

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Minutes of Meeting of Board of Directors
July 11, 2019

The Board of Directors ("Board") of Harris County Municipal Utility District No. 261 ("District") met on July 11, 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. Troy Bordelon, engineer for the District; Mr. Dino Wright, operator for the District; Mr. Loren Morales, financial advisor for the District; Ms. Pat Hall, tax assessor-collector for the District; Ms. Tiana Smith with Waste Management; Mr. Shane Stuckey, with Stuckey's; 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 June 13, 2019. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. Ms. Smith approached the Board to discuss the status of garbage collection operations and the new schedule in the District. She agreed to coordinate with the District operator, particularly if District residents requested an additional cart. She also agreed to take under advisement any additional requests, including possible change in dates of service which might arise at a future community meeting. In that regard, the Board agreed that a special community meeting would occur in the District on September 19, 2019 at 7:30 p.m. The attorney was instructed to set an agenda for the special meeting in addition to the regular monthly meeting.

3. The Board reviewed the status of billings, particularly from Windfern Forest Utility District. Directors were expecting a possible increase in water rates, and President Whitaker

hoped to have preliminary discussions with the appropriate Windfern representative. After further review the Board unanimously authorized President Whitaker and Director VanLoo to pursue such informal discussions and report back to the Board at the regular August meeting.

4. Ms. Hall presented the tax assessor-collector's report, copy attached, which showed 99.3% collections for 2018 taxes with current certified taxable value in the District of \$138,347,383. She also advised the Board to expect a small increase in taxable value for 2019. 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.

5. Ms. Hall also reviewed the bookkeeper's report, copy attached. The Board noted the energy usage report and approved the investment report. Ms. Hall agreed to hold certain checks pending additional information from the District's operator. Upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and 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. Mr. Wright presented the operations report, copy attached, which showed 484 connections with 98% water accountability. Three bacteriological test had been performed, all with good results. No excursions had occurred at the Rolling Fork sewage treatment plant, which had operated at 30% of capacity. The Board briefly discussed recent work performed with respect to manhole repairs and certain other items. It appeared that the fire hydrant repairs were now complete. 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.

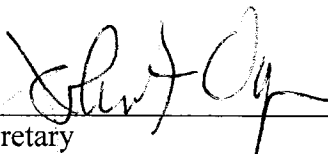
7. Mr. Bordelon presented the engineer's report, copy attached. Design was

ongoing for the sanitary sewer rehabilitation work, and the engineers were pursuing a survey with respect to a possible sag in the line discharging into the existing lift station. He further reported that the 2019 bond application had been submitted to the Texas Commission on Environmental Quality, and the engineer had responded to various comments and questions by the TCEQ. The engineer and attorney noted it no longer appeared that the bond issue should include capitalized interest, and the interest rate at which the bonds were expected to be sold was lower than originally anticipated. Accordingly, after a brief discussion and based on the recommendations of the engineer, attorney, and financial advisor the Board unanimously approved the attached Resolution authorizing an amended bond application in the new amount of \$1,515,000.

8. Mr. Shane Stuckey approached the Board and presented his report, a copy of which is attached. The District's ponds appeared to be fairly in stable condition although some settlement had occurred behind Serenade Lane. He confirmed good coordination with the HOA landscapers, who had performed certain repairs. After additional discussion, based on Mr. Stuckey's recommendation the Board authorized additional repairs to be made, not to exceed \$5,000.00, to address settlement issues near the waterfall feature, with the repair to include the additional injection of uretek polymer. The Board declined to authorize any action at this time with respect to the swale blockages.

9. The Board unanimously approved a contract with the Houston-Galveston Subsidence District for participation in the Water Wise Program. The attorney noted a recent inquiry concerning the possible sale of Series B Groundwater Credits to Northside Christian Church; however no sale of the credits had been concluded. President Whitaker confirmed that he would continue discussions with the homeowners association concerning the District's claim for damages, and the attorney addressed the District's pending claims against AT&T and Comcast. The Board authorized the attorney's office to make an additional approach to the attorney for AT&T, and noted the possibility that the District might authorize additional exploratory excavation of cable lines even though the engineer was of the opinion that the Comcast and AT&T cables would not be easily identified.

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


Secretary

Harris County MUD 261

Energy Usage Report

FYE 04/30/2020

Electricity - Hudson Energy						
Check Date	Check #	Billing Period	Account #	Location	Usage (kWh)	Amount
				Total FYE 04/30/2014	8,945	\$1,497.42
				Total FYE 04/30/2015	10,841	\$1,661.71
				Total FYE 04/30/2016	10,982	\$1,777.60
				Total FYE 04/30/2017 (Partial)	851	\$143.11

Electricity - MP2 Energy

Check Date	Check #	Billing Period	Account #	Location	Usage (kWh)	Amount
				Total FYE 04/30/2017 (Partial)	9,776	\$1,437.61
				Total FYE 04/30/2018	11,267	\$1,657.77
				Total FYE 04/30/2019	10,627	\$1,974.90
6/13/2019	12144	05/02/19-06/03/19	1604005738	8626 1/2 Congo Lane	0	\$6.03
	12145	05/02/19-06/03/19	1604005737	8903 Woodwind Lakes Dr	869	\$149.03
7/11/2019	12181		1604005738	8626 1/2 Congo Lane		
	12182		1604005737	8903 Woodwind Lakes Dr		
				Total FYE 04/30/2020	869	\$155.06

Water - Windfern Forest

Check Date	Check #	Billing Period	Invoice #	Location	Usage (KGAL)	Amount
				Total FYE 04/30/2012	54,568	\$43,997.60
				Total FYE 04/30/2013	33,920	\$27,136.00
				Total FYE 04/30/2014	39,367	\$52,120.97
				Total FYE 04/30/2015	67,863	\$110,385.17
				Total FYE 04/30/2016	68,075	\$110,602.30
				Total FYE 04/30/2017	66,582	\$108,898.07
				Total FYE 04/30/2018	70,523	\$115,383.46
				Total FYE 04/30/2019	60,169	\$106,901.54
6/13/2019	12155	03/19/19-04/19/19	3/19-4/19/19	N/W C/O Windfern @ Woodwind Lakes	5172	\$8,412.30
7/11/2019	12183			N/W C/O Windfern @ Woodwind Lakes		
				Total FYE 04/30/2020	5172	\$8,412.30