

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors July 26, 2016

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238 ("District"), met at 18702 Kieth Harrow Boulevard, Houston, Texas, 77084 a designated meeting place of the District, on July 26, 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 thus constituting a quorum.

Also present were Lauren Davis of Wheeler & Associates, Inc. ("Wheeler"); Cynthia Colondres of Municipal Accounts & Consulting, L.P. ("MA&C"); Jeff Vogler and Taylor Reed of Van De Wiele & Vogler, Inc., ("VVI"); Frank Garcia of Gulf Utility Service, Inc. ("GUS"); Spencer Nealy of Champions Hydro-Lawn, Inc. ("Champions"); Shannon Waugh of Off Cinco; Ryan O'Hara and Olivia Jarmoszka of Hutchinson, Shockey, Erley & Co. ("HSE"); Jonathan Roach, Frank Mitchell and Renski Davis-Buckley of Roach & Mitchell, PLLC ("RMPLLC"); and residents Gerald Garcia and Marcia Thomas.

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 prior regular Board meeting held on June 28, 2016. Director McGlaughlin noted one change. Director Crane then made a motion to approve the minutes as revised. The motion was seconded by Director Richardson and passed unanimously.

PUBLIC COMMENTS

Gerald Garcia addressed the Board and inquired about the status of the Board's consideration of garbage collection. The Board noted that it has been tabled indefinitely without any votes. Director McGlaughlin presented to the Board various email communications from community members expressing their wishes to lower District taxes.

PROPOSED SERIES 2016 REFUNDING BONDS (“BONDS”)

Mr. O’Hara addressed the Board and introduced Olivia Jarmoszka as a new colleague. He then presented an update on the proposed Bonds, reported that the District has a current rating of an A-, and by issuing the Bonds the District will save an estimated \$485,000 over the life of the existing outstanding debt obligations. Director Nelson inquired about the prior cash defeasance the District had recently completed, and Mr. O’Hara explained the impact of the combined savings of the defeasance and the proposed Bonds. After further discussion, a motion was made by Director McGlaughlin and seconded by Director Richardson to authorize HSE to prepare the preliminary official statement and submit the proposed Bonds for bids, which motion was approved unanimously.

At this time Mr. O’Hara and Ms. Jarmoszka exited the meeting.

REVIEW OPTIONS FOR IT CONSULTING AND WEBSITE HOSTING SERVICES

Shannon Waugh presented a proposal for website hosting from Off Cinco. She noted that she is willing to attend Board meetings to assist with website/IT requests or concerns if needed. The Board expressed that they would like to discuss later in the meeting the website proposals received.

At this time, Ms. Waugh exited the meeting.

TAX ASSESSOR COLLECTOR REPORT

Ms. Davis presented the Tax Assessor Collector Report for the month of June 2016, a copy of which is attached as **Exhibit A**. Ms. Davis noted that certified rolls should be released at the end of August. Director Nelson inquired about the need for a breakdown of the collections amounts from each segment of the total taxes (Debt Service versus Maintenance and Operations). After further discussion, Director Nelson moved to approve the Tax Assessor Collector Report. Director McGlaughlin seconded the motion which carried unanimously.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Ms. Davis then presented the delinquent tax report and noted there were no action items but that demand letters for delinquent real property taxes are being sent out to property owners this month. Director McGlaughlin asked about the delinquent tax collection attorney’s fees and Ms. Matson explained that the fees reflected on the report were incurred before certain deferrals were in effect.

BOOKKEEPER'S REPORT

Mrs. Colondres next presented the Bookkeeper’s Report, a copy of which is attached hereto as **Exhibit B**. She noted that there were two voided checks that were reported lost and were reissued to the election officials for the 2016 Directors Election. Mrs. Colondres also elaborated for the Board’s information on a financial discrepancy that was discussed at the prior Board meeting. She also noted there are no discrepancies currently reflected in the budget. Mrs. Colondres reported that

the invoices for the Mayde Creek Municipal Utility District (“Mayde Creek MUD”) drainage project are ready to be sent. Director Nelson inquired about other items on the report and reconciliations which he requested Mrs. Colondres verify. The Board reviewed and discussed the proposed budget including additional proposed changes to the draft. Director McGlaughlin then made a motion to approve the Bookkeeper’s Report, including payment of checks and invoices included therein. Director Nelson seconded the motion which passed unanimously.

