

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors March 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, except Director Tober who arrived later in the meeting, 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 a representative from Barkers Ridge Homeowners Association ("BRHOA").

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

APPROVE MINUTES

Director Nelson moved to approve the February 26, 2019, regular meeting minutes as presented. Director Love seconded said motion, which carried unanimously with Director Tober being absent for the vote.

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. Director Nelson then moved to approve the Tax Assessor/Collector Report and the checks presented therein. Director Julun seconded said motion, which carried unanimously with Director Tober being absent for the vote.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mr. Arce informed the Board that there were no delinquent tax related action items this month.

BOOKKEEPER'S REPORT

Ms. Colondres presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit B. Director Nelson then made a motion to approve the Bookkeeper's Report, including payments of the checks presented. Director Julun seconded said motion, which passed unanimously with Director Tober being absent.

Mr. Arce exited the meeting during the Bookkeeper's Report.

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") requested an additional 90-day pilot study be performed at Water Plant No. 1 in order to meet the submission criteria for the TCEQ alternative treatment group. Mr. Reed requested that the Board approve the pilot study with a budget not to exceed \$10,000. Mr. Reed informed the Board that the TCEQ has agreed to accept historical data from a plant of similar size and the 30-day pilot study in lieu of a full pilot study in relation to the Radium Treatment-Ion Exchange for Water Plant No. 2. He informed the Board that a report is being prepared for submission to the TCEQ and that VVI will follow up with the TCEQ to ensure all criteria are met prior to submittal. The Board expressed concerns about the historical data for both water plants and the TCEQ's interpretation of the additional data now being required. Mr. Reed explained to the Board the process and the steps VVI took in submitting the data to TCEQ. After additional discussion, Director Nelson moved to authorize VVI to begin the pilot study related to Water Plant No. 1 with a budget not to exceed \$15,000. Director Love seconded said motion, which passed unanimously with Director Tober not being present for the vote.

Next, Mr. Reed presented a proposal from A&H Construction ("A&H"), in the amount of \$5,400, to clean and repaint the area of the ground storage tank at Water Plant No. 1 that is showing signs of rust. The Board discussed the need for general cleaning and repairs. Mr. Williams explained that a stainless-steel screen that was previously installed rusted and had already been replaced. Director Crane made a motion to approve the \$5,400 proposal from A&H. Director Love seconded said motion. The Board further discussed the rust removal options, and Director Crane moved to authorize VVI to attempt to remove the rust with a rust removal product first and, if that is not successful, then to authorize Director Love to approve the proposal from A&H with a budget not to exceed \$5,400. Director Julun seconded said motion which passed unanimously (including Director Tober who entered during the discussion on the matter).

Mr. Reed then reviewed the GO Weiss Detention Pond Expansion plans, which has also been reviewed by Harris County, Harris County Flood Control District ("HCFCD"), the TCEQ and other agencies as applicable. Mr. Reed noted that Jones & Carter, Inc. ("J&C") is the GO Weiss project

engineer and he will coordinate with J&C to monitor the project regarding any potential impact on the District. The Board next discussed the existing onsite detention ponds and drainage channels at the landfill site, the proposed detention ponds and expansions included as part of the GO Weiss project, the current drainage easement granted to the District, and the maintenance obligations on the easement area. Mr. Roach suggested the Board could consider a possible cost-sharing agreement for additional ongoing maintenance of the easement area. The Board noted the upcoming public hearing notice from the TCEQ on the matter and deferred any action at this time.

REVIEW ANNUAL SURVEY OF WAGE RATE SCALES

Mr. Roach reminded the Board of 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 and that the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects (the "Resolution") was approved by the Board last month but needs to be executed. The Board concurred with authorizing execution of the Resolution.

STATUS OF MAINTENANCE BY CHAMPIONS HYDRO

Mr. Fort presented the Champions Report to the Board, a copy of which is attached as Exhibit D. He informed the Board that, upon further inspection and review of various options for Champions' access to the Barkers Crossing detention pond across the trail the homeowners association built, Champions has determined it should construct an access point to the detention pond by creating a portable bridge at minimal cost. He then gave updates on additional maintenance within the District, and the Board noted no action was required on its part at this time.

Mr. Fort then exited meeting.

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 which were reported and corrected appropriately.

Mr. Williams next reviewed four customer account appeals. First, the resident at 3010 Teak Forest requested waiver of the \$25 returned check fee. The Board discussed the resident's payment and fee history and, accordingly, the Board concurred to deny the appeal. Second, a resident at 3534 Zephyr Glen requested a payment plan for a high balance due to high water usage. Mr. Williams explained the resident was asking for an \$80 down payment and \$20 per month payment until the full balance is paid. Director Julun made a motion to approve the payment plan upon condition that that if any payments are late then the remaining balance will be due immediately. Director Tober seconded said motion, which passed unanimously. Third, a resident at 19407 Dawn Canyon requested a payment plan for a balance of \$425.80. Director Tober made a motion to approve a similar payment plan with an \$80 down payment and \$20 per month until the full balance is paid but conditioned that if any payments are late then the remaining balance will be due immediately. Director Julun seconded said motion, which passed unanimously. Fourth, a resident at 3439 Magnolia

Trail requested waiver of the tree removal fee due to "financial responsibility upon act of god laws". Mr. Williams confirmed that GUS reached out to the resident numerous times to coordinate options for the removal of a tree from the resident's property that fell on the District's Water Pant No. 1 fence, but the resident had not responded. Mr. Roach explained force majeure (act of god) issues, and the Board discussed different costs and maintenance issues regarding the tree and fence. Director Nelson then made a motion to waive the fee imposed on the residents and for the District to absorb the \$2,000 cost of the tree removal and the fence repair. Director Tober seconded said motion. The Board further discussed the history of communications with the resident. The motion failed by a two to three (2-3) vote, with Directors Julun, Love, and Crane opposed. Director Julun then made a motion for the District to absorb 50% of cost of the tree removal and the fence repair. Director Crane seconded the motion. The Board discussed the costs associated with removal of the tree and repair of the fence. Mr. Williams clarified that GUS performed the removal and the repairs instead of subcontracting out the work. After further discussion, the motion passed four to one (4-1), with Director Nelson opposed.

