

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors June 27, 2017

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, 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:

Randy Love, President
Patricia Richardson Vice President
C.L. "Steve" Crane, Secretary
Gary Nelson, Assistant Secretary
Michael McGlaughlin, Director

all of said persons were present, thus constituting a quorum.

Also present were Cynthia Colondres of Municipal Accounts & Consulting, L.P. ("MA&C"); Taylor Reed of Van De Wiele & Vogler, Inc., ("VVI"); Don Self, Traci Chapa, and Michael Williams of Gulf Utility Service, Inc. ("GUS"); Josh Fort of Champions Hydro-Lawn ("Champions"); Jonathan Roach, Frank Mitchell, Daniel Scruggs, Shaila Shah, and Josh Zientek of Roach & Mitchell, PLLC ("RMPLLC"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); resident Gary Tober; Jennifer Smith and Caleb Burson of Accurate Meter & Supply; and Mark Eyring of Roth & Eyring, PLLC ("Roth").

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 May 23, 2017. Mr. Roach noted that the corrections requested by Director Richardson were made. Director McGlaughlin also provided an additional handout of revisions for RMPLLC to incorporate. Upon motion by Director Nelson, seconded by Director Love, and the Board voted, with Directors Richardson and Crane abstaining, to approve the minutes of May 23, 2017, as revised.

PUBLIC COMMENTS

There were no public comments.

POSSIBLE ENGAGEMENT OF AUDITOR FOR FISCAL YEAR ENDING AUGUST 31, 2017

Mr. Eyring presented a two-year engagement letter for his firm to perform the District's annual audits for fiscal years ending August 31, 2017 and August 31, 2018. He noted that the fees for each

year would be approximately \$9,750. Upon motion by Director Crane, seconded by Director Nelson, the Board voted unanimously to approve the engagement letter from Roth & Eyring, PLLC for fiscal years ending August 31, 2017 and August 31, 2018.

DISCUSSION REGARDING BARKERS CROSSING HOMEOWNERS ASSOCIATION (“BCHOA”) POND TRAIL, INCLUDING REVIEW OF POSSIBLE MAINTENANCE AGREEMENT

Mr. Roach stated that there was no update from BCHOA. The Board agreed to remove this item from future agendas.

TAX ASSESSOR COLLECTOR REPORT

Mr. Arce presented the Tax Assessor Collector Report, a copy of which is attached as Exhibit A. Mr. Arce reviewed the collections for the month and the checks submitted for review and approval. He also noted that there was a 6% growth in the preliminary 2017 certified value from the total certified value in 2016. After no further discussion, Director Nelson made a motion to approve the Tax Assessor Collector Report. Director Love seconded said motion, which passed unanimously.

DELINQUENT TAX ATTORNEY REPORT

Mr. Roach presented the delinquent tax attorney report and stated that no action is needed. Director Crane asked about the fees on the over-65 tax deferral accounts. Mr. Roach stated that he will follow up with the delinquent tax attorney.

FILING OF UNCLAIMED PROPERTY REPORT

Mr. Roach noted the requirements for submitting an annual unclaimed property report and escheating funds to the state, as applicable. He noted that the District would file an unclaimed property report for \$1,990.50 according to the consultants’ records of unclaimed property being held by the District. Upon motion by Director McGlaughlin, seconded by Director Crane, the Board voted unanimously to authorize the filing of the unclaimed property report.

BOOKKEEPER'S REPORT

Mrs. Colondres next presented the Bookkeeper’s Report, a copy of which is attached hereto as Exhibit B. She noted that money was transferred from the money market account to cover expenses. She also noted that two additional checks were written to Directors Richardson and Love for reimbursement of AWBD expenses, which will be reflected on the July report. She then discussed the smart meter project and stated that approximately \$300,000 in surplus operating revenues will go towards the meter installation and then as certain Certificates of Deposit mature they will be transferred to the money market account to cover the additional meter installation costs. Upon motion by Director Crane, seconded by Director Love, the Board voted unanimously to approve the Bookkeeper’s Report, including payment of the checks presented.

