

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors November 28, 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, except for Director Richardson, thus constituting a quorum.

Also present were Cynthia Colondres (arrived later in the meeting) 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, Josh Zientek, and Daniel Scruggs of Roach & Mitchell, PLLC ("RMPLLC"); Josh Fort of Champions Hydro-Lawn ("Champions"); Cathy Wheeler of Wheeler & Associates, Inc. ("Wheeler"); Mark Roth of Roth & Eyring, PLLC; Tanny Busby and Laura Bonjonia from Envirodyne Laboratories, Inc. ("Envirodyne"); and residents Ron Julun, Pam Julun, and Marsha Thomas.

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 October 24, 2017. Mr. Roach noted that Director McGlaughlin provided some corrections the minutes. After discussion and review of the changes, Director Nelson made a motion to approve the minutes of the October 24, 2017 minutes, as amended. Director Love seconded said motion, which carried unanimously.

PUBLIC COMMENTS

Mr. Roach reminded the visitors of the public comment policy. The President then recognized Mr. and Mrs. Ron and Pam Julun, who are new residents in the District. They introduced themselves and stated that they are just curious about what is happening in the District.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Wheeler presented the Tax Assessor/Collector Report, a copy of which is attached as Exhibit A. She reviewed the collections for the month and the checks submitted for review and approval. After no questions, Director Nelson, made a motion to approve the Tax Assessor/Collector Report and payment of the checks presented. Director Love seconded said motion, which passed unanimously.

DELINQUENT TAX ATTORNEY REPORT

Ms. Wheeler also presented the Delinquent Tax Attorney Report from Mr. Cox's office. She discussed the impact of Hurricane Harvey on the payment installment agreements. Director McGlaughlin requested that Ms. Wheeler keep records of the how much money will be lost due to Hurricane Harvey. She also discussed the current and future appraised values in the District and surrounding area, noting that the appraised value is pushed by the market and will most likely increase by 10% in 2019. Further discussion ensued regarding the appraisals. No action was taken.

BOOKKEEPER'S REPORT

Ms. Tesalonika presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit B. She noted that there were no issues to report and reviewed the checks presented for payment. 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.

AUDIT REPORT FOR FISCAL YEAR ENDED AUGUST 31, 2017

Mr. Roth presented the draft audit report and draft management letter. He noted that there were no issues. He made note of the Code of Ethics and requested that a new renewed Fees of Office resolution be adopted. He next discussed the overpayments that resulted in a \$21,000 credit that was not applied and also reviewed the collections and arrears. Extensive discussion ensued regarding the amounts. Director Love noted a concern about the West Harris County Regional Water Authority ("WHCRWA") fees and discussion ensued regarding the current rate order as it relates to the WHCRWA fee. After brief discussion, Director Nelson moved to approve the draft audit report, subject to comments and review of final documents by RMPLLC. Director McGlaughlin 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 C. He noted that two (2) bids were received for the Dulaney Road water main extension. Mr. Reed recommended the award to Reddico Construction Co. at a contract price of \$71,327.50. Director Crane made a motion to approve the award of the bid to Reddico Construction Co. Director Love seconded said motion, which carried unanimously. Mr. Roach also noted that RMPLLC is still attempting to obtain the Morton Road easements.

Mr. Reed next noted that Envirodyne Laboratories, Inc. has been contracted to perform testing on the water plants and distribution area to determine a baseline for the radium contamination level. He stated that the first test will be taken on November 29, 2017 and continue for four (4) weeks. Director Nelson inquired on the methods for the treatment. Mr. Busby noted that the radium issue is naturally occurring and discussed the possible treatment methods. Mr. Reed next noted that he is working on the costs estimates for the treatment methods and the ongoing maintenance costs for the next 20 years for both methods. Discussion ensued between Mr. Reed and the Board regarding the District's two (2) water wells. Director Nelson discussed the possibility of obtaining surface water while taking the wells offline. Mr. Reed then presented the GIS report.

Mr. Roth exited the meeting and Ms. Colondres entered the meeting during the Engineer's Report.

Mr. Busby and Ms. Bonjonia exited the meeting at this time.

STATUS OF MAINTENANCE BY CHAMPIONS

Mr. Fort presented the Maintenance Report to the Board, a copy of which is attached as **Exhibit D**. Director McGlaughlin inquired as to the wildflowers and Mr. Fort noted that they would be planted in late January and early February.

