

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

**Minutes of Meeting of Board of Directors
November 24, 2015**

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238 ("District") met at 19636 Saums Road., Houston, Texas 77084 on November 24, 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, thus constituting a quorum.

Also present were Cathy Wheeler 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"); Spencer Nealy of Champions Hydro-lawn, Inc. ("Champions"), who entered later during the meeting; Joseph Ellis of McCall Gibson Swedlund Barfoot, PLLC ("MGSB"); Jonathan Roach and Frank Mitchell of The Law Firm of Jonathan A. Roach, PLLC ("JARPLL"); Jeremy Roach of Apollo IT Consulting, LLC ("Apollo"); and residents Chris Bearce and Terry Bearce.

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 regular meeting held on October 27, 2015. Mr. Roach noted a revision offered by Director Crane. Director Crane then made a motion to approve the minutes as revised. The motion was seconded by Director Richardson and passed unanimously.

PUBLIC COMMENTS

The members of the public in attendance did not address the Board at this time. Mr. Roach then mentioned an increase in the West Harris County Regional Water Authority ("WHCRWA") fees effective January 1, 2016. Director McGlaughlin also advised of his concerns regarding the additional cost and risk associated with multi-family customers and asked to amend the Rate Order to provide for two times (2x) the standard residential rates for multi-family dwellings. After further discussion,

Director McGlaughlin made a motion to amend the District's Rate Order to increase the WHCRWA pass through fee to \$2.65 effective January 1, 2016, and to increase the fees on multi-family dwellings to two times (2x) the standard residential rates. Director Sachs noted his opposition to the increase for multi-family customers. The motion was then seconded by Director Crane, and passed four-to-one (4-1) with Director Sachs opposed.

TAX ASSESSOR COLLECTOR REPORT

Ms. Wheeler presented the Tax Assessor Collector Report for the month of October 2015, a copy of which is attached as **Exhibit A**. Ms. Wheeler noted that the delinquent roll has now been delivered to the delinquent tax collections attorney. After discussion, Director Crane moved to approve the Tax Assessor Collector Report. Director Richardson seconded the motion which carried unanimously.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Ms. Wheeler reviewed the Delinquent Tax Collections Attorney Report. She noted that they have sent out all of the over 65 deferral notices. Director Crane asked for an update on those deferrals next month. The Board noted no further action was required at this time.

DISCUSS ELECTRONIC CHECK USER FEES AND RELATED MATTERS

Ms. Wheeler addressed the Board about the details of accepting e-check payments. She stated that her research indicated that last year only 71 residents used this feature. Director Crane expressed that due to the low user interest he does not feel the District should absorb the usage fees for this feature. Directors Love, Richardson and Sachs agreed with his position. No further action was taken on this issue.

Mr. Neely entered the meeting during the e-check discussion.

AUDIT REPORT FOR FISCAL YEAR ENDED AUGUST 31, 2015

Mr. Ellis presented and reviewed a draft of the audit report, a copy of which is attached as **Exhibit B**. There were some inquiries about the internal controls of GUS and how they process customer payments. Mr. Ellis noted that the auditor found no deviations or problems with how GUS processes the payments. Director McGlaughlin noted that he found a discrepancy with an invoice from Champions, where they charged the District less than the quoted amount for a job, and as a result he has some questions about the auditor's and the District's own internal controls meant to catch those irregularities. Mr. Ellis explained that the current set of controls in place were adequate to catch any problems but that issue did not seem to be a problem. Mrs. Colondres explained that MA&C typically only confirms a payment with the Board when an invoice comes in over the quoted amount. Director Crane stated that he is satisfied with current set of controls and feels that they are adequate. Director Crane then made a motion to approve the audit report, subject to review and inclusion of any necessary changes upon final review by the Directors and consultants. The motion was seconded by Director Love and passed unanimously.

STATUS OF ANNUAL CONTINUING DISCLOSURE REPORT

Mr. Roach stated that the annual continuing disclosure report would be prepared by disclosure counsel once the audit report is finalized.

Mr. Ellis exited the meeting at this time.

STATUS OF ARBITRAGE COMPLIANCE REPORTING REQUIREMENTS

Mr. Roach explained that Arbitrage Compliance Specialists Inc. ("ASCI") is completing a recent arbitrage compliance report and will confirm that the District has complied with the Internal Revenue Service requirements once the report is complete, subject to the Board's approval of same and execution of an engagement letter by the Board. Director McGlaughlin then made a motion to approve the engagement letter with ACSI. The motion was seconded by Director Love and passed unanimously, with Director Sachs not present for the vote.

Director Sachs stepped out temporarily during the arbitrage discussion and returned after the vote.