STATUS OF MAINTENANCE BY CHAMPIONS

Mr. Fort presented the Maintenance Report to the Board, a copy of which is attached as Exhibit C. Mr. Fort noted that there are no issues to report. Director McGlaughlin stated that Mr. Frank Garcia had previously recommended cleaning out the channels. Mr. Reed noted that this would be discussed in the Engineer's Report.

ENGINEER'S REPORT

Mr. Reed then presented the Engineer's Report, a copy of which is attached hereto as Exhibit D. He also reported on the erosion along the back-slope swale south of Appletree Hill Lane and advised that (1) he received additional comments from the county regarding the plans and that the plans were resubmitted for approval, and (2) a proposal was sent to Mr. Fort for review and pricing. He also noted that a detailed proposal will be prepared to include repairs in three separate phases. He then noted that he submitted a work order to Harris County Flood Control District ("HCFCD") but that they had not yet responded.

Mr. Reed reported that the District is still waiting to obtain easements for the Dulaney Road and Morton Road water main extensions. Director Richardson inquired on the location of the extensions related to a new home that is being built. Mr. Reed confirmed on the map that the new house is not in the path of the extension. He stated that the plans will be submitted for approval after the easements are recorded. Mr. Reed also stated that VVI received the final Waste Discharge Renewal Permit from the Texas Commission on Environmental Quality ("TCEQ"). He noted the expiration date of May 2022. Director Crane and the Board discussed removing the booms from the drainage channel near the STP but Mr. Reed suggested that they not be removed. Director Richardson then noted that there is a product on the market that will minimize the sludge hauling necessary from the STP. She requested that a presentation on the product be made at an upcoming Board meeting. Mr. Reed stated that he will follow up with his contact who works with the product. Mr. Reed then noted that the plans were resubmitted to HCFCD to also address the channel and detention pond silting issue.

OPERATIONS AND MAINTENANCE REPORT

Mr. Williams presented the written Operations Report to the Board, a copy which is attached as Exhibit E. Mr. Williams noted the District service calls and various repairs made throughout the District within the month of May. Mr. Williams also noted that there were no permit violations and no other operational issues to report within the month. Mr. Williams stated that there was a mistake on the report because there were actually no excursions and the report noted one (1). Mr. Williams also reported that the water accountability for the month of May was 96%. Mr. Williams then presented the disconnect and reconnect list to the Board.

Mr. Williams next reported that the repair for Blower No. 3 at the STP is complete and has been reinstalled and is back in service. Mr. Williams then requested approval to replace an existing

flood light with a new LED light at Lift Station No. 2 in the amount of \$1,078. He also requested approval for the lead and copper sampling in the amount of \$7,000. Discussion ensued regarding collection of the samples. Upon further discussion and a motion by Director Love, seconded by Director Crane, the Board voted unanimously to approve the replacement of the light at Lift Station No. 2 and the lead and copper sampling.

Mr. Williams next presented a request from the resident at 3119 Clipper Winds Way. He stated that she had incurred a return check fee from a check that she wrote on February 21, 2017, but her bank stated that the check should have not been returned. The Board discussed her account history, and after discussion Director Richardson made a motion to deny the resident's request for reimbursement of the returned check fee. Director Love seconded the motion, which passed unanimously.

Director Crane inquired on the status of the repairs at the District facilities. Mr. Williams stated that the door was repaired and that he is obtaining quotes for the window frames at Water Plant No. 1.

Mr. Williams then reported that the Collections Report has been added to the Operations Report and that the total outstanding balance is approximately \$17,000. Mr. Williams stated that the accounts will be sent to the collections company. He requested approval to write-off the accounts with a balance of \$25 or less. Upon motion by Director McGlaughlin, seconded by Director Nelson, the Board voted unanimously to authorize GUS to write-off accounts with a balance of \$25 or less.

Mr. Williams then presented the \$0 deposit list. He stated that he cross-referenced the accounts with the information that was provided by Severn Trent but such information had no dates provided. Discussion ensued regarding the lack of deposit date, and the Board agreed to address each account individually on a case-by-case basis if and when any issues might arise.

