

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors March 22, 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 March 22, 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
Damon Sachs, Assistant Secretary

all of said persons were present, except Director McGlaughlin, 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 Tyler Reed of Van De Wiele & Vogler, Inc., (“VVI”); Frank Garcia and Tracie Williams of Gulf Utility Service, Inc. (“GUS”); Spencer Nealy of Champions Hydro-Lawn, Inc. (“Champions”); Jonathan Roach and Frank Mitchell of Roach & Mitchell, PLLC (“RMPLLC”); and resident Gary Tober.

The Vice 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 February 23, 2016. Director Sachs made a motion to approve the minutes as presented. The motion was seconded by Director Love and passed 3-0-1 with Director Richardson abstaining.

PUBLIC COMMENTS

Director Richardson discussed the donation request for Mayde Creek High School Project Graduation. After discussion, the Board concurred to contribute \$1,000 for the project.

TAX ASSESSOR COLLECTOR REPORT

Ms. Wheeler presented the Tax Assessor Collector Report for the month of February 2016, a copy of which is attached as **Exhibit A**. She noted that there were several corrections to the refundable roll and there was one check returned for insufficient funds but that amount has been collected already as of the meeting. After no questions, Director Love moved to approve the Tax Assessor Collector Report. Director Richardson seconded the motion which carried unanimously.



DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Ms. Wheeler reviewed the Delinquent Tax Collections Attorney Report. She noted several accounts have been actively worked and some are being collected. After no questions, Director Love made a motion to accept the delinquent tax collection report. Said motion was seconded by Director Crane and passed unanimously.

BOOKKEEPER'S REPORT

Ms. Colondres presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit B**. She noted no unusual expenses or issues for the month. After no questions regarding the report, Director Love then moved to approve the Bookkeeper's Report and payment of checks presented. Director Sachs seconded the motion which passed unanimously.

ENGINEER'S REPORT

Mr. Vogler presented a written Engineer's Report dated March 2016, a copy of which is attached hereto as **Exhibit C**. Mr. Vogler gave an update on the Dulaney Road water line extension project and stated that the title company is now satisfied that it is on the Harris County road maintenance log and can be used for utilities. The agency comments had to be re-submitted to the City of Houston and they are back with only one easement required. He stated that the Morton Road water line extension project will require four easements and he will work on getting that information to Mr. Roach. Director Love made a motion to accept all five of the easements, subject to verification of title. Said motion was seconded by Director Sachs and passed unanimously. Mr. Vogler then presented a preliminary cost estimate for re-coating water plant no.1 in the amount of \$219,000 but noted that he recommends delaying the project until fall and putting it next year's budget. He noted that the Google Earth mapping project data is still being coordinated with GUS. Mr. Vogler noted that he is awaiting a response from Harris County on the ongoing siltation in the pilot channel near the GO Weiss landfill. Director Love then made a motion to approve the engineer's report. Director Sachs seconded the motion which passed unanimously.

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

Mr. Vogler noted that the project is still under construction at this time.

REPORT FROM CHAMPIONS HYDRO-LAWN, INC.

Mr. Nealy presented a written report including several photographs depicting various detention/drainage facilities within the District and a list of proposed maintenance projects, a copy of which is attached hereto as **Exhibit D**. He noted that all of the over-seeding and other approved projects have been completed. He noted a photograph of a washout area in Barkers Crossing and gave a cost estimate of repairs. The Board asked that he get with the Barkers Crossing HOA to make sure that it is not from a sprinkler head rupture. Director Sachs then asked that Champions provide a proposal to fix the standing water problem in the Barkers Crossing pond. Mr. Nealy noted that he

has spoken with officials at the West Houston Airport and they believe that it is a drainage issue and not runoff from the airport. Director Love then made a motion to approve the maintenance report. Said motion was seconded by Director Crane and passed unanimously.

Mr. Tober stepped out temporarily and returned during this point in the meeting. Ms. Wheeler then asked to revisit an issue from the tax report. She said that Ms. Colondres will give her a check for \$43.27 to correct the tax account payment issue discussed previously by the Board and the taxpayer will not owe any additional amount.

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 two alerts for no water had been received but those problems were corrected. He said they are still waiting on the Texas Commission on Environmental Quality letters from their inspections but is not expecting any problems. There are still some issues with the Lift Station No. 1 control panel as it is a 1990's model and is in poor condition. Mr. Garcia presented some photographs of the panel and gave a replacement estimate of \$17,000 for one of like kind or \$27,000 for an upgraded model with electronic capabilities. He also noted that they removed the pump and checked it with no problems found. There was one refund request due to an alleged identity theft claim. The Board asked that the resident submit an identity theft affidavit before they will approve the refund. Director Sachs made a motion to approve replacement of the control panel with the newer electronic version for \$27,000. The motion was seconded by Director Richardson and passed unanimously. Director Richardson then made a motion to approve the operator's report. Said motion was seconded by Director Crane and passed unanimously.

Ms. Wheeler and Mr. Roach exited the meeting temporarily and returned during the discussion about the operations report.

IT CONSULTANT REPORT

There was no IT consultant present at the meeting so no report was presented. Director Crane presented an email exchange with Mr. Jeremy Roach of Apollo IT Consulting and noted that there remain some issues to be addressed regarding the website. He asked that the item be included on the next month's agenda.

REVIEW CODE OF ETHICS AND RELATED POLICIES

Mr. Roach asked that the Board defer on this item until some additional research can be completed on HB1295. He noted that certain auditors in the industry have now chosen to use "evergreen" contracts that will automatically renew and this has warranted some additional discussions about HB1295 compliance.

REVIEW INSURANCE PROPOSALS

Mr. Roach noted that the only insurance proposal received was from Arthur J. Gallagher, and

that AquaSurance was contacted but declined to provide a proposal. Director Sachs then made a motion to accept the proposal from Arthur J. Gallagher. Said motion was seconded by Director Crane and passed unanimously.

ATTORNEY'S REPORT

Mr. Mitchell noted that RMPLLC is no longer using Apollo IT Consulting for IT services and is currently working with a new vendor to make a complete IT overhaul. Mr. Roach noted that RMPLLC is now able to electronically file real property records with the County Clerk's Office in Harris and Montgomery Counties.

REVIEW 2016 DIRETORS ELECTION

Mr. Roach gave an update on the upcoming dates for the 2016 Directors Election. He also noted that Mr. Tober had submitted an application to be placed on the ballot but according to the postmark on the envelope it had not been timely filed and therefore cannot be accepted by law. He stated that a drawing of names for the ballot had been completed and gave the order of the names on the ballot. He noted that Michelle Gex will serve as the election official and the election will be held at 18510 Fawn Run Lane, Houston, TX 77084, with early voting from April 25-29 and May 2-3, 2016 and then election day being held on May 7, 2016.

Mr. Tober stepped out temporarily and returned during this point in the meeting. Ms. Wheeler left the meeting at this time.

ANNUAL DISTRICT UPDATE/NEWSLETTER

Directors Crane noted that this project is complete and can be removed from future agendas. He then presented some samples of billing inserts for various informational purposes. The Board concurred that they would like the operator to start including these types of inserts in the bills from time to time. Tracie Williams then gave a short presentation on the new GUS online customer portal.

Director Sachs and Ms. Colondres left the meeting at this time.

REVIEW REQUEST FROM BARKER'S CROSSING HOMEOWNERS ASSOCIATION FOR TRAIL IMPROVEMENTS

The Board decided to defer discussion on this item until next month to contact the HOA for more specifics on their request.

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 have any discussion about future agenda items or pending business.

ADJOURNMENT

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