BOOKKEEPER'S REPORT

Ms. Colondres presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit C**. She noted the District finances looked good and there was nothing unusual to report. She noted that there was some capital outlay that was not budgeted for this year but it was able to be transferred from the operating reserves. Mr. Garcia explained that several months ago there were some booster pump repairs for \$28,450 for which invoices had just been submitted for payment. Director McGlaughlin then moved to approve the Bookkeeper's Report and payment of checks presented. Director Love seconded the motion which passed unanimously.

ENGINEER'S REPORT

Mr. Vogler presented a written Engineer's Report dated November 2015, a copy of which is attached hereto as **Exhibit D**. Mr. Vogler stated that the Dulaney Road easement project is still underway with the title research. He stated that the Morton Road topographic survey is expected to be received any day. He noted that he has contacted Harris County regarding the alleged unauthorized discharge from the G.O. Weiss landfill and the county has decided to launch an investigation.

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

Mr. Vogler presented some photographs regarding the Mayde Creek MUD work progress on the Ashley Road Phase I project.

REPORT FROM CHAMPIONS HYDRO-LAWN, INC.

Mr. Neely presented a written report including several photographs depicting various detention/drainage facilities within the District, a copy of which is attached hereto as **Exhibit E**. There were no unusual items to report and no action items required at this time.

Director McGlaughlin stepped out temporarily at this time but returned during the mowing agreement discussion (next).

RENEWAL AND EXTENSION OF INTERLOCAL AGREEMENT WITH HARRIS COUNTY FLOOD CONTROL DISTRICT FOR MOWING REIMBURSEMENT

Mr. Roach explained that it is time to renew the Interlocal Agreement with Harris County Flood Control District ("HCFCD") for mowing services reimbursement for another three-year term. He advised that the current reimbursement rate is \$16,929 per year. The Board asked if HCFCD would consider a 6% increase in the amount to cover cost increases. The Board then asked Mr. Roach to send HCFCD a letter requesting the increase with the renewal.

OPERATIONS AND MAINTENANCE REPORT

Mr. Garcia presented the written operations report to the Board, a copy which is attached as **Exhibit E**. Mr. Garcia asked for approval to televise the District sanitary sewer line at 19426 Juniper Vale regarding investigation of a possible problem. Director McGlaughlin made a motion to approve the expense of televising the line. The motion was seconded by Director Love and passed unanimously. Mr. Garcia advised that the online website portal for customers to view their account is now set up, and GUS is currently setting up password controls so that the portal can go online by January. The Board discussed and decided to continue the District's practice of not cutting off any customers' water during the holidays.

Director McGlaughlin mentioned that he would need to leave the meeting shortly and asked to move further down the agenda and continue the operators report after.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS, INCLUDING REVIEW OF ANNUAL MASTER CALENDAR, UPCOMING MEETING SCHEDULE AND OPTIONS FOR ANNUAL TOWN HALL MEETING

The Board noted that the next regular meeting will be scheduled for January 8, 2016. There was a fairly lengthy discussion about whether or not to hold an annual town hall meeting in 2016.

Director McGlaughlin exited the meeting during the discussion about the town hall meeting but indicated before he left that he would be in favor of holding the meeting.

After additional discussion about the significant costs and poor attendance of the last few years' of town hall meetings, Director Sachs made a motion to not hold a town hall meeting in 2016

and instead consider sending or posting online for District customers' review a newsletter about recent events and activities in the District. The motion was seconded by Director Crane and passed unanimously (4-0), with Director McGlaughlin not present for the vote.

Mr. and Mrs. Bearce and Ms. Wheeler left the meeting at this time.

OPERATIONS AND MAINTENANCE REPORT (Cont.)

Mr. Garcia presented a few customer complaint letters. A resident, Stacy Stanton, asked the Board by letter to waive \$80 in late fees. After reviewing the justification for her request, Director Love made a motion to waive the fees. The motion was seconded by Director Sachs and passed unanimously. Another resident, Sam Park, requested by letter that the District have a third party check his meter for accuracy. Director Richardson made a motion to approve having a third party test his meter in accordance with the District's Rate Order. Said motion was seconded by Director Crane and passed unanimously.

IT CONSULTANT REPORT

Mr. Jeremy Roach presented the IT report. He showed the Board several revisions for consideration for the new website design. After discussion, the Board made some additional requested changes to the website layout. Director Crane made a motion to approve the website and authorize publication once the changes have been incorporated. The motion was seconded by Director Love and passed unanimously.

ATTORNEY'S REPORT

Mr. Roach stated that he did not have any matters of a legal nature to discuss with the Board at this time which had not already been covered under other agenda items.

ADDITIONAL PUBLIC COMMENT

There were no additional comments from the public.

CLOSED SESSION

The Board did not enter executive session.

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 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	Auditor's Report
Exhibit C	Bookkeeper's report
Exhibit D	Engineer's report
Exhibit E	Champions Hydro-Lawn Report
Exhibit F	Operator's Report

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