

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238,
OF HARRIS COUNTY, TEXAS**

**Minutes of Meeting of Board of Directors
January 27, 2015**

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238, of Harris County, Texas ("District"), met at 18702 Kieth Harrow Boulevard, Houston, Texas on January 27, 2015, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board, as follows:

Michael McGlaughlin, President
Randy Love, Vice President
Patricia Richardson, Secretary
Damon Sachs, Assistant Secretary
C.L. "Steve" Crane, Director

and all of said persons were present, except Director Sachs, thus constituting a quorum.

Also present were Cathy Wheeler and Lauren Davis of Wheeler & Associates, Inc. ("Wheeler"); Cynthia Colondres of Municipal Accounts & Consulting, L.P. ("MA&C"); Jeff Vogler of Van De Wiele & Vogler, Inc., ("VVI"); Frank Garcia of Gulf Utility Service, Inc. ("GUS"); John Robuck of BOSC, Inc. ("BOSC"); Jonathan Roach, Frank Mitchell and Jeremy Roach of The Law Firm of Jonathan A. Roach, PLLC ("JARPLL"); Andrew Dunn and Terry Starkey of On-Site Protection LLC; and residents Danell Landes, Terry Burse, Linda Caroll, Gerard Garcia and John Gibson.

The President called the meeting to order and declared it open for such business as might come before it.

APPROVE MINUTES

The Board considered for approval the minutes from the Board meeting held on January 9, 2015 with certain noted changes by Mr. Roach. Director McGlaughlin made a motion to approve the minutes with the noted revisions. The motion was seconded by Director Love, and said motion passed unanimously.

PUBLIC COMMENTS

There were several members of the public present for comment. First Ms. Burse addressed the Board about issues regarding billing and mentioned a situation where a bill had not been received and late fees had been applied. Next Ms. Carrol complained of a similar issue whereby she found that the bill was going to the wrong address and that her water service had been terminated for non-payment without receiving a red tag notice. Mr. Garcia also complained of billing issues and then inquired about the ongoing consideration of garbage collection services by the Board. He said that he is currently happy with his garbage service from Republic Services. Ms. Landes read a statement

regarding the garbage collection services and mentioned that she felt those duties were outside the mission statement adopted by the District. Mr. Gibson also noted that he felt that garbage collection is outside the duties of the District. Director McGlaughlin asked Ms. Landes about garbage service issues and then mentioned that further deliberation was ongoing with Director Sachs heading up the project.

At this time, all residents exited the meeting except Mr. Gibson

TAX ASSESSOR COLLECTOR REPORT

Ms. Davis presented the Tax Assessor Collector Report for the month of December 2014, a copy of which is attached as **Exhibit A**. There were no items for discussion and Director McGlaughlin moved to approve the Tax Assessor Collector Report. Director Richardson seconded the motion which carried unanimously.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Ms. Davis presented a written Delinquent Tax Report from Ted A. Cox P.C., a copy of which is attached as **Exhibit B**. The Board noted that no action is required at this time.

RESOLUTION GRANTING TAX EXEMPTIONS FOR 2015

Ms. Wheeler outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by the Texas Constitution and Texas Tax Code. She provided a handout, attached hereto as **Exhibit C**, detailing the exemption options and specifically advised that under the Constitution and Tax Code, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2015, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2014 (but not less than \$3,000, if granted). Mr. Robuck also presented a handout, attached hereto as **Exhibit D**, detailing the impact on the District's tax collections that various exemption options would have. After discussion of the matter, Director Richardson moved that the District (i) grant a \$10,000 general residential homestead exemption, and (ii) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$3,000, as discussed, and that the Resolution attached hereto as **Exhibit E** relative to same be approved and adopted by the Board and the District. Director Crane seconded said motion, which carried unanimously.

Ms. Wheeler, Mr. Robuck and Mr. Gibson then exited the meeting. Messrs. Dunn and Starkey entered the meeting at this time.

OPTIONS FOR ON-SITE SECURITY SERVICES

Mr. Dunn introduced himself and Mr. Starkey and their company. He gave out a handout and presented a quick video demonstration regarding same. After some discussion, the Board concurred to have Director Love coordinate additional review of security options. No Board action was required at this time.

Messrs. Dunn and Starkey then exited the meeting.

ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Roach next advised the Board it is authorized pursuant to the Texas Property Tax Code to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property taxes that become delinquent as of February 1 of a year and that remain delinquent sixty (60) days after said date, in order to defray the costs of collection of said delinquent taxes, in accordance with the Code as amended. The Board next considered the adoption of a resolution authorizing such additional penalty. After discussion, it was moved by Director Crane, seconded by Director Love and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit F**, be adopted.

BOOKKEEPER'S REPORT

Ms. Colondres presented and reviewed with the Board the Bookkeeper's Report, including the checks and wire transfers presented for payment, a copy of which report is attached hereto as **Exhibit G**. After discussion, Director McGlaughlin moved to approve the Bookkeeper's Report. Director Richardson seconded the motion which passed unanimously.

QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS

Mr. Roach reviewed a Resolution Adopting a List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, a copy of which is attached as **Exhibit H**. Following discussion, Director Crane moved to approve said Resolution Adopting a List of Qualified Brokers Authorized to Engage in Investment Transactions with the District. Director Richardson seconded the motion, which passed unanimously.

STATUS OF CONTINUING DISCLOSURE REPORT

Mr. Roach noted that the audit was being completed and that the District's disclosure counsel would finalize and then file the required annual continuing disclosure report. No Board action was required at this time.

ENGINEERING REPORT

Mr. Vogler presented a written Engineer's report dated January 27, 2015, a copy of which is attached hereto as **Exhibit I**. Mr. Vogler noted that Woodmere Development Co. had accepted the

District's offer for the granting of an easement in exchange for a full release of any reimbursement claims. There were no other significant items for the Board to consider and no action was required at this time.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT ("Mayde Creek MUD") AGREEMENT FOR DRAINAGE IMPROVEMENTS

Mr. Roach noted that the agreement had been finalized and sent to Mayde Creek MUD so we are just waiting on a response from them. No further Board action is required at this time.

REPORT FROM CHAMPIONS HYDRO-LAWN, INC.

It was noted that Mr. Miller presented a report at the January 9, 2015 meeting and will attend next month's meeting to present the Board with a report. The Board discussed the removal of weeds from a fence between District property and a resident's fence-line. No Board action was required on this item.

OPERATION AND MAINTENANCE REPORT

Mr. Garcia reviewed in detail the Operations and Maintenance Report for the month of December 2014, a copy of which is attached hereto as **Exhibit J**. Mr. Garcia noted there was a discrepancy between customer billing histories and the Payclix system versus paper checks, etc. and that GUS is continuing to work on that problem to get the customer payment histories updated when paying with Payclix. Mr. Garcia then presented the Board with a District asset management report. He then presented a bid for approximately \$22,000 for scrub brush rehabilitation at the Wastewater Treatment Plant. Director McGlaughlin made a motion to accept the bid. Director Crane seconded the motion and it passed unanimously.

EMERGENCY MANAGEMENT PLAN

Director Love noted there was nothing new to discuss on the emergency management plan at this time and advised that the table top exercise would not take place until March as he is coordinating with Mr. Garcia on the project.

OPTIONS FOR GARBAGE COLLECTION SERVICES

The Board discussed the level of interest in exploring the possibility of assuming garbage collection services further and some additional thoughts about how the services should be paid for, such as a water bill line item or tax revenue expenditure, etc. Further action was deferred until Director Sachs could be present and discuss his findings with the full Board.

REIMBURSEMENT REQUEST FROM WOODMERE DEVELOPMENT CO.

Mr. Roach noted that this item had been covered in the Engineer's Report and that he would be preparing the documentation for the easement and settlement agreement.

UPDATES TO DISTRICT WEBSITE AND ELECTRONIC RECORDS POLICY

Mr. Jeremy Roach noted the operational changes regarding the new email address for consultants to submit their monthly reports for posting. He also noted that per the Board's directive he is receiving website proposals and will assemble for presentation at the next meeting. He will also contact The Texas Network to determine how much it will cost for the Board to transition to a new provider if they so choose.

AUTHORIZATION TO SOLICIT INSURANCE PROPOSALS

Mr. Roach noted that the District's current insurance policies are provided through Highpoint Insurance Group ("Highpoint"). He reminded the Board that last year they solicited proposals and only Highpoint and AquaSurance, L.L.C. provided proposals for consideration. Director Love made a motion that the Board ask only Highpoint for a renewal proposal. Director Richardson seconded the motion which passed unanimously.

REVIEW OF CODE OF ETHICS AND OTHER POLICIES

The Board decided to defer any action on this item at this time. Mr. Roach will prepare a Resolution for next month's meeting.

ATTORNEY'S REPORT

Mr. Roach mentioned that the firm is still reviewing and drafting policies regarding electronic records and electronic signature options for all clients. There is nothing new regarding the Severn Trent invoicing matter at this time. He then stated that he had nothing else of a legal nature to report that was not already addressed under previous agenda items.

ADDITIONAL COMMENTS FROM THE PUBLIC

There were no additional comments from the public.

CLOSED SESSION

There were no matters to be discussed in closed session.

PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board noted the upcoming Annual Town Hall Meeting to be held February 17, 2015. Everyone was urged to attend and it was confirmed that notices were sent to the residents.

ADJOURNMENT

There being no further matters to come before the Board, Director Crane moved that the meeting be adjourned. The motion was seconded by Director McGlaughlin and carried by unanimous vote, and the meeting was adjourned.

Secretary,
Board of Directors

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LIST OF EXHIBITS

Exhibit A	Tax Assessor Collector Report
Exhibit B	Delinquent Tax Collections Attorney Report
Exhibit C	Tax Exemption Summary from Wheeler
Exhibit D	Tax Exemption Summary from BOSC
Exhibit E	Resolution Granting Tax Exemption for 2015
Exhibit F	Resolution Regarding Additional Penalty on Delinquent Taxes (Personal Prop.)
Exhibit G	Bookkeeper's Report
Exhibit H	Resolution Adopting List of Qualified Brokers
Exhibit I	Engineer's Report
Exhibit J	Operator's Report

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