

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors June 28, 2016

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238 ("District"), met at 2800 Post Oak Boulevard, Houston, Texas, 77056 a designated meeting place of the District, on June 28, 2016, 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
C.L. "Steve" Crane, Assistant Secretary
Gary Nelson, Director

all of said persons were present, except Director Love, with Director McGlaughlin entering later in the meeting, thus constituting a quorum.

Also present were Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Jeff Vogler and Taylor Reed of Van De Wiele & Vogler, Inc., ("VVI"); Frank Garcia and Tracie Williams of Gulf Utility Service, Inc. ("GUS"); Spencer Nealy and Travis Labhart (late) of Champions Hydro-Lawn, Inc. ("Champions"); and Jonathan Roach and Frank Mitchell of Roach & Mitchell, PLLC ("RMPLLC").

The Secretary 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 prior Board meeting held on May 24, 2016. Director Richardson noted one typographical error to be changed. Director Nelson then made a motion to approve the minutes as corrected. The motion was seconded by Director Richardson and passed 2-0, with Director Crane abstaining.

PUBLIC COMMENTS

There were no comments from the public.

TAX ASSESSOR COLLECTOR REPORT

Mr. Arce presented the Tax Assessor Collector Report for the month of May 2016, a copy of which is attached as Exhibit A. He also reviewed a supplemental report with additional tax information with the Board. Director Nelson mentioned he was interested in reviewing options for raising the homestead exemption and lowering the tax rate once it is time for the District's next tax

review. After further discussion by the Board and no questions for Mr. Arce, Director Richardson moved to approve the Tax Assessor Collector Report. Director McGlaughlin seconded the motion which carried unanimously.

Director McGlaughlin entered the meeting during the tax assessor/collector report.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mr. Arce presented the delinquent tax report and noted that there were two (2) accounts to be moved to the uncollectible rolls. Director Richardson made a motion to approve moving the two (2) account to the uncollectible rolls. Said motion was seconded by Director McGlaughlin and passed unanimously.

BOOKKEEPER'S REPORT

Ms. Crigger presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit B**. She noted no unusual expenses or issues for the month. Director Nelson inquired about a seeming discrepancy in one of the budget items, and Ms. Crigger noted that she will ask Ms. Colondres to look into it. She then presented the quarterly investment report. After no questions from the Board, Director Crane made a motion to approve the Bookkeeper's Report, payment of checks presented, and the quarterly investment report. Director Richardson seconded the motion which passed unanimously.

CONSIDER POSSIBLE SERIES 2016 REFUNDING BONDS, AND REVIEW OPTIONS AND SCHEDULE FOR SAME

Mr. Roach noted for the Board the tentative schedule and the anticipated par and savings amount for the proposed refunding bond issue. He also mentioned that he has been working with Mr. O'Hara and Ms. Colondres to make sure that the District has the appropriate funds in the operating account to cover the proposed refunding bonds. There was no Board action required at this time.

ENGINEER'S REPORT

Mr. Vogler presented the Engineer's Report dated June 2016, a copy of which is attached hereto as **Exhibit C**. Mr. Vogler stated that once the signed easements are received from the various property owners that the projects will be ready to go out for bids. He noted there are still a few punchlist items to be completed on the Mayde Creek Municipal Utility District drainage improvement project. He stated that VVI had met with Harris County about the drainage from the landfill, and the County has agreed to remove some silt in areas of the channel and make some improvements to the ditch and fencing. Director McGlaughlin noted that once the easements come back he would like VVI to begin work on the water line project(s). Director Crane then made a motion to approve the Engineer's Report. Director McGlaughlin seconded the motion which passed unanimously.

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

Director McGlaughlin asked a question about the invoices for this project. Mr. Vogler noted that the invoices could be submitted now that the project is substantially complete.

