

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

**Minutes of Meeting of Board of Directors
October 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 77084 on October 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

all of said persons were present, except Director Sachs who arrived later in the meeting, thus constituting a quorum.

Also present were Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Cynthia Colondres of Municipal Accounts & Consulting, L.P. ("MA&C"); Jeff Vogler and Tyler Reed of Van De Wiele & Vogler, Inc., ("VVI"); Frank Garcia of Gulf Utility Service, Inc. ("GUS"); Perry Miller and Spencer Nealy of Champions Hydro-lawn, Inc. ("Champions"); Jonathan Roach and Frank Mitchell of The Law Firm of Jonathan A. Roach, PLLC ("JARPLLC"); Chuck Taylor; and resident Gary Tober.

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

Mr. Garcia introduced Mr. Taylor who addressed the Board and gave an update on the Payclix software improvements to make it easier for customers to pay their water bills and manage their accounts. Mr. Taylor then exited the meeting.

APPROVE MINUTES

The Board considered for approval the minutes from the regular meeting held on September 22, 2015. Mr. Roach noted a revision offered by Director McGlaughlin. Director Love made a motion to approve the minutes as revised. The motion was seconded by Director McGlaughlin, and said motion passed unanimously.

PUBLIC COMMENTS

Mr. Tober stated that he wanted to see the improvements to the Payclix software. Mr. Garcia mentioned that he had pulled several customer meters due to requests and found that they were reading over 99% accurate.

REVIEW ELECTRICITY CONTRACT AND POSSIBLE AMENDMENTS

Mr. Roach gave the Board an update on the District's current electricity contract and the history of same. He noted that the Board approved a contract extension in about August 2014 but rates have significantly decreased since that time. The Board reviewed various options for updated pricing and contractual terms. After review, Director McGlaughlin made a motion to approve a thirty-six (36) month term, commencing June 2016, at a reduced rate offered by Source Power and Gas, subject to review of the applicable contract documentation by Mr. Roach. The motion was seconded by Director Crane and passed unanimously.

PUBLIC HEARING ON TAX RATE

Mr. Roach reminded the Board of its prior discussion regarding an intent to levy a proposed 2015 tax rate of \$0.62 per \$100 of assessed valuation. Mr. Arce confirmed that notice of a public hearing on the matter had been published as authorized by the Board at last month's meeting. Director McGlaughlin then opened the public hearing on the proposed 2015 tax rate. There were no comments from the public so the hearing was closed.

ORDER LEVYING TAX RATE

After review, Director McGlaughlin made a motion to adopt an Order Levying Taxes for 2015 as indicated above. The motion was seconded by Director Love and passed unanimously, with Director Sachs not present for the vote.

AMENDMENT OF DISTRICT INFORMATION FORM

Mr. Roach discussed the requirements to amend the District Information Form and filing of same to reflect the new tax rate. Director Love made a motion to approve the amended District Information Form and authorize filing of same. Said motion was seconded by Director Crane and passed unanimously, with Director Sachs not present for the vote.

EARLY DEBT DEFEASANCE OPTIONS, INCLUDING REQUIRED NOTICE, ESCROW AGREEMENTS AND RELATED MATTERS

Mr. Roach gave an update on the status of the early debt defeasance as previously approved by the Board. He reminded the Board that the District is paying off approximately \$1.4 million in outstanding bonds with a combination of available debt service and operating fund reserves for an interest savings of approximately \$863,000 over the life of the bonds being defeased. He confirmed that the closing on the transaction would occur on October 29, 2015, and thanked Ms. Colondres and Mr. Ryan O'Hara for their diligence in coordinating the transaction.

TAX ASSESSOR COLLECTOR REPORT

Mr. Arce presented the Tax Assessor Collector Report for the month of September 2015, a copy of which is attached as **Exhibit A**. Mr. Arce presented several pieces of statistical information to the Board. Director McGlaughlin asked about options for the District to assume certain third-party vendor billing charges for tax customers paying through electronic/alternative methods. Mr. Arce said he will investigate the matter. Director McGlaughlin then moved to approve the Tax Assessor Collector Report. Director Love seconded the motion which carried unanimously.

Director Sachs arrived during the Tax Assessor Collector Report.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mr. Arce reviewed the Delinquent Tax Collections Attorney Report. There was a small delinquent roll mostly of over 65 deferral accounts. The Board noted no further action was required at this time.

BOOKKEEPER'S REPORT

Ms. Colondres presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit B**. She noted the transfers of funds for the early cash defeasance will be completed on Thursday, October 28, 2015. Ms. Colondres also noted the AWBD fall seminar on October 29, 2015. Director Love then moved to approve the Bookkeeper's Report and payment of checks presented. Director McGlaughlin seconded the motion which passed unanimously.

