

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors February 26, 2019

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238 ("District"), met at 17332 Groeschke Road, 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
Gary Nelson, Vice President
C.L. "Steve" Crane, Secretary
Gary Tober, Assistant Secretary
Ron Julun, 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"); Michael Williams and Jeanette Montes of Gulf Utility Service, Inc. ("GUS"); Jonathan Roach and Joshua Zientek of Roach & Mitchell, PLLC ("RMPLLC"); Josh Fort of Champions Hydro-Lawn ("Champions"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Marcia Thomas and Gerald Garcia, representatives from Barkers Ridge Homeowners Association ("BRHOA"); and John Gibson, resident of the District.

The President called the meeting to order and declared it open for such business as might come before it.

APPROVE MINUTES

Director Crane moved to approve the January 22, 2019 regular meeting minutes as presented. Director Tober seconded said motion, which carried unanimously.

PUBLIC COMMENTS

There were no public comments.

TAX ASSESSOR/COLLECTOR REPORT

Mr. Arce present the Tax Assessor/Collector Report to the Board, a copy of which is attached hereto as Exhibit A. The Board discussed the historical data and exemptions for persons over sixty-five (65) years of age. Director Crane then moved to approve the Tax Assessor/Collector Report and the checks presented therein. Director Nelson seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mr. Arce informed the Board that he had not received the Delinquent Tax Collections Attorney Report and that there may be more to report next month.

BOOKKEEPER'S REPORT

Ms. Colondres presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit B. Ms. Colondres discussed replacement of an electricity service payment check which was previously written. After discussion, Director Nelson made a motion to approve the Bookkeeper's Report, including payments of the checks presented along with the replacement electricity check. Director Crane 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 reported that the Texas Commission on Environmental Quality ("TCEQ") did not approve the submitted pilot study and engineering report related to the Radium Treatment and Ion Exchange as the TCEQ is requesting additional information. Mr. Reed informed the Board that he will meet with industry consultant Bob Johnson & Associates to discuss options for resolution of the TCEQ's issues and then resubmit to the TCEQ. Director Nelson asked whether the District can request that the City of Houston provide priority surface water capacity, and Mr. Reed stated that a letter can be sent to the City of Houston, but it will not likely alter the situation.

Mr. Reed then presented several maintenance items that he recommends be completed on Water Plant No. 2, a copy of which recommendation is included with the Engineer's Report, for a total preliminary cost estimate of approximately \$200,950 plus extra work items for approximately \$15,200.

Mr. Reed then reported that the emergency repair to the effluent outfall at the Wastewater Treatment Plant ("WWTP") was substantially complete. He informed the Board that a check for the repair was released to the contractor.

REVIEW ANNUAL SURVEY OF WAGE RATE SCALES

Mr. Roach noted the requirement for the District to adopt a set of wage rate scales for construction projects within the District. He advised that the District has historically adopted the City of Houston's wage rate scales but did have the option of choosing a different set of wage rate scales. After a brief discussion, Director Crane moved to adopt a resolution approving use of the City of Houston wage rate scales. Director Nelson seconded said motion, which passed unanimously.

STATUS OF MAINTENANCE BY CHAMPIONS HYDRO

Mr. Fort presented the Maintenance Report to the Board, a copy of which is attached as Exhibit D. The Board discussed mowing of the Barkers Crossing Detention Pond (the "Detention Pond")

and surrounding walking trails. The Board then discussed creating an access point to the Detention Pond across the walking trail. Mr. Fort recommended that the Board approve removing ten feet of the trail rails to allow access. The Board discussed laying gravel in order to make the area leading to the walking trails level so that the Detention Pond may be accessed without removing the trail rails. Mr. Reed stated that he would inspect the Detention Pond and walking trail area and make a report to the Board with options for future improvements. The Board next discussed in depth the maintenance that has occurred on various District detention ponds and drainage channels and surrounding areas, historically, and silting that is occurring. Mr. Roach advised that the District's authority to maintain the areas depends on the conveyance, easement or other property rights granted to the District. The Board concurred that Champions should continue to maintain the areas as they currently are, unless requested otherwise by the Board.

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 also reviewed three district alerts: (1) water quality, which was reported on January 4, 2019, and cleared by flushing the valve and fire hydrant; (2) a sink hole, which was reported on January 14, 2019, and repaired by resealing the manhole and filling in the area surrounding the manhole; and (3) a sink hole, which was reported on January 17, 2019, and subsequently reported to Harris County due to it involving a storm manhole under county control. Mr. Williams then reported on a resident's request that late fees be removed. After discussion, Director Tober made a motion to waive the late fees from the resident's account. Director Julun seconded said motion, which passed unanimously. The Board requested that Mr. Williams report back with collection options for delinquent accounts.

Mr. Williams then presented the instruction sheet on how to set up a payment account online. He stated that GUS can mail it out to the residents with next month's bills, and he reminded the Board that door hangers are given to new residents when they move in. The Board also discussed including the instruction sheet on the website

Mr. Williams then reviewed field data relating to valves and the valve repairs that are needed. He stated that the information was provided to Mr. Reed to be included in the District's Global Information System ("GIS"). The Board discussed a repair of a valve on a line which may be located, in part, under the corner of a house where the District has an easement. Mr. Roach advised that, if the District has an easement, the District has the authority to make any necessary repairs to the valve but could also incur some liability depending on the specifics of the situation. Mr. Reed used the GIS map to display a repair option including a possible additional blow off valve to be installed. Mr. Roach informed the Board of the option to request the resident sign a consent to encroachment with terms specific to the potential line and valve issue(s). The Board concurred to leave the valve as is for now.

