

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238,
OF HARRIS COUNTY, TEXAS**

**Minutes of Meeting of Board of Directors
September 22, 2015**

The Board of Directors (“Board”) of Harris County Municipal Utility District No. 238, of Harris County, Texas (“District”), met at 18702 Kieth Harrow Boulevard, Houston, Texas 77056 on September 22, 2015, 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
Damon Sachs, Assistant Secretary
C.L. “Steve” Crane, Director

all of said persons were present, 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 of Van De Wiele & Vogler, Inc., (“VVI”); Frank Garcia of Gulf Utility Service, Inc. (“GUS”); Ryan O’Hara of Hutchinson, Shockey, Erley & Co. (“HSE”); Perry Miller of Champions Hydro-lawn, Inc. (“Champions”); Jonathan Roach of The Law Firm of Jonathan A. Roach, PLLC (“JARPLLC”); Jeremy Roach of Apollo IT Consulting, LLC (“Apollo”); and residents Gerald Garcia and Kathy Dorantes.

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 regular meeting held on August 25, 2015. Director Crane made a motion to approve the minutes. The motion was seconded by Director Richardson, and said motion passed unanimously.

PUBLIC COMMENTS

Mr. Garcia inquired about the status of the garbage collection proposals. The Board stated that the Homeowners Associations are attempting to coordinate the effort. Mr. Garcia expressed concern about the need to complete pending agenda items, such as the trash collection, before moving on to new items. Ms. Dorantes noted a leak on Eagle Ridge Way and complaints from residents on social media regarding water bills and consumption. Mr. Frank Garcia mentioned that a leak test was performed at the residence in question on Eagle Ridge Way and a leak was detected on the District’s side of the meter; however, the matter is being addressed and should not affect the customer’s usage or bills.

Mr. Garcia exited the meeting but re-entered later.

APPROVE NEW CONTRACT FOR FINANCIAL ADVISOR SERVICES

Mr. O'Hara presented a proposal to the Board for engagement of financial advisor services with his new firm, HSE. After discussion, a motion was made by Director McGlaughlin to approve the new contract with Mr. O'Hara and his firm for financial advisor services subject to review and approval by Mr. Roach. The motion was seconded by Director Love and passed unanimously.

EARLY DEBT DEFEASANCE OPTIONS, INCLUDING REQUIRED NOTICE, ESCROW AGREEMENTS, AND RELATED MATTERS

Mr. O'Hara discussed with the Board the early debt defeasance plan, proposed use of funds, debt service savings and related matters, and noted the need for an Escrow Agreement and Notice of Redemption to be prepared. Director McGlaughlin made a motion to approve the Escrow Agreement and authorize preparation and distribution of the Notice of Redemption as discussed. The motion was seconded by Director Love and passed unanimously.

RECOMMENDATION FOR 2015 TAX RATE

Mr. O'Hara presented the Board with his recommendations for the 2015 tax rate. After discussing several options and additional tax exemption alternatives to be considered for next year, Director Crane moved to accept the financial advisor's recommendation of a proposed \$0.44 debt service tax rate and \$0.18 maintenance and operations tax rate for a combined total tax rate for 2015 of \$0.62 (a 1.5-cent decrease in the tax rate from last year in addition to the 7% homestead exemption not granted in prior years). Director McGlaughlin seconded the motion which passed unanimously.

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

TAX ASSESSOR COLLECTOR REPORT

Ms. Wheeler presented the Tax Assessor Collector Report for the month of August 2015, a copy of which is attached as **Exhibit A**. After discussion, Director Crane moved to approve the Tax Assessor Collector Report. Director Love seconded the motion which carried unanimously.

Mr. Garcia re-entered the meeting during the tax assessor collector report.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Ms. Wheeler presented the report for Ted Cox's. The Board concurred not to terminate water service on a personal property tax account. Also, there was a long discussion about non-termination of water service on renter-occupied delinquent accounts. The Board noted no further action was required at this time.

Director Sachs exited the meeting.

BOOKKEEPER'S REPORT

Ms. Colondres presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit B**. She noted ongoing transfers of funds to ensure the \$1,000,000 portion of the early cash defeasance to be paid from available operating funds would be available by mid-October. Ms. Colondres mentioned an AWBD seminar on October 29, 2015 and said she will register the Directors who wish to attend. Director Crane then moved to approve the Bookkeeper's Report and payment of checks presented. Director Love seconded the motion which passed unanimously.

Mr. Vogler presented a written Engineer's Report dated September 2015, a copy of which is attached hereto as **Exhibit C**. Mr. Vogler stated that the Dulaney Road easement property ownership research is still underway with the title company. Additional research is also underway for the Morton Road line extension. He then advised that the Water Plant No. 2 waterline extension construction project is still waiting for a final pay estimate and that Mr. Frank Garcia will attempt to follow up on the pay estimate.

