

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors October 24, 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"); Traci Chapa and Michael Williams of Gulf Utility Service, Inc. ("GUS"); Jonathan Roach, Frank Mitchell, and Daniel Scruggs of Roach & Mitchell, PLLC ("RMPLLC"); Josh Fort of Champions Hydro-Lawn ("Champions"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); and resident 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 September 26, 2017. Upon motion by Director Nelson, seconded by Director Crane, the Board voted unanimously to approve the minutes of September 26, 2017, as presented.

PUBLIC COMMENTS

There were no public comments.

PUBLIC HEARING REGARDING 2017 TAX RATE

Mr. Roach reminded the Board that it had previously indicated its intent, and published notice, regarding the levy of the District's 2017 tax rate as follows: \$0.37 per \$100 of assessed valuation for debt service and \$0.14 per \$100 of assessed valuation for maintenance and operations, for a total proposed 2017 tax rate of \$0.51. The Board then opened the public hearing on the proposed 2017 tax rate. There were no public comments, and the Board closed the public hearing.

ORDER LEVYING 2017 TAXES

Mr. Roach next presented an Order Levying Taxes for 2017 reflecting the tax rates proposed by the Board, a copy of which is attached hereto as **Exhibit A**. Mr. Acre presented an analysis of the tax rate options. The Board discussed the options and considered reducing the tax rate. After discussion, Director Love moved to adopt the Order Levying Taxes indicating a 2017 tax rate of \$0.51 per \$100 of assessed valuation, comprised of \$0.37 for debt service and \$0.14 for maintenance and operations. Director Richardson seconded the motion, which passed with three votes in favor and none opposing (3-0-2), with Directors Nelson and McGlaughlin abstaining.

AMENDMENT OF THE DISTRICT INFORMATION FORM

Mr. Roach next presented an Amendment to the District Information Form in connection with the 2017 tax levy and explained the requirements for filing same with Harris County and the Texas Commission on Environmental Quality ("TCEQ"). After no questions, Director McGlaughlin moved to authorize the amendment and filing of the Amendment to the District Information Form. Director Love seconded the motion, which carried unanimously.

TAX ASSESSOR/COLLECTOR REPORT

Mr. Arce presented the Tax Assessor/Collector Report, a copy of which is attached as **Exhibit B**. Mr. Arce then reviewed the collections for the month and the checks submitted for review and approval. He also presented a document regarding the approved tax rate for 2017 and requested that two (2) Directors sign to acknowledge adoption of the 2017 tax rate. After no further discussion, Director Nelson, made a motion to approve the Tax Assessor/Collector Report. Director Crane seconded said motion, which passed unanimously.

DELINQUENT TAX ATTORNEY REPORT

Mr. Arce also presented the Delinquent Tax Attorney Report from Mr. Cox's office. He noted that there were four delinquent accounts and requested authorization for water service termination at the addresses. Mr. Roach discussed with the Board the legal applicability of water service termination for nonpayment of taxes. After discussion, Director Nelson moved to authorize the termination of water service for the four (4) delinquent accounts. Director Love seconded said motion, which carried unanimously.

BOOKKEEPER'S REPORT

Mrs. Colondres presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit C**. She noted that the Accurate Meter (smart meter) check was not included in the report, but she had it with her for Board approval and it would be reflected on next month's report. The Board inquired as to whether Accurate Meter had actually delivered the smart meters to the District yet. Mr. Williams stated that half of the smart meters had been delivered and the other half is currently being stored by Accurate Meter at the request of GUS. After discussion, the Board agreed to release the check to Accurate Meter in the amount of \$506,000, payable from the District's operating money

market account. Ms. Colondres next noted that Director Richardson is the only Director registered for the AWBD mid-winter conference, and the Board discussed options for the other Directors who might be attending the conference. Ms. Colondres then presented the annual electricity usage and cost report for 2016-2017. After no questions, Director Nelson made a motion to approve the Bookkeeper's Report, including payments of the checks presented. Director Love seconded said motion, which passed unanimously.

ENGINEER'S REPORT

Mr. Reed presented the Engineer's Report, a copy of which is attached hereto as Exhibit D. He requested approval to advertise and bid for the water main extension project on Dulaney Road as the required easement had been obtained. He also noted that the easement along Morton Road is still being acquired.