OPERATIONS AND MAINTENANCE REPORT

Mr. Williams presented the written Operations and Maintenance Report to the Board, a copy which is attached as **Exhibit E**. Mr. Williams discussed some of the repairs and alerts within the month of October. He noted that lift pump no.1 at lift station no. 2 needs to be repaired or replaced. He noted that it can be repaired at a cost of \$3,129.59 or replaced at a cost of \$6,847.50. Director Love made a motion to approve the repair of lift pump no. 1 at a cost of \$3,129.50. Director Crane seconded said motion, which carried unanimously. The Board next discussed the repair to the screen at the wastewater treatment plant. Mr. Williams noted that the cost for the repair is \$12,345.30. After brief discussion regarding the screen, Director McGlaughlin made a motion to approve the repair of the screen at the wastewater treatment plant at a cost of \$12,345.30. Director Love seconded said motion, which passed unanimously. Mr. Williams also noted that the turbine booster pump at water plant no. 1 needs repair. He stated that the cost for labor and material is \$6,844.20. Director Love made a motion to approve the repair of the turbine booster pump at a cost of \$6,844.20. Director Nelson seconded said motion, which carried unanimously. Director McGlaughlin inquired as to the warranty on the repair and Mr. Williams noted that it will be one (1) year. The Board also discussed upgrading lift pump no. 2 for the operation of the lift station, while the original pump is non-operational. The Board requested that Mr. Williams obtain a quote for the upgrade of lift pump no. 2.

Mr. Williams next reviewed the rest of the Operator's Report with no questions. The Board also discussed the smart meter installation schedule.

Mr. Williams next presented a request from a resident at 3607 Barkers Crossing Avenue, who was requesting that the \$10.28 late fee be removed from the water bill. The Board concurred to waive the late fee. Mr. Williams also presented a second request from the resident at 3630 Barkers Crossing. The Board concurred to deny the request.

Mr. and Mrs. Julun exited the meeting during the Operator's Report.

REVIEW WEST HARRIS COUNTY REGIONAL WATER AUTHORITY MATTERS

Mr. Roach noted the WHCRWA fee increase and discussed its relation to the District Rate Order. After discussion, Director McGlaughlin made a motion to amend the District's rate order by changing the WHCRWA fee from \$2.85 to \$3.10, effective January 11, 2018. Director Love seconded said motion, which carried unanimously. Additional extensive discussion ensued regarding the Right of Entry Agreement with WHCRWA, attached as Exhibit F, and the future surface water percentage. Mr. Roach noted the terms of the Right of Entry Agreement. Mr. Williams explained the proposed meter is the same as those in the District. After no additional discussion, Director Nelson then made a motion to approve the Right of Entry Agreement. Director Crane seconded said motion, which carried with a two to zero (2-0) vote, with Directors Love and McGlaughlin abstaining.

REVIEW CODE OF ETHICS, INVESTMENT POLICY, AND RELATED POLICIES

This item was deferred.

ATTORNEY'S REPORT

Mr. Roach presented the Attorney's Report and noted that government entities, including the District, that have eminent domain powers are required to file with the State Comptroller an annual report by February 1, 2018. Director Love then made a motion to authorize Mr. Roach to file the required report. The motion was seconded by Director Nelson and passed unanimously.

ADDITIONAL COMMENTS FROM THE PUBLIC

The President recognized Ms. Marsha Thomas, who stated that there are plans to build a landfill near the District. She noted that Mr. Gary Brown from Silvermill Homeowner's Association will be speaking at a public meeting regarding the opposition to the landfill.

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

The Board did not enter executive session.

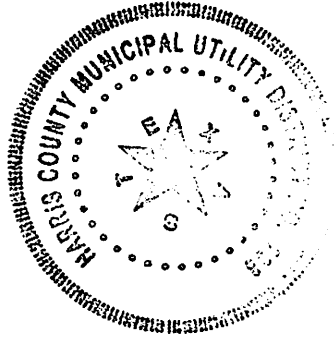
DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The President recognized Ms. Waugh, who presented to and reviewed with the Board the revisions to the Off Cinco contract, a copy of which is attached hereto as Exhibit G. She also discussed the text/email alerts with the Board. Mr. Roach noted that approval of the contract will be added to the January 5, 2018 agenda, which is the date of the next Board meeting.

ADJOURNMENT

There being no further matters to come before the Board, Director Love adjourned the meeting.

[SEAL]



A handwritten signature in black ink, appearing to be "M. B.", written above 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	Champions Report
Exhibit E	Operations and Maintenance Report
Exhibit F	Right of Entry Agreement with WHCRWA
Exhibit G	Off Cinco amended contract