

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Special Meeting of Board of Directors January 6, 2017

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238 ("District"), met at 2800 Post Oak Boulevard, Suite 4100, Houston, Texas 77056, a designated meeting place of the District, on January 6, 2017, 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"); Cynthia Colondres of Municipal Accounts & Consulting, L.P. ("MA&C"); Taylor Reed of Van De Wiele & Vogler, Inc. ("VVI"); Frank Garcia and Tracie Williams of Gulf Utility Service, Inc. ("GUS"); Jonathan Roach and Frank Mitchell of Roach & Mitchell, PLLC ("RMPLLC"); and residents Gary Tober, and Irina Faucher.

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 November 29, 2016. Directors Crane and Richardson noted two corrections on the draft minutes. Director Nelson made a motion to approve the minutes as amended. The motion was seconded by Director Crane and passed unanimously.

PUBLIC COMMENTS

Ms. Faucher addressed the Board and noted that she serves as Barkers Crossing Homeowners Association ("BCHOA") President. She requested that the Board consider repairing the trail around the Barkers Crossing detention pond. There was lengthy discussion regarding the trail and bridge surrounding the pond, including discussion regarding who paid for the trail initially and who should pay for any repairs. The Board asked that the issue be addressed at the next Board meeting.

TAX ASSESSOR COLLECTOR REPORT

Ms. Wheeler presented the Tax Assessor Collector Reports for November 2016 and December

2016, copies of which are attached as Exhibit A. The Board had no questions regarding the Tax Assessor Collector Report at this time. Director Nelson made a motion to accept the Tax Assessor Collector Report. Said motion was seconded by Director Love and passed unanimously.

DELINQUENT TAX COLLECTIONS REPORT

Ms. Wheeler noted that there was no report. However, she did note that during the 2017 legislative session there may be an amendment to the tax code regarding homeowner protests of tax rolls, which she would be monitoring as it could impact property owners state-wide.

BOOKKEEPER'S REPORT

Mrs. Colondres next presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit B. After no questions, Director Nelson moved to approve the Bookkeeper's Report and payment of the checks and invoices presented. Director Crane seconded said motion, which carried unanimously.

STATUS OF CONTINUING DISCLOSURE REPORT

Mr. Roach noted that this item will be completed once the audit is finalized. He also mentioned that Mr. O'Hara, the Financial Advisor for the District, asked the Board to review its current continuing disclosure counsel arrangement after some issues arose during the 2016 Refunding Bonds.

STATUS OF ARITRAGE COMPLIANCE REPORTING

Mr. Roach noted that this item had been recently addressed by the Board so RMPLLC would be reviewing whether any additional arbitrage compliance reporting would be required in the near future.

ENGINEER'S REPORT

Mr. Reed presented the Engineer's Report, a copy of which is attached hereto as Exhibit C. Mr. Reed 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. Reed also stated the recoating of Water Plant No. 1 is currently underway and provided photographs evidencing the progress of the project. He then presented Change Order No. 1 for \$6,239.99 and Pay Estimate No. 2 for \$25,182.00 for the recoating project. Mr. Reed then noted that the field work had been performed on the Barkers Ridge Sections 4 and 5 sanitary sewer cleaning and televising project, and he is currently awaiting delivery of videos from the project. He also noted that the Oak Ridge Sections 1, 2, and 3 sanitary sewer cleaning and televising project also had field work completed and he is awaiting delivery of videos from that project as well. Mr. Reed 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. After brief discussion, Director McGlaughlin moved to approve the Engineer's Report, Pay Estimate No. 2 and Change Order 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. Roach noted that Mr. Fort was not present but did send the maintenance report from Champions Hydro-Lawn, Inc., a copy of which is attached hereto as Exhibit D. The Board reviewed said report, but took no action 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 that the Water Plant No. 1 well meter was in need of repair or possible replacement. Director McGlaughlin moved to approve the replacement of the Water Plant No. 1 well meter for \$6,374.50. Director Crane seconded said motion, which passed unanimously. Mr. Garcia also noted that a new auto-dialer for Water Plant No. 1's generator was available for installation and the estimated cost, not including expenses for GUS's labor, would be \$1,420.25. Director Crane moved to approve the installation of the auto-dialer for Water Plant No. 1's generator. Director Nelson seconded said motion, which passed unanimously. Mr. Garcia then noted that PayClix had been able to negotiate a reduction in certain payment processing fees. After discussion, Director Nelson then moved to approve a fee addendum to the ACH processing agreement with PayClix as discussed. Director McGlaughlin seconded said motion, which passed unanimously. There was then additional discussion regarding cellular-based auto-dialer options to replace the current wired set up. The Board took no action on the matter at this time. Director McGlaughlin noted an issue with an irate resident who was unhappy about the delinquent payment process. Mr. Garcia noted that GUS had to call authorities and file a police report due to the resident's hostile actions. Director Nelson then moved to approve the Operations and Maintenance Report. Director Love seconded the motion, which passed unanimously.

AUTHORIZE SOLICITATION OF INSURANCE PROPOSALS

Mr. Roach advised the Board that their current insurance policies from AJ Gallagher expire on March 31, 2017. After brief discussion, the Board asked RMPLLC to solicit 3 bids including one from their current provider, AJ Gallagher.

ATTORNEY'S REPORT

Mr. Roach noted that the electronic signature project is a goal for RMPLLC for 2017. He also advised the Board of his recent communications with a legislative chief of staff who indicated that, because municipal utility districts ("MUD") have been under pressure with the recent negative media coverage, there will likely be significantly fewer MUD-related bills filed and/or passed during the 85th (2017) legislative session. Mr. Roach also noted, however, that RMPLLC is working to draft a MUD

Director work exception bill similar to the jury duty exception statutes allowing individuals to serve without repudiation from their employers. Finally, he noted that the District's annual 2017 master calendar and a draft action item list had been prepared and posted for the Board's review. The Board took no action at this time.

ADDITIONAL COMMENTS FROM THE PUBLIC

Director Richardson noted some of her thoughts regarding the BCHOA request.

EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, SECTION 551.071, 551.074, ET. SEQ.

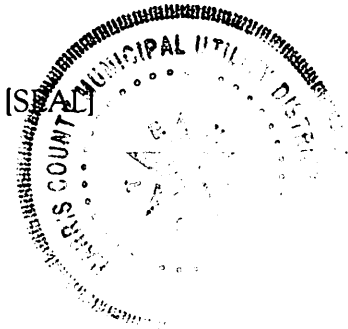
The Board did not enter executive session.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board concurred with Director Crane finalizing the Annual District Update and subsequent posting on the District website.

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.



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