift station. The Board unanimously ratified its previous actions submitting a water smart application. 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.

3. Ms. Hall presented the tax assessor-collector's report, copy attached, which showed 88.9% collections for 2018 taxes (98% as of today), and 99.6% for 2017 taxes. Certified taxable value in the District stood at \$138,360,444. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and payment of the checks listed thereon.

4. Consideration was next given to 2018 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, 2019 and on real property accounts remaining delinquent on July 1, 2019. This penalty defrays the attorney fees for collection.

5. Ms. Lofton presented the bookkeeper's report, copy attached. The Board noted the energy usage report as well as a draft budget for the coming fiscal year, 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.

6. The Board conducted its annual review of the FTC Identity Theft Red Flag Policy and after a brief discussion unanimously approved the Resolution which is attached.

7. The attorney confirmed that his office was completing the annual filing with the Texas Comptroller as required by Texas law concerning various aspects of the District's status.

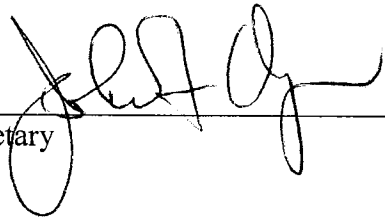
8. Mr. Bordelon then presented the engineer's report, a copy of which is attached. Work was complete on the sanitary sewer cleaning, televising and smoke testing which thus far had produced fairly good results. On the engineer's recommendation the Board approved payment of Pay Estimate No. 2 and final in the amount of \$24,873.15. The engineers would continue to review the results of the testing to provide recommendations for any additional necessary work to be performed.

Design was underway for work required at the Rolling Fork joint sewage treatment plant, and the engineers were pursuing the District's bond application, which they expect to be completed by the end of March.

9. The Board next discussed the status of the District's contract for garbage service. Director Dooley stated that he hoped to obtain additional information from various contractors so that the Board could make a final decision in March.

10. With respect to pending matters the attorney stated that thanks to information from the engineer his office had provided a final request for payment from AT&T in the amount of \$72,500, and once the AT&T issue is resolved the attorneys will proceed with the District's claim against Comcast. President Whitaker stated that he continued to work on the District's claim against the homeowners association for damages relating to the faulty irrigation system, and Director Oyen discussed the recent AWBD Winter Conference in Austin, Texas.

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


Secretary

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

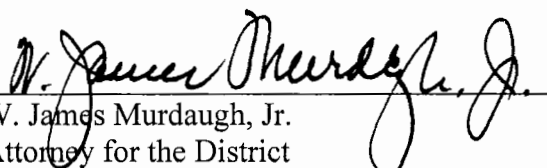
NOTICE OF PUBLIC MEETING

Notice is hereby given to all interested parties that the Board of Directors of the captioned District will hold a public meeting at **2727 Allen Parkway, Suite 1100, Houston, Texas.**

The meeting will be held at **12:00 p.m. on Thursday, February 14, 2019.** The subject of the meeting is to consider and act on the following:

1. Approve minutes of meeting held on January 10, 2019
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. Order Levying Additional Penalty for Delinquent Taxes
4. Bookkeeper's report; review invoices and authorize payment of bills; review investment report and approve investment of District 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. Ratification of the Water Smart application; document water conservation presentations
7. Annual review of FTC identity theft red flag policy
8. Annual report to the Texas Comptroller pursuant to Senate Bill 625 (Texas Local Gov't Code, Chapter 203, Subchapter D)
9. Engineer's report; authorize preparation of plans as appropriate; authorize advertising for bids; award contracts; approve change orders
10. Status of bond application
11. Pending business, including:
 - a. Status of proposal from Waste Management
 - b. Status of litigation against AT&T and claim against Comcast for District damages
 - c. Status of claim against homeowner's association for costs incurred as a result of the irrigation system
12. Executive Session as necessary Authorized under Texas Government Code Ann., §551.071




W. James Murdaugh, Jr.
Attorney for the District