Mr. Reed next discussed a radium level excursion at water plant no. 2. He recommended that the District run additional testing by EnviroDyne and noted that GUS is already conducting additional tests. Discussion ensued regarding the issue and Mr. Williams noted that he spoke with the Texas Commission on Environmental Quality ("TCEQ") regarding the violation and the lack of any health concerns from the radium. Further discussion then ensued regarding the testing procedures on the water wells, and Mr. Reed advised of some additional options to reduce the radium levels, stating that the Board can opt for a HMO treatment or an Ion Exchange treatment as a couple methods. Mr. Reed discussed the costs associated with each treatment option. Upon motion by Director Nelson, seconded by Director Crane, the Board voted unanimously to authorize additional testing at a cost not to exceed \$10,000. The Board stated that if the testing is to exceed \$10,000, then a special meeting could be scheduled to review and approve the cost if necessary. Director McGlaughlin next inquired as to the impact on the emergency water interconnections and related monitoring and notice requirements, and the Board discussed same. The Board then requested that Mr. Reed obtain cost estimates and prepare timelines of construction for both of the treatment options he outlined. The Board also noted that VVI did not include the GIS map reflecting updated monthly issues for the Board's review. Mr. Reed agreed to have the map ready for Board review including October updates at the next Board meeting.

Upon motion by Director Crane, seconded by Director Nelson, the Board voted unanimously to accept the Engineer's Report and to authorize VVI to advertise for bids for the water main extension project along Dulaney Road.

STATUS OF MAINTENANCE BY CHAMPIONS

Mr. Fort presented the Maintenance Report to the Board, a copy of which is attached as Exhibit E. The Board discussed the fence near the Barkers Crossing detention pond, noting that the Barkers Crossing Homeowners Association cut the fence and placed the debris in an effort to prevent additional stormwaters from flowing into the pond during Hurricane Harvey and the surrounding flood events. Mr. Fort next presented a proposal for desilting the Barkers Crossing pond in the amount of \$5,532. He noted that the project will take two (2) days to complete. Director Richardson

made a motion to accept the proposal to desilt the Barkers Crossing Pond. Director McGlaughlin seconded the motion, which carried unanimously. Director Crane also provided additional information regarding the Barkers Crossing Homeowners Association actions during Hurricane Harvey.

OPERATIONS AND MAINTENANCE REPORT

Mr. Williams presented the written Operations and Maintenance Report to the Board, a copy which is attached as Exhibit F. Mr. Williams discussed some of the repairs and alerts within the month of September. He noted that the windows at water plant no. 1 were replaced on October 11, 2017. Director Crane next asked if any faulty or defective smart meter had been reported. Mr. Williams noted that the smart meter installation project commenced on October 16, 2017 and that 320 meters had been installed so far but no defects had been reported to date. Mr. Williams then presented an estimate in the amount of \$4,352 to replace a fire hydrant which had been damaged by a vehicle. Upon motion by Director McGlaughlin, seconded by Director Crane, the Board voted unanimously to approve the estimate to replace the fire hydrant at a cost of \$4,352.

Mr. Williams next presented a request from a resident at 19027 Ridge Trail Lane, who was requesting that the \$25 returned payment fee be removed from the water bill. Mr. Williams discussed the letter and the account with the Board. He then presented a second request from a resident at 3534 Zephyr Glen Way. He stated that the resident is requesting a payment plan for the bill that was received in September and he discussed the request. After discussion, the Board concurred to remove the \$25 fee for the resident at 19027 Ridge Trail Lane and to approve the payment plan request from the resident at 3534 Zephyr Glen Way. The Board requested that Mr. Williams inform the resident at 3534 Zephyr Glen Way that one (1) late payment would result in termination of the payment plan and cause immediate payment in full to become due.

Mr. Williams then discussed a theft of funds issue and noted that GUS refunded to the District and credited customer accounts where the amounts had been stolen by a former GUS employee. Discussion ensued regarding possible red flag policy issues, but Mr. Williams noted that no red flag identity theft issues had been experienced.

REVIEW CODE OF ETHICS, INVESTMENT POLICY, AND RELATED POLICIES

This item was deferred.

ATTORNEY'S REPORT

Mr. Roach discussed House Bill No. 89 with the Board. The Board then discussed the November and December meeting dates. The Board agreed to hold their November meeting on the regular date and time and to move the December meeting to January 5, 2018.

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

There was no pending business to be discussed.

ADJOURNMENT

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

[SEAL]



A handwritten signature in black ink, appearing to be "O. Nelson", written over a horizontal line.

Secretary,
Board of Directors

LIST OF EXHIBITS

Exhibit A	Order Levying Taxes for 2017
Exhibit B	Tax Assessor/Collector Report
Exhibit C	Bookkeeper Report
Exhibit D	Engineer Report
Exhibit E	Champions Report
Exhibit F	Operations and Maintenance Report