DISCUSSION REGARDING THE SMART METER PROJECT OPTIONS

Mr. Burson presented the proposal from Badger Meter regarding smart meters for the District. He stated that the price will be \$50 per meter. Extensive discussion ensued regarding the size of the meters, the installation process, and how to inform the residents of the new meters. Director McGlaughlin inquired on the payout for the smart meters. Mr. Williams stated that the exact number is not certain, but the smart meters will eliminate re-reads and will result in a fewer number of leaks. Mr. Williams then presented to and reviewed with the Board a document on the implementation and management of the smart meters. He discussed with the Board the ongoing responsibilities for GUS to maintain and read the smart meters. Director Richardson asked a question regarding changing technology, and Mr. Burson explained that the smart meters incorporate the most up to date technology. After additional discussion, Director Love made a motion to: (1) proceed with the smart meters project; (2) discuss installation costs with GUS; and (3) authorize RMPLLC to review the Badger Meter contract. Director Richardson seconded the motion, which passed by four votes in favor and one (Director McGlaughlin) abstaining.

Ms. Smith and Mr. Burson exited the meeting at this time.

ATTORNEY'S REPORT

Mr. Roach reported that the Interlocal Agreement with HCFCD was sent for review and signature. He stated that HCFCD revised some of the language in the Agreement and requested Board approval of the revisions, to which the Board concurred.

Mr. Roach also reported that the 2017 Texas Legislative Regular Session ended on May 29, 2017 but that the Governor had called for a special session so RMPLLC would provide an update regarding pertinent bills that passed after the close of the special session. Mr. Arce then stated that Wheeler had scheduled a workshop for addressing Senate Bill No. 2 matters and that participants could win a personal tour of the Texas Capitol Building.

Mr. Roach then reported on the Arbitrage Reports for the District's outstanding bonds and advised that Arbitrage Compliance Specialists had completed the required reports and there were no arbitrage issues.

FILING OF VOTING SYSTEM ANNUAL FILING FORM

Mr. Roach noted that the District is required annually to file a form with the Secretary of State regarding the voting system(s) it may have used during the year, and he asked for authorization to complete and file the form. Director Crane made a motion to authorize the filing of the voting system annual form as discussed. The motion was seconded by Director Nelson and passed unanimously.

REQUEST OF RECORDS MANAGEMENT OFFICER TO DESTROY OLD MEETING NOTES

Mr. Roach asked the Board to consider approval of the destruction of old copies of prior Board meeting notes as allowed by applicable law. He reminded the Board that RMPLLC is retaining electronic copies of virtually all District records and that copies of all official meeting minutes are kept in perpetuity. Director Nelson then made a motion to allow the records destruction of prior meeting notes per applicable law and the District's records retention policies. Said motion was seconded by Director McGlaughlin and passed unanimously.

ADDITIONAL COMMENTS FROM THE PUBLIC

There were no additional comments.

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

The Board did not enter executive session.

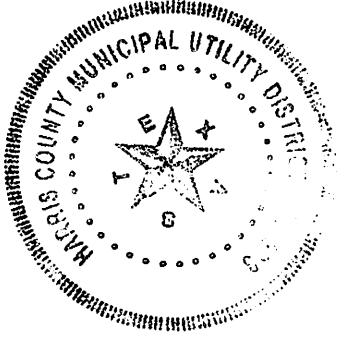
DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

Director Richardson inquired on Director term limits. Mr. Roach noted that the terms for Directors are generally governed by statute but no statute specifically addresses term limits so the Board had previously passed a resolution adopting the term limits for the District. However, he also discussed issues regarding possible enforceability of the resolution. Director Richardson then requested that a discussion regarding term limits be added to the July or a future Board meeting agenda. Mr. Roach then reminded the Board that there would be a Directors Election in 2018 and Mr. Tober had expressed his interest in running.

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.

[SEAL]



Secretary,
Board of Directors

LIST OF EXHIBITS

Exhibit A	Tax Assessor/Collector Report
Exhibit B	Bookkeeper Report
Exhibit C	Maintenance Report
Exhibit D	Engineer Report
Exhibit E	Operations Report