REVIEW ENERGY REPORTING COMPLIANCE

Mr. Roach explained changes in the law several years ago which requires government entities, including water districts, to report on their yearly usage and costs of electricity. He noted there had been some changes in the law since that time and some differing interpretations in the industry regarding the requirements. He suggested that the usage and cost report on the District's website be updated to ensure compliance. Ms. Colondres advised that MA&C would provide an update report, as necessary.

REVIEW INVESTMENT POLICY AND POSSIBLE AMENDMENTS

Mr. Roach reminded the Board that the Public Funds Investment Act requires a yearly review of the District's investment policy as well as any updates if and when necessary. The Board reviewed its current policy and decided not to make any changes. Director Love made a motion to approve a Resolution regarding the annual review and confirmation of the current investment policy. Director McGlaughlin seconded the motion which passed unanimously.

ENGINEER'S REPORT

Mr. Vogler presented a written Engineer's Report dated October 2015, a copy of which is

attached hereto as **Exhibit C**. Mr. Vogler stated that the Dulaney Road easement project still has no update from the title company. Also he stated that it looks like a water line could be installed for the Morton Road water line extension project in the existing easement. He briefly gave an update on the Google Earth mapping project and said that Mr. Reed would give a more detailed presentation on it at the end of the meeting.

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

Mr. Vogler stated that the improvements are now under construction and that a new culvert will be installed on Ashley Road. Director Crane mentioned that the additional culvert under Ashley Road might do little to aid drainage due to silting further upstream.

REPORT FROM CHAMPIONS HYDRO-LAWN, INC.

Mr. Miller presented a written report including several photographs depicting various detention/drainage facilities within the District, a copy of which is attached hereto as **Exhibit D**. He noted that they have completed most of the additional work added to the budget except the herbicide application. He noted the siltation issue mentioned by Director Crane and advised that it appears to be coming from the G.O. Weiss landfill. Mr. Vogler mentioned that he received an email from Harris County indicating that they are looking into it. Mr. Miller also advised that Champions removed three (3) pine trees and fixed a fence post near the Wastewater Treatment Plant. Director Sachs asked if a rock filter or silt fencing could be installed in the Harris County channel to stop some of the silting. Mr. Vogler noted that he will check with Harris County to see if they will allow it. Director Sachs then asked Mr. Miller to prepare a proposal for desilting and/or clean-out of the Army Corps of Engineers channel downstream as the District had done a number of years ago.

OPERATION AND MAINTENANCE REPORT

Mr. Garcia presented the written operations report to the Board, a copy which is attached as **Exhibit E**. Mr. Garcia also presented a resident complaint letter about being disconnected twice and asking the Board to remove both of the late fees that were charged. After discussion regarding the customer’s account history and the issues surrounding the disconnects and related fees, Director Sachs made a motion to waive one of the fees. The motion was seconded by Director McGlaughlin and passed unanimously.

IT CONSULTANT REPORT

Mr. Jeremy Roach was not present at the meeting. Director McGlaughlin and Director Crane both mentioned that they have been working with Mr. Roach to revise the updated District website.

ATTORNEY’S REPORT

Mr. Roach reminded the Board that next month’s meeting will be held at the Westlake Volunteer Fire Department station at 19636 Saums Road. The Board then discussed holding a special

meeting before the regular meeting to discuss the settlement matter with Severn Trent Environmental Services (“STES”) representatives as previously requested by STES. Mr. Roach then notified the Board that recent legislation allows online messaging forums in a manner that does not violate the Open Meetings Act. He stated that he will have further updates on that and related electronic records and meetings policies in the future. Finally, he asked the Board to confirm they had no nominations regarding the Harris County Appraisal District Board of Directors, which the Board confirmed there were none.

ADDITIONAL PUBLIC COMMENT

There were no additional comments from the public.

CLOSED SESSION

The Board did not enter executive session.

PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

Mr. Roach stated that he will be updating the District’s Annual Master Calendar and putting together a list of action items after future Board meetings, per Director McGlaughlin’s request. Mr. Reed then conducted his Google Earth presentation for the Board.

Messrs. Miller, Nealy and Arce, along with Ms. Colondres exited the meeting during the presentation.

ADJOURNMENT

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

Secretary,
Board of Directors

LIST OF EXHIBITS

- Exhibit A Tax Assessor Collector Report
- Exhibit B Bookkeeper's report
- Exhibit C Engineer's report
- Exhibit D Champions Hydro-Lawn Report
- Exhibit E Operator's Report

DRAFT