

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

**Minutes of Meeting of Board of Directors
August 23, 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 August 23, 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, 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; Mark Eyring and Mark Roth of Roth & Eyring, PLLC ("R&E"); Jill Henze of Breedlove & Co., PC ("Breedlove"); Joseph Ellis of McCall, Gibson, Swedlund and Barfoot, PLLC ("MGSB"); Jonathan Roach, Frank Mitchell and Victor Rosado of Roach & Mitchell, PLLC ("RMPLLC"); 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 regular Board meeting held on July 26, 2016. There was one correction noted. Director Nelson made a motion to approve the minutes as revised. The motion was seconded by Director McGlaughlin and passed unanimously.

PUBLIC COMMENTS

There were no comments from the public.

**REVIEW PROPOSALS FOR ENGAGEMENT OF AUDITOR FOR FISCAL YEAR ENDING
AUGUST 31, 2016**

Next a representative of each of the auditing firms presented their proposal while the others temporarily exited the meeting. After all proposals had been presented, the Board decided to discuss

the matter later in the meeting.

Messrs. Roth, Eyring, Ellis and Ms. Henze all left the meeting at this time.

UPDATE ON WEBSITE HOSTING (IT) SERVICES TRANSITION

Ms. Waugh noted that she has already started the new website design for the District, and Mr. Roach stated that the corresponding contract is ready for Board signature. There were no questions and no Board action was required.

Ms. Williams entered the meeting at this time and Ms. Waugh exited the meeting.

TAX ASSESSOR COLLECTOR REPORT

Ms. Wheeler presented the Tax Assessor Collector Report for the month of July 2016, a copy of which is attached as Exhibit A. Ms. Wheeler stated the new 2016 certified tax rolls have just been received. Director Nelson asked about the large number checks written as reflected on the tax report. Ms. Wheeler explained that it was due to the corrections on the tax rolls and corresponding refunds. After further discussion, Director McGlaughlin moved to approve the Tax Assessor Collector Report. Director Love seconded the motion which carried unanimously.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Ms. Wheeler presented the delinquent tax collections attorney report and noted there are several personal property accounts that were requested to be moved to the uncollectible rolls. Director McGlaughlin made a motion to approve moving the requested accounts to uncollectible. Said motion was seconded by Director Nelson and passed unanimously.

PROPOSED SERIES 2016 REFUNDING BONDS ("BONDS")

The Board decided to defer this item when the financial advisor could attend the meeting to discuss.

REVIEW FINANCIAL ADVISOR'S TAX RATE RECOMMENDATIONS AND OPTIONS FOR NOTICE OF PROPOSED 2016 TAX RATE

The Board decided to defer this item so a more detailed review of the newly certified tax rolls could be made and the financial advisor could attend the meeting to discuss. Ms. Wheeler did present the Board with a rollback rate calculation sheet.

Ms. Wheeler 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**. She reported no issues with the report. Director McGlaughlin noted some information about pass-through costs he learned from a recent training seminar, which Ms. Colondres confirmed. There was some related discussion about the West Harris County Regional Water Authority Fees. Director Nelson stated that in his review of the Bookkeeper's Report there appears to be an ongoing discrepancy in the monthly starting and ending balances. Ms. Colondres gave an explanation, and Director Crane suggested that Director Nelson and Ms. Colondres meet and discuss the accounting procedures used. After further discussion, Director McGlaughlin made a motion to approve the Bookkeeper's Report, including payment of checks and invoices presented. Director Love seconded the motion which passed unanimously.

ADOPT OPERATING BUDGET FOR FISCAL YEAR ENDING AUGUST 31, 2017

Ms. Colondres next presented the proposed budget as modified at the last meeting with additional final revisions received from Director McGlaughlin. After lengthy discussion, Director McGlaughlin made a motion to adopt the modified budget as presented, including revenues from an estimated \$0.14 maintenance and operation tax rate. The motion was seconded by Director Nelson and passed with three Directors in favor and Director Love abstaining (3-0-1).

ENGINEER'S REPORT

Mr. Vogler presented the Engineer's Report dated July 2016, a copy of which is attached hereto as **Exhibit C**. Mr. Vogler noted that the bids came in for the Water Plant No. 1 recoating project and he presented a recommendation of award to Rust Busters Industrial Painting, Inc. ("RBIP") for \$122,260. After review, Director Nelson made a motion to award the contract to RBIP for the recoating project. Said motion was seconded by Director McGlaughlin and passed unanimously. Mr. Vogler also mentioned that there was nothing new to report on the Harris County channel silting issue and the testing required for the permit renewal has been received from the operator.

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

Mr. Vogler noted that the construction is substantially complete and the contractor is just finishing up some minor punchlist items. Mr. Roach noted that Mayde Creek MUD had been invoiced but no response had been received yet.

STATUS OF MAINTENANCE BY CHAMPIONS

Mr. Fort introduced himself as the new Champions representative for the District and then presented the report from Champions, a copy of which is attached hereto as **Exhibit D**. Director McGlaughlin stated that the maintenance crews still appear to be leaving trash behind at the jobs. Director McGlaughlin then asked that Champions prepare proposals for repair of the sinkhole near the West Houston Airport and desilting of the Harris County drainage channel.

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 complaints regarding smell and foggy water but he was unable to locate any issues when he followed up on the complaints, and there was one leak reported that was on the resident side of the system. He advised that GUS had determined that clarifier drive #2 motor failed due to an issue with the gear box, but it has been repaired. Director Nelson asked about a list of meters that cannot be read. Mr. Garcia said he is not aware of any but will investigate if Director Nelson has a list of any such meters. Mr. Garcia then presented a photograph of a backup in a line near the Wastewater Treatment Plant and gave an update on the repairs being made. Mr. Garcia also presented a breakdown and handout of various smart meters available. The Board decided to defer on smart meters at this time.

Director McGlaughlin stepped out temporarily during the operator's report and returned to the meeting.

REVIEW CODE OF ETHICS AND RELATED POLICIES

The Board decided to defer this item at this time.

REVIEW OFFICER POSITIONS AND AUTHORIZE SUBMISSION OF AMENDED DISTRICT REGISTRATION FORM

The Board decided to defer this item until the full Board is present.

ATTORNEY'S REPORT

Mr. Roach reported that RMPLLC is still in the process of updating the firm's IT systems. He also noted that the firm has responded to one generic open records request regarding any information on District employees.

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.

ENGAGEMENT OF AUDITOR

The Board discussed the auditor proposals presented earlier in the meeting. After a lengthy

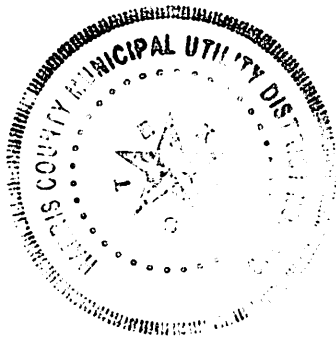
discussion, Director McGlaughlin made a motion to engage Roth & Eyring, PLLC pending review of their proposal by RMPLLC and confirmation that they perform 100% invoice review as a matter of course during their audits. The motion was seconded by Director Nelson and passed unanimously.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board noted the next meeting would be held at the Westlake Fire Department station.

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