

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors

June 25, 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 for Director Julun 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, Joshua Zientek, and Melissa Arvizu of Roach & Mitchell, PLLC ("RMPLLC"); Josh Fort of Champions Hydro-Lawn ("Champions"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Ryan O'Hara of Hutchinson, Shockey, Erley & Co. ("HSE"); and Marcia Thomas (late), a 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 Tober moved to approve the May 28, 2019, regular meeting minutes as revised. Director Nelson seconded said motion, which carried unanimously.

PUBLIC COMMENTS

There were no public comments

TAX ASSESSOR/COLLECTOR REPORT

Mr. Arce presented 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 Tober seconded said motion which passed unanimously.

Ms. Thomas entered the meeting during the Tax Assessor/Collector Report.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mr. Arce reported that there were no additional Delinquent Tax Collections items to report.

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 Crane seconded said motion, which passed unanimously.

Director Julun entered the meeting during the Bookkeeper's Report.

AUTHORIZE FILING OF UNCLAIMED PROPERTY REPORT

Mr. Roach noted the requirements for submitting an annual unclaimed property report and escheating funds to the state, as applicable. Upon motion by Director Julun, seconded by Director Love, the Board voted unanimously to approve the unclaimed property report and its submission by MA&C.

REQUEST TO HARRIS COUNTY APPRAISAL DISTRICT FOR ESTIMATE OF VALUE

Mr. Roach presented a request for an updated Estimate of Value from the Harris County Appraisal District ("HCAD"). Upon motion by Director Crane, seconded by Director Love, the Board voted unanimously to approve the request to HCAD for the estimate of value.

REVIEW OPTIONS FOR POSSIBLE SERIES 2019 REFUNDING BONDS AND RELATED DEBT DEFEASANCE OPTIONS, INCLUDING SELECTION OF UNDERWRITER, DELEGATED AUTHORITY, ADOPTION/APPROVAL OF APPLICABLE ORDERS, CERTIFICATES AND AGREEMENTS, AND RELATED AUTHORIZATIONS TO PROCEED

Mr. O'Hara addressed the Board and presented options for a refunding bond opportunity to restructure and refinance portions of the District's current outstanding bond obligations. After discussion, Director Nelson made a motion to authorize HSE to start preparing the offering documents and RMPLLC to begin working on related matters for the proposed refunding bond issue. Said motion was seconded by Director Love and passed unanimously.

Mr. O'Hara exited the meeting at this time.

ENGINEER'S REPORT

Mr. Reed presented the Engineer's Report, a copy of which is attached hereto as **Exhibit C**. Mr. Reed provided an update on the Radium Treatment - Ion Exchange for both Water Plant Nos. 1 and 2, informing the Board that on Water Plant No. 1, protocol is being finalized and will be

submitted to the Texas Commission on Environment Quality (“TCEQ”) for approval and on Water Plant No. 2, raw water analysis was received on June 20, 2019, and information received from Bob Johnson and Associates (“BJJA”) on June 24, 2019. He informed the Board that the report will be resubmitted to the TCEQ Alternate Treatment Group for approval.

Next, Mr. Reed discussed the Water Plant No. 2 recoating project and the ground storage tank (“GST”) clean-up project at Water Plant No. 1. He informed the Board that the recoating project will be addressed in the fall of 2019 when weather will permit the project to move forward. He then informed the Board that A&H Services (“A&H”) has been notified to begin work on cleaning the GST exterior. He said they plan to begin when weather permits.

Next, Mr. Reed provided an update on the Morton Road Water Main Extension project. He informed the Board that construction is underway and presented Change Order No. 1 from Scohil Construction Services, LLC (“Scohil”) for the use of additional traffic control in the amount of \$2,850.54. Mr. Reed recommended waiting to approve Change Order No. 1 at this time.

Next, Mr. Reed discussed extensively with the Board that AT&T installed utilities within a District easement and informed the Board that the utilities should have been installed in the right of way or a designated easement for public utilities rather than the District easement. The Board discussed various options for working with AT&T and/or relocating the utilities. The Board generally concurred with placing the water line within the Morton Road median if approved by Harris County, subject to further review.

STATUS OF MAINTENANCE BY CHAMPIONS HYDRO

Mr. Fort presented the Champions Report to the Board, a copy of which is attached as **Exhibit D**. The Board then discussed the washout under the sidewalk located near the Harris County drainage channel which was discussed at the prior month’s Board meeting. Mr. Fort informed the Board that a resident placed rocks in the washout. The Board requested that Champions continue to monitor the area and report back. The Board further reviewed photographs of maintenance performed by Champions and Mr. Fort informed the Board that the Barkers Crossing backslope swale is holding water. He informed the Board that part of the walking trail is under water.

