

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors
July 25, 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 and Putri Tesalonika 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"); Frank Mitchell and Daniel Scruggs of Roach & Mitchell, PLLC ("RMPLLC"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); and residents Gerald Garcia and Gary Tober.

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 June 27, 2017. Director McGlaughlin and Director Love noted revisions for RMPLLC to incorporate into the June 27, 2017 minutes. Upon motion by Director Nelson, seconded by Director Crane, the Board voted unanimously to approve the minutes of June 27, 2017, as revised.

PUBLIC COMMENTS

There were no public comments.

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

Mr. Mitchell noted that Ms. Faucher, president of BCHOA, had requested that this item remain on the agenda because the BCHOA Board of Directors had not yet met to review the proposed

agreement. Director Crane presented some photographs of the Barkers Crossing detention pond and noted that there is a need for maintenance in the pond and the surrounding trail areas, including repair of a chain link fence. Mr. Reed stated that he would look into the engineering related issues. The Board discussed the encroachment and agreed that they would like BCHOA to request Harris County take over the trail. Upon motion by Director McGlaughlin, seconded by Director Love, the Board voted unanimously to: (1) authorize RMPLLC to send notice to BCHOA to request Harris County to take over the trail and (2) authorize GUS to repair the chain-link fence around the pond at a cost not to exceed \$1,000.

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. 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. Arce presented the Delinquent Tax Attorney Report from Mr. Cox's office. He noted that there were no action items. Director McGlaughlin inquired as to the accounts that were supposed to be corrected after the June meeting. Mr. Arce stated that he would follow up with the delinquent tax attorney.

BOOKKEEPER'S REPORT

Mrs. Colondres next presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit B**. She presented an additional two (2) checks for signature and noted that they would be reflected on the August report. There was brief discussion regarding the TexPool Account and the pledged securities requirements. Mrs. Colondres next presented the draft budget to be adopted in August. Director McGlaughlin inquired as to a number of items reflected on the draft budget. Mrs. Colondres stated that the Board and the District's consultants would have a chance to review and make any recommendations prior to the August meeting. Upon motion by Director Love, seconded by Director McGlaughlin, the Board voted unanimously to approve the Bookkeeper's Report, including payment of the checks presented.

ENGINEER'S REPORT

Mr. Reed then presented the Engineer's Report, a copy of which is attached hereto as **Exhibit C**. Mr. Reed reported that the District is still waiting to obtain easements for the Dulaney Road and Morton Road water main extensions. Mr. Reed also stated that VVI received the final Waste Discharge Renewal Permit from the Texas Commission on Environmental Quality ("TCEQ"), and he noted the new expiration date of May 2022. Mr. Reed then noted that he is in the process of scheduling a meeting to discuss the experimental treatment for sludge to reduce the sludge hauls. The Board again discussed the maintenance issues at the Barkers Crossing pond and trail area. Mr. Reed

next reported that the plans to address the silting issue at the District's large drainage channel and detention pond were approved by Harris County Flood Control District. He then presented a proposal from Champions in the amount of \$84,277 for the desilting. Upon motion by Director McGlaughlin, seconded by Director Love, the Board voted unanimously to accept the Engineer's Report and to accept the proposal from Champions in the amount of \$84,277.

STATUS OF MAINTENANCE BY CHAMPIONS

The submitted written report was reviewed by the Board. The Board took no action at this time.

OPERATIONS AND MAINTENANCE REPORT

Mr. Williams presented the written Operations Report to the Board, a copy which is attached as Exhibit D. Mr. Williams noted the District service calls and various repairs made throughout the District within the month of June. Mr. Williams then presented the disconnect and reconnect list to the Board. Director Love requested additional information be added to the disconnect report. Mr. Williams next presented a quote for the window and frames replacement at Water Plant No. 1 in the amount of \$4,072.37 from Lone Star Glass. Director Crane requested that GUS evaluate the airflow to confirm that the window type will be adequate for safety reasons. Mr. Williams stated that GUS will assess and present their findings at the August meeting. Director Love next inquired as to the replacement of the windsocks. Mr. Williams responded that GUS replaced them on July 24, 2017.

Mr. Williams then presented two quotes in the amounts of \$59,150 for a new blower or \$49,110 for a refurbished blower from Neil Technical Service ("NTS") for the addition of a fourth blower at the Wastewater Treatment Plant. Upon motion by Director McGlaughlin, seconded by Director Crane, the Board voted unanimously to authorize GUS to purchase the new blower in the amount of \$59,150. Upon motion by Director Nelson, seconded by Director Crane, the Board voted unanimously to approve the Operations Report.

DISCUSSION REGARDING THE SMART METER PROJECT OPTIONS

Mr. Williams presented a proposal from GUS to reduce the cost of the installation of the smart meters from Accurate Meter to \$41 per meter. Discussion ensued regarding the operational costs of switching to the smart meters, and Director McGlaughlin noted that the smart meters will reduce certain costs to the District. Upon further discussion and a motion by Director McGlaughlin, seconded by Director Nelson, the Board voted unanimously to authorize the District to absorb the \$0.88 per resident monthly cost for the smart meters and not pass the fee through to its customers. Director Crane then moved to approve the GUS proposal for the cost of the installation of the smart meters at \$41 per meter. Director Nelson seconded the motion, which passed unanimously. Mr. Williams stated that GUS planned to complete the replacements along the meter reading routes. Director Nelson inquired about how mid-month installations would be handled and Mr. Williams explained the process.

Mr. Williams next presented a customer request for a payment plan at 19407 Hickory Meadow Lane. Director Richardson made a motion to approve a six (6) month payment plan. Director Crane seconded the motion, which passed unanimously. He also stated that another resident at 19531 Hickory Meadow Lane was disputing the delinquency and door tag fees. After discussion and a review of the account, Director McGlaughlin made a motion to waive the requested fees. Director Nelson seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

Mr. Mitchell reported that Harris County is still reviewing the Interlocal Agreement for Mowing Maintenance and then it would have to go before the County Commissioner's Court for approval. He then noted that an update on the legislative session will be provided after the close of the special session(s).

ADDITIONAL COMMENTS FROM THE PUBLIC

Mr. Mitchell read an email to the Board from resident John Gibson regarding the installation of the smart meters and his opinions regarding the technology.

DISTRICT POLICY ON DIRECTOR TERM LIMITS

Director Richardson stated that the Board should reconsider its previously adopted term limit policy. Mr. Mitchell briefly reviewed the prior Resolution Setting Term Limits for the Directors of the District (the "Resolution"). Director Richardson and Director Nelson indicated that term limiting the Directors could be problematic both from a practical and a legal standpoint. Director McGlaughlin noted that the Resolution stated that if replacements were not found, the current Director(s) could remain on the Board. Director Crane inquired about the lack of an enforcement mechanism for the Resolution and related legal issues to which Mr. Mitchell responded. After discussion, Director Richardson made a motion to rescind the current term limits and revoke the Resolution. Director Love seconded the motion, which passed 4-1, with Director McGlaughlin voting against.

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

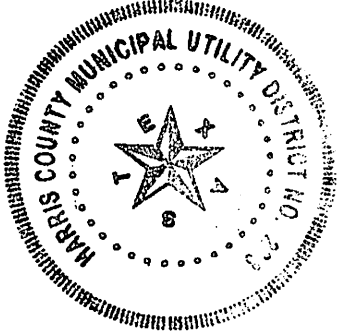
There was no pending business.

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.

[SEAL]



A handwritten signature in black ink, consisting of a large, stylized initial followed by a horizontal line.

Secretary,
Board of Directors

LIST OF EXHIBITS

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