REPORT FROM CHAMPIONS

Mr. Nealy 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 introduced Travis Labhart and noted that he will be the new Champions representative assigned to the District. He also advised that the sinkhole near the West Houston Airport has not gotten any worse. There was some question about the ownership of the property, and Mr. Vogler indicated that he will try and look into it further. There were no additional questions or actions required by the Board.

OPERATIONS AND MAINTENANCE REPORT

Mr. Garcia presented the written operations report to the Board, a copy which is attached as **Exhibit E**. Mr. Garcia noted that there were only a few routine service calls, no violations for the month, and the District systems handled the recent floods very well. There was some discussion about the Payclix system and some upgrades to the capabilities. Mr. Garcia then presented some customer complaints and requests for refunds of fees. Director Nelson made a motion that the first request for a refund be denied and the second request (regarding 19410 Clevera Walk Ln) be approved per the documentation presented at the meeting. The motion was seconded by Director Richardson and passed unanimously. Mr. Garcia then presented the Consumer Confidence Report (“CCR”) to the Board for review and approval. Mr. Garcia also presented some photographs of a sewer pipe break at 7314 Zephyr Glen Way that was a District repair. Finally, he presented and reviewed the District asset management plan with the Board. Upon motion by Director Crane, seconded by Director Nelson and approved unanimously, the Board approved the CCR and authorize the appropriate posting.

REVIEW STATUS OF EMERGENCY WATER INTERCONNECT AGREEMENTS

Mr. Roach noted that RMPLLC is reviewing all of the prior/existing emergency water supply contracts. Director McGlaughlin requested that an item be added to the next Board meeting agenda to review current water rates and consider increasing the rates in the Rate Order for renters. The Board noted no action was required at this time.

REVIEW OPTIONS FOR IT CONSULTING AND WEBSITE HOSTING SERVICES

Director Crane presented a proposal he had received from Appnet.com and stated the cost would be approximately \$1,500 - \$2,000 for the initial website redesign and setup, plus \$15/month for monthly hosting going forward and any additional website consulting would be \$60/hour. Director Crane made a motion to approve the contract with Appnet.com, subject to Mr. Roach’s review. There was no second so the motion failed for lack of a second. The Board decided to defer

the matter until next month and possibly consider additional proposals.

REVIEW CODE OF ETHICS AND RELATED POLICIES

Mr. Roach asked that the Board defer on this item and noted that there are still some issues being reviewed in relation to HB1295.

SUBMISSION OF VOTING SYSTEM ANNUAL FILING FORM

Mr. Roach noted that the District is required to annually file a form with the Secretary of State's Office declaring the type of voting system used. He asked the Board for authorization to file the necessary form. Director McGlaughlin made a motion to authorize the filing of the form which was seconded by Director Nelson and passed unanimously.

REVIEW RECORDS MANAGEMENT REQUEST TO DESTROY PRIOR MEETING NOTES

Mr. Roach noted that the law allows for periodic destruction of old meeting notes, among other items as applicable, pursuant to certain records retention policies adopted by the District and that the meeting minutes are kept in perpetuity as the official record of District business conducted at the meetings. After discussion, Director Nelson made a motion to authorize destruction of old meeting notes as appropriate. Said motion was seconded by Director Crane and passed unanimously.

ATTORNEY'S REPORT

Mr. Roach gave a short update on RMPLLC's transition of its internal IT system including work on implementing the electronic signatures and action item lists requested by the Board. He noted that the most recent arbitrage compliance report was filed in April 2016 and the District is in compliance. He then noted that there had been an issue with Direct Energy transferring the District's electricity accounts to the new retail electric provider, the District's energy broker and bookkeeper are currently working to resolve the issue, and there should be no interruption of service to the District.

ADDITIONAL COMMENTS FROM THE PUBLIC

There were no additional comments from the public.

EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, SECTION 551.071, 551.074, ET. SEQ.

The Board did not enter executive session.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board did not have any discussion about future agenda items or pending business.

ADJOURNMENT

There being no further matters to come before the Board, Director Nelson 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

DRAFT

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