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

Mr. Vogler noted that Mayde Creek MUD decided to go with the second lowest bidder, Meiner's Construction, and will be moving forward with the project. Mr. Vogler will attend a pre-construction meeting per the agreement between the District and Mayde Creek MUD and will subsequently bring final plans for the Board's review.

Ms. Wheeler exited the meeting at this time.

REPORT FROM CHAMPIONS HYDRO-LAWN, INC.

Mr. Miller 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 noted an issue with Harris County construction work causing siltation of the pilot channel in the District's large detention pond. Messrs. Vogler and Perry are following up with Harris County to remedy the situation.

OPERATION AND MAINTENANCE REPORT

Mr. Garcia presented the written operations report to the Board, a copy which is attached as **Exhibit E**. Mr. Garcia noted some chlorine residual samples were high in April and May 2015, and Harris County had contacted the District to follow-up. Mr. Garcia advised that the West Harris County Regional Water Authority ("WHCRWA") has been providing less surface water to the District recently.

Mr. Garcia noted that Ms. Dorantes had asked for a one-time meter test at the District's expense. After discussion, the Board concurred per the District's Rate Order. Mr. Garcia then mentioned a resident had requested a review of his usage and a reduction in his bill. The Board noted the resident's current usage is 67,000 gallons so the Board agreed to test and then change out his meter and continue monitoring his usage during the next few months. Mr. Garcia stated that a flushing valve maintenance program may be beneficial for the valves on which maintenance was not previously completed, and he will review with the Board at an upcoming meeting. He then noted an e-mail from Gary Drahos requesting a refund of NSF fees imposed four months after the NSF issue. The Board took no action...

Mr. Garcia noted the low bid of \$1,500 per window for five stormproof windows to be replaced at the Water Plant No. 1 control building. He also reminded the Board of the redundancy report presented a year ago including \$350 for the removal of backup chlorination system. The Board concurred with the removal. Mr. Garcia also advised that preventative maintenance on the Wastewater Treatment Plant revealed lift station chains are rusting and need to be repaired/replaced at a cost of \$1,660 so the pump can be pulled up when needed for servicing. Director McGlaughlin made a motion to approve replacing the chains. Director Love seconded the motion which passed unanimously. Mr. Garcia then noted the Water Plant No. 2 booster pump failed, and he presented a NTS proposal for repair or replacement. After discussion, Director McGlaughlin made a motion to authorize \$4,568 for the repair. Director Love seconded the motion which passed unanimously. Finally, Mr. Garcia explained that the prior WHCRWA fee increase of 15-cent/1,000 gallon was not applied to residents' accounts for several months causing around a \$19,000 revenue deficit. He explained that new internal procedures have been put in place at GUS to prevent this in the future. Director McGlaughlin then made a motion that the District not backcharge the residents and GUS assume 50% of the loss as credits to the District in future months' operating invoices. Director Crane seconded the motion which passed unanimously. Director Crane then stated that he has reviewed the Payclix website updates with Mr. Garcia which will soon allow better customer access to their account information.

IT CONSULTANT REPORT

Mr. Jeremy Roach presented additional ongoing updates to the current website and a draft of the new website design. He also noted that the e-mail relay will now send messages to the Directors' e-mail addresses as previously requested.

ATTORNEY'S REPORT

Mr. Roach stated that his firm is working to incorporate into the proposed electronic records and electronic signatures procedures certain changes from the 2015 legislative session. He had no other legal issues to discuss at this time.

POSSIBLE AMENDMENT OF MISSION STATEMENT

Director Love noted that the District already does a lot outside the scope of its Mission Statement but everything the District does is within the scope of lawful District purposes.

ADDITIONAL PUBLIC COMMENT

Mr. Gerald Garcia inquired the purpose of changing the Mission Statement at this time.

Everyone then exited the meeting except for the Board and the District's legal counsel.

CLOSED SESSION

The Board entered executive session pursuant to Texas Government Code, Section 551.071 at 3:13 p.m.

RECONVENE IN PUBLIC SESSION

The Board returned to open session at 3:21 p.m. with no action to be taken from the executive session.

POSSIBLE AMENDMENT OF MISSION STATEMENT (Cont.)

Director Crane presented a proposed change to the Mission Statement. After some discussion, Director Crane made a motion to accept the new Mission Statement as presented. The motion was seconded by Director Love and passed 3-1, with Director McGlaughlin opposed.

PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

Director Love noted that the Comprehensive Emergency Management Plan will be presented to the Harris County Emergency Management Office on Tuesday, September 29, 2015 at 10:00 a.m. The Board then noted that it will hold its next regular meeting at the usual time and place in October but the November 24, 2015 meeting will be held at the Westlake Volunteer Fire Department facility, subject to availability confirmation.

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 Richardson and carried by unanimous vote, and the meeting was adjourned.

/s/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