

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors September 27, 2016

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238 ("District"), met at 19636 Saums Rd., Houston, Texas, 77084 (Westlake Volunteer Fire Department), a designated meeting place of the District, on September 27, 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 Richardson and Director Nelson, 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 Taylor Reed of Van De Wiele & Vogler, Inc., ("VVI"); Frank Garcia and Tracy Williams (who entered later in the meeting) of Gulf Utility Service, Inc. ("GUS"); Josh Fort of Champions Hydro-Lawn, Inc. ("Champions"); Shannon Waugh of Off Cinco ("Off Cinco"); Jonathan Roach, Frank Mitchell and Daniel Scruggs of Roach & Mitchell, PLLC ("RMPLLC"); Ryan O'Hara of Hutchinson, Shockey, Erley and Co. ("HSE"); and resident Gary Tober.

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 Board meeting held on August 23, 2016. There was one correction noted. Director McGlaughlin made a motion to approve the minutes as revised. The motion was seconded by Director Love and passed unanimously.

PUBLIC COMMENTS

There were no comments from the public.

UPDATE ON WEBSITE HOSTING (IT) SERVICES TRANSITION AND WEBSITE DESIGN

Ms. Waugh presented a draft website for review by the Board. After brief discussion, the Board concluded that they wished for the new website to go live as soon as possible.

Ms. Waugh thanked the Board and exited the meeting at this time.

TAX ASSESSOR COLLECTOR REPORT

Ms. Wheeler presented the Tax Assessor Collector Report for the month of August 2016, a copy of which is attached as Exhibit A. Ms. Wheeler stated that there were quite a few correction refunds and voluntary refunds issued. The Board had no questions for Ms. Wheeler at this time. Director Crane made a motion to accept the tax assessor report. Said motion was seconded by Director Love and passed unanimously.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Ms. Wheeler presented the delinquent tax collections attorney report and noted that there had been several delinquent collection letters sent out and some payment agreements had been reached. She also noted that there are some deferral accounts and some personal property accounts that are currently being researched.

SERIES 2016 REFUNDING BONDS ("BONDS")

Mr. O'Hara presented for the Board's consideration a summary of the negotiated bids received for the sale of the Bonds, and he explained the schedule and timing for the sale and closing on the Bonds. Mr. Roach then reviewed in detail the Order authorizing issuance, sale and delivery of the Bonds ("Bond Order"), various agreements with the Paying Agent/Registrar ("PA/R"), Escrow Agent, low bidder on the Bonds, Verification Agent, engagement of special tax counsel, and related documentation required in connection with Bonds. Mr. Roach also noted that a transcript of legal proceedings including all of the aforementioned documents among numerous others needs to be prepared and submitted to the Texas Attorney General's Office ("AG") for review and approval and the Texas State Comptroller would review and verify the Bonds as a condition of closing on the transaction. After additional discussion, Director McGlaughlin moved to engage special tax counsel, designate BOKF, NA as the PA/R and Escrow Agents, Grant Thornton LLP as the Verification Agent, adopt the Bond Order, award the sale of the Bonds to Hilltop Securities, Inc. at an interest rate of 2.9788% for a debt service savings to the District of \$679,631, approve execution of the various AG transcript and related documents by the President and Assistant Secretary of the Board, and to proceed with closing as scheduled on October 26, 2106. Director Love seconded the motion, which carried unanimously.

REVIEW FINANCIAL ADVISOR'S TAX RATE RECOMMENDATION FOR PROPOSED 2016 TAX RATE

Mr. O'Hara presented calculations and made a recommendation for the District's proposed 2016 debt service tax rate of \$0.40 per \$100 of assessed value, and the Board discussed options for levying a tax rate for maintenance and operation of between \$0.18 and \$0.14 per \$100 of assessed valuation. After discussion, Director McGlaughlin moved to authorize publication of a proposed tax rate of \$0.54 per \$100 of assessed value, comprised of \$0.14 for the maintenance and operation of

the District and \$0.40 for the payment of debt service requirements. Director Crane seconded the motion, which carried unanimously.

Mr. O'Hara exited the meeting at this time.