Mr. Williams then provided a comprehensive update on the valve location/replacement project, a copy of which is attached hereto as Exhibit E. He reported that all the valves have been located and thirteen (13) of the twenty-six (26) valves found to be in need of replacement have been replaced to date. He also reported that this first set of valve locations/replacements came in within

the previously Board-approved budget. Mr. Williams then advised of the additional valve issues to be worked on and requested the Board's approval of an additional \$25,000 for valve replacements. After discussion, Director Nelson made a motion to approve the additional \$25,000 for valve replacements. Director Love seconded said motion, which passed unanimously. Mr. Williams also reviewed an issue regarding a damaged valve which caused a leak. He explained that GUS had coordinated approval with Director Love for the emergency repair work equal to \$4,951.88. The Board concurred to ratify its President's approval of the emergency repair. Mr. Williams next reviewed a valve that required an eleven foot (11') deep hole be dug for the repair and a tree that had to be removed during the repair to keep the hole safe for the repair work. Mr. Williams informed the Board that the tree was within the District's utility easement, but the resident requested that the tree be replaced. Mr. Williams reminded the Board of another similar situation where the Board did not approve replacement of the tree. The Board discussed and concurred to not replace the tree at this time. Mr. Williams next requested the Board's approval to locate and reset the remaining five (5) valves as noted in the valve report, with an estimated cost of \$1,750. Mr. Williams then reported on another tree that needs to be removed to repair another valve. He reported that multiple attempts were made, via door tags, letters, and certified mailings to inform the homeowner about the tree removal but GUS has received no response. The Board then discussed options for proceeding with and without removal of the tree. Mr. Williams stated that a new valve can be installed at a different location at a cost of approximately \$6,500. Director Nelson made a motion to approve the installation of a new valve on Eagle Ridge Way, way from the tree, with a budget not to exceed \$6,500. Director Crane seconded said motion, which passed unanimously.

Mr. Roach then requested the Board authorize GUS to provide required information to districts receiving water through emergency interconnects relative to the annual Consumer Confidence Reports. Director Love made a motion to authorize the operator to provide the required information as discussed. Director Tober seconded said motion, which passed unanimously. Mr. Williams then reported on a light pole which was on top of a pipe that needed repair. He informed the Board that Director Love approved the removal of the light pole in order for the repair to proceed. Mr. Williams stated that the repair will be made, and the light pole will be replaced.

Mr. Arce and Mr. Fort exited the meeting during the Operations and Maintenance Report.

DIRECTOR REPORTS

Director Tober informed the Board that he would be attending the Association of Water Board Directors ("AWBD") meeting during the summer. Director Crane reported that the District's annual newsletter is being finalized, and he reviewed a presentation regarding various proposed District website updates.

REVIEW INSURANCE PROPOSALS

Mr. Roach informed the Board that the District's insurance policies with Arthur J. Gallagher ("AJG") expire March 31, 2019. After discussion, Director Tober made a motion, seconded by Director Love, and the Board voted unanimously to authorize RMPLLC to request a renewal proposal from AJG.

ATTORNEY'S REPORT

Mr. Roach explained a new state law requiring districts to file certain financial information with the Office of the State Comptroller, and he requested approval to file same on the District's behalf. After review and no questions from the Board, Director Nelson made a motion, seconded by Director Love, and the Board voted unanimously to authorize RMPLLC to file the annual financial information with the State Comptroller. Mr. Roach next explained a few of the legislative bills being monitored by RMPLLC and noted no action is required at this time.

ADDITIONAL COMMENTS FROM THE PUBLIC

Mr. Garcia discussed several historical points regarding the GO Weiss landfill and associated detention pond and drainage channel. He also explained various issues with grading of the drainage area, actual drainage, and tree maintenance along the channel. The Board stated that prior historical requests were made to Mr. Weiss to regrade the area but ultimately the District has no control over the landfill's onsite detention pond.

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 Crane discussed a letter received by the District regarding trash pickup options. He informed the Board that the only neighborhood of the four within the District that has indicated it does not want District-coordinated trash collection, Barkers Crossing, is on a different route anyway. The Board then requested that this item be added to the next agenda.

The Board then discussed the District's website in more detail. The Board concurred with the changes to the website and asked that Director Crane coordinate with Off Cinco regarding same as well as posting of the final annual newsletter on the website once ready.

Ms. Colondres exited the meeting during the website discussion.

ADJOURNMENT

There being no further matters to come before the Board, Director Crane, seconded by Director Tober, moved to adjourn the meeting. The motion passed unanimously.

Approved by the Board on March 26, 2019.

[SEAL]




Secretary, Board of Director

LIST OF EXHIBITS

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| Exhibit A | Tax Assessors/Collector Report |
| Exhibit B | Bookkeeper's Report |
| Exhibit C | Engineer's Report |
| Exhibit D | Champions Report |
| Exhibit E | Operations and Maintenance Report |
| Exhibit F | Valve Project Update |