

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors  
June 13, 2019

The Board of Directors (“Board”) of Harris County Municipal Utility District No. 261 (“District”) met on June 13, 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 Ms. Jennifer Landreville, tax assessor-collector and bookkeeper for the District; Mr. Dino Wright, operator for the District; Mr. Jonathan Liu, engineer for the District; Mr. Loren Morales, financial advisor for the District; and Ms. Melissa P. Kilpatrick representing the 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 May 9, 2019. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. Ms. Landreville presented the tax assessor-collector’s report, copy attached, which showed 99.2% collections for 2018 taxes and current certified taxable value in the District of \$138,367,383. The Harris County Appraisal District had recently provided a preliminary 2019 taxable value of some \$139,000,000. 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. Landreville presented the bookkeeper’s report, copy attached. The Board noted the energy usage report and unanimously approved the investment report. Ms. Landreville noted that check number 12141 on the General Fund account had been written in error and would be

voided. The Board reviewed the budget comparison report showing the first month of activity during the fiscal year ending April 30, 2020. Finally, Ms. Landreville noted that her office had reviewed the District's records with regard to any unclaimed property which must be reported and paid to the State Comptroller. The search had been done for the one-year period ending March 1, 2018, with \$91.77 having been transferred to the state. 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. The Board considered the ethics letter and update from the District's investment officer. Mr. Oyen had completed the letter which reflected no conflicts or personal business relationships with individuals or entities who engage in investment transactions with the District. This information will be forwarded to the District's files as well as to the Texas Ethics Commission, as required.

5. All Board members completed their annual conflict of interest disclosure documents, with no conflicts being noted.

6. Mr. Wright presented the operations report, copy attached, which showed 484 connections, one of which was a vacant account. Water accountability for the month was 97%, and three bacteriological samples had been tested, all with good results. He reviewed repairs and preventive maintenance, and advised that no excursions had occurred at the sewage treatment plant, which had operated at 52.7% of permitted capacity. He then reported on progress with disconnecting illegal connections made by customers in the District and reported he had thorough conversations with the customers with whom he has interacted so far. 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.

7. The Board considered the annual submission of emergency operations information and an application to CenterPoint Energy for critical load status. These actions were necessary in light of hurricane season and other situations which might involve loss of electricity. Ms. Kilpatrick reported that the submission had been made to all necessary parties and a copy had been provided to the District's operator and engineer.

8. There was no quarterly report from Stuckey's for review. Director Goldberg will contact Stuckey's and request attendance at the July meeting. The Board noted there appeared to be some erosion near 8739 Serenade Lane and requested that Mr. Goldberg notify Stuckey's of this for placement on its punch list.

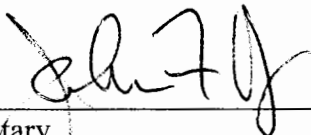
9. The Board considered a review of water supply billings from Windfern pursuant to the District's contract with that district. Directors VanLoo, Oyen, and Whitaker had attended a recent meeting of the Windfern board during which that board had discussed its cost of water production and any resulting effects on the billing provisions of the water supply contract. The Windfern engineer had conducted a study on the subject and concluded that the cost of water production had actually decreased. Given this, the District's directors believe there is no basis for Windfern to increase rates and in fact after brief discussion the Board agreed it would benefit the District and its customers to approach Windfern to seek a rate decrease. After additional discussion, the Board agreed it was important for the District to maintain a presence at the Windfern meetings over the next several months. At least two directors agreed to try to attend these meetings. At an upcoming meeting the Board will discuss how to proceed with a request for a rate decrease.

10. Mr. Liu presented the engineer's report, copy attached. Design of the sanitary sewer rehabilitation project was nearing completion and the engineers intend to present a summary scope of work at the Board's next meeting. Mr. Liu then confirmed that the District's bond application report had been submitted to the Texas Commission on Environmental Quality and had since been declared administratively complete.

11. The Board discussed pending business, noting there was no new information regarding the status of litigation against AT&T and Comcast or against the homeowners association. The focus next turned to trash collection service issues. Director Oyen reported on his recent attendance at a neighborhood function where he had been approached by several residents who did not like the new Monday/Thursday collection days and also complained about the large size of the

collection containers. The Board discussed these comments along with other general comments concerning the District made by residents. The comments were wide-ranging enough that the Board desired to discuss at its July meeting the selection of a date in September to hold a special meeting in the District to provide an interactive forum for information sharing between the District's residents and Board. This meeting would be in addition and prior to the annual HOA meeting in October. Additional discussion occurred regarding trash collection and specifically grass clippings in the street. When the clippings or leaves get into the storm drains problems can arise. The Board agreed that the District's operator should place a message on customer water bills on this subject. Further, the Board would approach the HOA for placement of similar information in the neighborhood newsletter.

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

  
Secretary