BOOKKEEPER'S REPORT

Mrs. Colondres next presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit B**. Ms. Colondres reported that the District had received payment from Mayde Creek Municipal Utility District ("Mayde Creek MUD") and that the District was now paid in full under the contract with Mayde Creek MUD. She also presented the annual electricity usage report and the quarterly investment report. After no questions, Director McGlaughlin moved to approve the Bookkeeper's Report, quarterly investment report and authorize release of the annual electricity usage report. Director Crane seconded said motion, which carried unanimously.

ENGINEER'S REPORT

Mr. Vogler presented the Engineer's Report dated August 2016, a copy of which is attached hereto as **Exhibit C**. Mr. Vogler noted that VVI is still waiting on easements for Dulaney Road. He also noted that the contract for the water plant recoating project has been submitted to the Board for signature. Mr. Vogler then explained to the Board that bids had been received for the sanitary sewer televising project and that the low bidder was Magna Flow Inc. ("Magna Flow") for \$15,952.20. Director McGlaughlin moved to approve the contract with Magna Flow, which was seconded by Director Love and carried unanimously. Mr. Vogler then explained to the Board the necessity of additional televising in sections which Mr. Garcia is still finding debris in the lines. He stated that the cost estimate for such a project would be about \$27,000. Director Crane moved to solicit bids for the additional televising project. Director McGlaughlin seconded the motion, which carried unanimously. Mr. Vogler then noted that Mayde Creek MUD is still completing a few punch list items on their construction project, but that their project is substantially complete at this point. He also noted that there had not been any updates provided by Harris County or the City of Houston regarding the desilting of the area channels.

Ms. Wheeler exited the meeting during the Engineer's Report.

STATUS OF MAINTENANCE BY CHAMPIONS

Mr. Fort presented the report from Champions, a copy of which is attached hereto as **Exhibit D**. Mr. Fort also presented a proposal for the repair of the sinkhole near the West Houston Airport and an additional quote for the desilting of the Harris County drainage channel. Director Love asked for an additional quote for further desilting in the pilot channel. No Board action was required at this time.

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 there were a couple of complaints regarding odor in the water but he was unable to confirm any issues when he followed up on the complaints, and there were a few leaks repaired during the month by GUS. Mr. Garcia then discussed an issue that occurred at the Wastewater Treatment Plant (“WWTP”) whereby a broken piece of pipe had entered into a critical area of the WWTP causing issues with the proper function of the plant, and after a lengthy repair GUS was able to recover the pipe from the WWTP and ensure the proper functioning of the plant. Mr. Garcia also noted that there were some issues with the installation of the bypass device placed on lift station #3, but that GUS is currently working to resolve those issues. He also stated that currently there are no permit violations and that the hydrant survey had been completed with all hydrants within the District working properly. Mr. Garcia then discussed the status of the fence around lift station #1. After discussion, Director McGlaughlin moved to approve \$5,100 to replace the wooden fence around lift station #1. Director Love seconded the motion, which carried unanimously. Next, Mr. Garcia presented a number of customer requests regarding fees on their water bills. After discussion, Director Crane moved to approve the operations and maintenance report and authorize a discount of \$60 on the account whose address is 19446 Clevera Walk Lane and a waiver of the late fee incurred on the account whose address is 3103 Plum Knoll Court. Director Love seconded the motion, which carried unanimously.

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 updating the firm’s IT systems. Mr. Roach also updated the Board regarding the receipt of the final invoice from Direct Energy and noted that RMPLLC and the electricity broker for the District are working to address any concerns regarding same.

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.

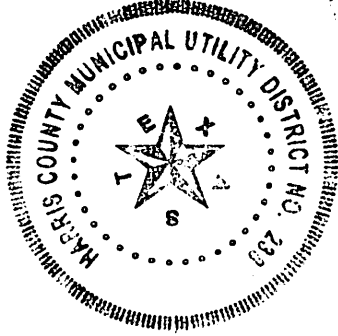
The Board did not enter executive session.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board did not discuss any pending business or matters for future agendas, except to set the next Board meeting at the Westlake Volunteer Fire Department station again.

ADJOURNMENT

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



Patricia Richardson
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