

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors November 29, 2016

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238 ("District"), met at 2800 Post Oak Boulevard, Williams Tower, Houston, Texas 77056, a designated meeting place of the District, on November 29, 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 Cathy Wheeler of Wheeler & Associates, Inc. ("Wheeler"); Natalie Galgano and Putri Tesalonika 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 (who entered later in the meeting) of Gulf Utility Service, Inc. ("GUS"); Josh Fort of Champions Hydro-Lawn, Inc. ("Champions"); Frank Mitchell and Daniel Scruggs of Roach & Mitchell, PLLC ("RMPLLC"); Mark Roth and Mark Eyring of Roth & Eyring, PLLC ("R&E"); and residents Gary Tober and Cori Love.

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 October 25, 2016. Director Crane made a motion to approve the minutes. The motion was seconded by Director Love and passed 4-0, with Director McGlaughlin abstaining.

PUBLIC COMMENTS

There were no comments from the public.

REVIEW AUDIT REPORT FOR FISCAL YEAR ENDED AUGUST 31, 2016

Mr. Roth presented the draft audit report and draft management letter. He noted that there are still a few items outstanding regarding the audit and he is awaiting comments from RMPLLC. Mr. Eyring then reviewed certain audit procedures that R&E uses, and he noted, among other items, that they will review the balance sheet and look at every number on the sheet. He also advised that the District is carrying \$13,000 in excess funds in the tax account that needs to be moved over to the

District's general funds. After additional discussion, Director Nelson moved to approve the draft audit report, subject to comments and review of final documents by the District's consultants. Director McGlaughlin seconded said motion, which passed unanimously.

Mr. Roth and Mr. Eyring exited the meeting at this time.

TAX ASSESSOR COLLECTOR REPORT

Ms. Wheeler presented the Tax Assessor Collector Report, a copy of which is attached as **Exhibit A**. Ms. Wheeler explained that the \$13,000 in the tax account requires the auditor's instruction for her to move the funds as indicated but would do so now based on the audit presentation. The Board had no questions regarding the Tax Assessor Collector Report at this time. Director McGlaughlin made a motion to accept the Tax Assessor Collector Report. Said motion was seconded by Director Nelson and passed unanimously.

DELINQUENT TAX COLLECTIONS REPORT

Ms. Wheeler presented the delinquent tax collections attorney report and noted that there was not much to update the Board on from the last meeting.

AMENDMENT OF DISTRICT RATE ORDER, INCLUDING WHCRWA FEE INCREASE

Director McGlaughlin gave an update regarding the West Harris County Regional Water Authority ("WHCRWA") fee increases, and Mr. Mitchell explained options to amend the District Rate Order. After additional discussion, Director Nelson moved to authorize the amendment of the District Rate Order to provide for a \$2.85 per 1,000 gallon fee for water as a straight pass through (with no mark-up) for the corresponding WHCRWA surface water fee. Director Love seconded said motion, which passed unanimously.

BOOKKEEPER'S REPORT

Mrs. Galgano next presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit B**. She noted that the December invoice checks were already signed since the Board would not meet again until January. After no further questions, Director McGlaughlin moved to approve the Bookkeeper's Report and payment of the checks and invoices presented. Director Love seconded said motion, which carried unanimously.

ENGINEER'S REPORT

Mr. Vogler presented the Engineer's Report dated November 2016, a copy of which is attached hereto as **Exhibit C**. Mr. Vogler stated that he is still waiting on the District to obtain easements for the Dulaney Road and Morton Road water main extensions. He also stated that he had sent the Wastewater Treatment Plant Waste Discharge Permit Renewal application to the Texas Commission on Environmental Quality ("TCEQ"). He stated that he is still waiting to hear back, but it may be a few months. Mr. Vogler then stated that the Mayde Creek Municipal Utility District drainage project

is now complete. He also stated that no field work had been performed yet on the Barkers Ridge Sections 4 and 5 sanitary sewer cleaning and televising project. Mr. Vogler then noted that he is currently awaiting the right of entry form from the Harris County Flood Control District ("HCFCD") to address the channel and detention pond silting issues. Mr. Vogler then presented pay estimate no. 1 in the amount of \$33,372 for the recoating project at Water Plant No. 1. After brief discussion, Director McGlaughlin moved to approve the Engineer's Report and pay estimate no. 1. Director Love seconded said motion, which passed unanimously.

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

STATUS OF MAINTENANCE BY CHAMPIONS

Mr. Fort presented the maintenance report from Champions, a copy of which is attached hereto as Exhibit D. Director McGlaughlin stated he wished to walk part of the District property with Mr. Fort. Mr. Fort noted that the known sinkhole had grown slightly but reminded the Board it is on the airport's property. Director McGlaughlin then inquired about the maintenance status of a piece of property near Water Plant No. 1. After additional discussion, Director McGlaughlin moved to approve the maintenance report, the motion was seconded by Director Love and passed unanimously.

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 GUS will reads meters on January 12, 2017 and asked that the Rate Order go into effect on January 12th. The Board concurred and asked that Mr. Garcia not enforce the amended Rate Order until January 12, 2017. Mr. Garcia then noted that there was a \$2,800 improvement and repair needed to the thickener drive at the Wastewater Treatment Plant. Director McGlaughlin moved to approve the repair and replacement as needed. Director Love seconded said motion, which carried unanimously. Mr. Garcia stated that the fire hydrant project has continued into Barkers Ridge and Lake Ridge, and the project is currently at 20% completion. After brief discussion, Director McGlaughlin moved to defer termination of delinquent District customers' water service until the beginning of January in light of the upcoming holidays. Director Crane seconded said motion, which passed unanimously. Director Nelson then moved to approve the Operations and Maintenance Report. Director Love seconded the motion, which passed unanimously.

Mr. Garcia then presented some of the customer concerns and requests for refunds. Director Richardson discussed her concerns about a resident who had trouble paying her account. After brief discussion, Director Richardson moved to deny both customer requests. Director McGlaughlin seconded the motion, which carried unanimously. Mr. Garcia presented a notice that would be provided to the District customers regarding the Magna Flow sanitary sewer cleaning and televising project. Director Love asked about the District's manholes and the televising project, to which Mr. Garcia responded. Mr. Garcia then advised that the windows around the control building at the Water Plants are not weather resistant, and GUS will look at replacing them.

REVIEW CODE OF ETHICS AND RELATED POLICIES

Mr. Mitchell updated the Board regarding the current Code of Ethics and recommended no changes at this time. Director McGlaughlin moved to acknowledge review of the Code of Ethics with no changes to be made at this time. Director Love seconded said motion, which passed unanimously.

ATTORNEY'S REPORT

Mr. Mitchell presented the Attorney's Report and reviewed the status of the action item list but noted no additional issues of a legal nature which had not already been addressed under specific agenda items. Director McGlaughlin then asked that the Board receive consultant reports earlier each month. The Board took no action at this time.

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 RMPLLC Williams Tower office on January 6, 2017 at 1:00 p.m.

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 McGlaughlin 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