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 two (2) District alerts which were reported and corrected appropriately. Next, Mr. Williams presented an estimate to install a new controller in an amount not to exceed \$5,250. Director Crane moved, seconded by Director Julun, to approve installation of the new controller not to exceed \$5,250. The motion passed unanimously. Next, the Board discussed water bill appeals. The owner of 19539 Dawn Canyon Road requested waiver of an \$80 disconnect fee. After discussion and review the account history, Director Nelson moved, seconded by Director Julun, to approve the waiver of the \$80 disconnect fee for 19539 Dawn Canyon Road. The motion passed unanimously. The Board discussed in detail the resident’s method of

payment and requested that Mr. Williams remind the resident that she is responsible for making payment on the account. The Board concurred that, if she is in arrears, to not cut off her water, but to use other methods of collection and requested that this address be placed on a do not disconnect list. Mr. Roach recommended handling any payment issues on a case by case basis. Next, the Board discussed 2619 Creek Arbor Circle, whose owner is requesting a payment plan for the total arrearage of \$351.40. The owner requested to pay an additional \$100.40 on the next bill and pay the remaining installments in payments of \$50 per month after that. The Board discussed the payment history of this resident and then Director Nelson moved, seconded by Director Crane, to approve the payment plan as requested. The motion passed unanimously. Mr. Roach then informed the Board that it may consider evaluating the minimum payment amount required if several residents are using significantly less water than anticipated. The Board concurred with requesting that GUS perform a usage report to discuss at next month's meeting. Next, Mr. Williams informed the Board that a fire hydrant needed to be replaced and gave a budget not to exceed \$6,450. Director Nelson moved, seconded by Director Love, to replace the fire hydrant with a budget not to exceed \$6,450. The motion passed unanimously.

Next, Mr. Williams discussed the valve exercise update including various issues with the progress of the valve exercise project and specific incidents relating to specific valve repairs. He reviewed up-to-date costs associated with the valve exercise and requested that the budget for the project be increased by \$2,548.78 for an overage that was necessary and an additional \$20,000 to finish the project. Director Julun then moved, seconded by Director Love, to approve the Operations and Maintenance Report, cut-off list, and the overage of \$2,548.78 and additional budgetary increase in an amount of \$20,000 for the valve exercise project. The motion passed unanimously.

Mr. Fort exited the meeting at this time.

DIRECTOR REPORTS

Director Tober presented an update from the West Harris County Regional Water Authority ("WHCRWA") meeting this month providing the Board with status updates of projects that are in progress. Next, he discussed attendance at the recent Association of Water Board Directors ("AWBD") conference and provided information received from those presentations which he attended. The Board discussed various methods to conduct more community outreach to educate the public including placing a link to the District's website on the water bills. Next, the Board discussed including information relating to GUS, including photographs, on the District's website. The Board then discussed including in the Capital Improvements Plan ("CIP") an upgrade to the District's generator or to purchase an additional generator, possibly a gas generator. Mr. Reed recommended against having two (2) generators and informed the Board that, if a new generator is purchased, the old generator could possibly be sold.

DISCUSSION REGARDING OPTIONS FOR SOLID WASTE/RECYCLING COLLECTION

Mr. Roach informed the Board that there have been no responses at this time by any of the proposed participant homeowners associations ("HOAs") regarding the garbage collection issue. Ms. Thomas informed the Board that Barkers Ridge Homeowners Association ("Barkers Ridge HOA")

has not received the letter and further informed the Board to whom the letter should be directed at Crest Management. She also volunteered to deliver the letter if needed.

AUTHORIZE EXECUTION OF VOTING SYSTEM ANNUAL FILING FORM

Mr. Roach advised that the Board is required annually to file a form with the Secretary of State regarding the voting system(s) they may have used during the year, and he asked for authorization for RMPLLC to complete and file the form on behalf of the District. Director Nelson made a motion to authorize the filing of the voting system annual form as discussed. The motion was seconded by Director Crane and passed unanimously.

AUTHORIZE RECORDS MANAGER TO DESTROY OLD MEETING NOTES

Mr. Roach asked the Board to consider approval of the destruction of old copies of prior Board meeting notes as allowed by applicable law and reminded the Board that RMPLLC is retaining electronic copies of virtually all District records and that copies of all official meeting minutes are kept in perpetuity. Director Love then made a motion to allow the destruction of prior meeting notes per applicable law and the District's records retention policies. Said motion was seconded by Director Tober and passed unanimously.

ATTORNEY'S REPORT

Mr. Roach reminded the Board that RMPLLC is preparing an e-signature policy for review and implementation by the Board. Mr. Roach then reported on the status of current legislation that RMPLLC is monitoring and informed the Board that RMPLLC will prepare a more extensive legislative update to present to the Board soon.

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

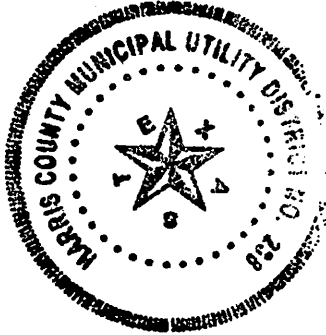
Mr. Williams informed the Board that GUS received an e-mail regarding a fence that needed repair at the AT&T substation. He further informed the Board that the fence does not belong to the District and that the homeowners association is aware of the needed repairs.

ADJOURNMENT

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

Approved by the Board on July 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