Next, Mr. Williams presented an update on the valve maintenance project. He reviewed which valves have been completed and/or reset, which ones remain to be replaced, and the cost to date for completed work. Mr. Williams presented GUS' request for a budget increase in the amount of \$21,000 for the valve maintenance project and further noted that \$9,582.58 currently remains from the previous work authorization. Director Love made a motion to approve the request for a budget increase in the amount of \$21,000 for the valve maintenance project so GUS can proceed with the work. Director Julun seconded said motion, which passed unanimously.

Next, Mr. Williams informed the Board that an additional Maximum Contaminant Level for gross alpha excursion notice is due to be mailed to District customers. The Board extensively discussed the wording of the notice with emphasis on informing residents of the steps that the District is taking to mitigate any issues. The Board also re-iterated the importance of the pending application at the TCEQ regarding the Ion Exchange project. The Board discussed possible ways to avoid issues in the future until the project can be completed, including options for getting water from alternate sources, emptying the ground storage tanks at varying intervals, and related options. Mr. Reed informed the Board that using interconnects as an alternate water source is not an option and explained the reasons. The Board further reviewed the language for the proposed notice and requested the GUS, RMPLLC and VVI coordinate to prepare appropriate language for the notice for the Board's consideration.

DIRECTOR REPORTS

Director Tober next provided an update on the West Harris County Regional Water Authority ("WHCRWA") meeting that was held recently including project updates undertaken by the WCHRWA. The Board discussed the upcoming Association of Water Board Directors' ("AWBD") Spring Breakfast and future Summer Conference in June 2019. Director Crane reported that the District's annual newsletter is complete and has been posted on the District's website.

DISCUSSION REGARDING DISTRICT WEBSITE UPDATES

Director Crane reported that the previously discussed website updates are complete. He discussed the possible removal of old data from the Directors' District Dropbox account. The Board concurred with removing meeting records from the Director-side Dropbox account for meetings prior to 2018.

DISCUSSION REGARDING OPTIONS FOR SOLID WASTE/RECYCLING COLLECTION

Director Crane stated that all the neighborhoods except one (Barkers Crossing) have requested that the District provide garbage collection service. Mr. Roach informed the Board that the District can provide different levels of service to different areas by setting up certain classifications and amending the Rate Order accordingly. The Board discussed historical issues concerning the District's involvement with garbage collection service. After discussion, the Board concurred that the homeowners associations ("HOAs") would be collectively responsible for negotiating a single proposal and contract for the Board to review, which would become a District contract directly with the garbage collection service provider if approved by the Board. The Board further discussed the practicality of providing the service, the logistics of the HOAs working together for a single plan, and a provider agreeing to contract with the District. Director Love then made a motion to authorize RMPLLC to draft a letter to the involved HOAs regarding the proposed garbage collection service issues and possible contract. Director Julun seconded the motion, and the motion unanimously.

RENEW INSURANCE PROPOSALS

Mr. Roach informed the Board that the District's insurance policies with Arthur J. Gallagher ("AJG") expire March 31, 2019. After review and discussion, Director Crane made a motion, seconded by Director Nelson, and the Board voted unanimously to approve the renewal proposal from AJG for the 2019-2020 term.

ANNUAL REVIEW OF DISTRICT POLICIES, INCLUDING ANY POSSIBLE CHANGES TO: INVESTMENT POLICY, QUALIFIED BROKERS LIST, CODE OF ETHICS, AND RELATED POLICIES

Mr. Roach noted that every year the District is required to annually review, and amend if necessary, certain District policies, and he presented to and discussed same with the Board. Mr. Roach then explained the Qualified Brokers List and requirements for same. After discussion, Director Julun moved to approve the Qualified Brokers List and the annual review of various District policies. Director Tober seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

Mr. Roach gave an update on the status of current legislation that RMPLLC is monitoring including legislation related to the Texas Open Meetings Act ("TOMA"). Mr. Roach also explained there were no updates relating to the arbitrage reporting requirements as the matter was handled during last month's meeting and would be removed from the next agenda.

AUTHORIZE DIRECTOR ATTENDANCE AT AWBD SUMMER CONFERENCE

Director Julun noted he is currently listed as the Board member attending the AWBD summer conference.

AUTHORIZE CONSULTANTS TO RESEARCH UNCLAIMED PROPERTY

Mr. Roach noted that Ms. Colondres has addressed this item as part of the Bookkeeper's Report and more information would be provided later during the year as the annual reporting requirement deadline approached.

ADDITIONAL COMMENTS FROM THE PUBLIC

There were no additional public comments at this time.

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

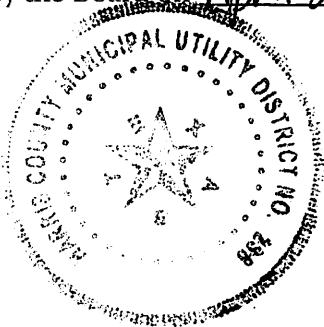
The next meeting will be held on April 23, 2019.

ADJOURNMENT

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

Approved by the Board on April 23, 2019.

[SEAL]




Secretary, Board of Director

LIST OF EXHIBITS

- 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