Director McGlaughlin stepped out temporarily during the Bookkeeper’s Report.

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 expressed to the Board that bidding could begin for recoating work on the ground storage tank. He also reported that Mayde Creek MUD is continuing to proceed on a few minor punchlist items on their drainage project. The Board discussed possible clean-out of the pilot channel on the county’s portions of the drainage channel and concurred to move funds into the budget for the clean-out and have the engineer contact the county about the Board’s desire to perform the clean-out. Director Richardson made a motion to authorize VVI to advertise for bids for the ground storage tank recoating project. The motion was second by Director McGlaughlin and approved unanimously.

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

Mr. Vogler covered this item in his Engineering Report.

STATUS OF MAINTENANCE BY CHAMPIONS HYDRO-LAWN, INC., INCLUDING SINKHOLE BY WEST HOUSTON AIRPORT

Mr. Nealy presented the report and noted that, other than the sinkhole near the airport which had not changed, there are currently no issues or problems. Director McGlaughlin expressed that it appears the maintenance crews have been leaving trash onsite after their work. Mr. Nealy stated that he would make a note and speak to the crew members about the issue.

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 a new panel was installed at lift station #2 and the panel is working properly. He reported that one leak was found and repaired. Mr. Garcia presented an additional well pumping versus surface water usage comparison report. Community member Marcia Thomas asked about the status of completion of certain fire hydrant (flushing valve) repairs. Mr. Garcia expressed that there is continuous work being performed and they hope to complete the project within the week. According to Mr. Garcia there are six (6) additional flushing valves that need to be raised, which GUS is currently working on. Director Crane noted that the fence around lift station #1 the

street side fence of water plant #2 need to be replaced. Director McGlaughlin suggested that the Directors look at the fences while conducting their usual walks through of the District.

REVIEW STATUS OF EMERGENCY WATER INTERCONNECT AGREEMENTS

Mr. Roach noted that the three (3) emergency water interconnect agreements the District has with neighboring districts, while each is different, are consistent as far as costs to-from the providing entity and the regional water authority fees.

CONSIDER AMENDMENT OF RATE ORDER

Mr. Roach noted that Director McGlaughlin wanted to ensure that the water and sanitary sewer rates for multi-family residential customers had been previously increased per prior Board discussion, which Mr. Roach confirmed that the Rate Order currently provides for two-times the standard residential customer charges. There were no additional changes made by the Board at this time.

ADDITIONAL REVIEW OF OPTIONS FOR IT CONSULTING AND WEBSITE HOSTING SERVICES

The Board discussed additional issues with the proposals received for website design/hosting services. Director Crane recommended that the Board approve the Appnet.com proposal, while Director McGlaughlin recommended the Off Cinco proposal. After additional discussion, a motion was made by Director Richardson to authorize engagement of Off Cinco, subject to review by RMPLLC of the proposed form of contract, which motion was seconded by Director Nelson and passed three-to-two (3-2), with the opposition of Directors Crane and Love.

REVIEW CODE OF ETHICS AND RELATED POLICIES

The Board decided to defer this item at this time.

ATTORNEY'S REPORT

Mr. Roach reported that RMPLLC is still in the process of completing the new/upgraded VOE and will send out corresponding login information once complete. Mr. Roach advised the Board of recent indictments of other local public officials regarding conspiracy to violate the Open Meetings Act and provided a reminder on the Open Meetings Act requirements and prohibitions. He also noted that the District had received an open records request regarding District employees, which RMPLLC will be responded to promptly indicating there are none.

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 convened in executive session at 3:28 p.m. under Texas Government Code, Section 551.071.

RECONVENE IN OPENSESSION, AND AUTHORIZE ANY ACTION RESULTING FROM EXECUTIVE SESSION;

The Board reconvened in open session at 3:44 p.m.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board requested that RMPLLC send out a request for proposals for auditors to be reviewed at next month's meeting (prior to the District's fiscal year end). Director Crane next asked about the officer positions on the Board. The Board briefly discussed and requested that the item be added to the agenda for the next Board meeting.

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

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

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