

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors August 27, 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 Crane, 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"); Mary Dubois of Acclaim Energy Advisors ("Acclaim"); and Mark Eyring of Roth & Eyring, PLLC ("R&E").

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

APPROVE MINUTES

After brief discussion, Director Nelson moved to approve the July 23, 2019, regular meeting minutes. Director Tober seconded said motion, which carried unanimously.

PUBLIC COMMENTS

Mr. Roach advised the Board that the District's current energy contract is with Reliant Energy ("Reliant") and Acclaim recently reviewed options for a low rate extension. Ms. Dubois then discussed the District's current contract rate of \$0.4253/kWh with Reliant and explained the potential benefits and savings for the District with a proposed electricity pool extension. Ms. Dubois asked the Board to consider approving a rate not to exceed \$0.3785/kWh, with a contract start date effective at the end of the current term with Reliant (May 2024) and a new/extended termination date of April 30, 2029. The Board concurred with Acclaim proceeding to review the District's options for the proposed electricity contract extension and adding an agenda item for the next regularly scheduled Board meeting.

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 Julun seconded said motion which passed unanimously.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mr. Arce provided additional information related to delinquent tax collections including the differences in real and personal property taxes and tax collection methods. The Board then reviewed the accounts that are in delinquency, and Director Love made a motion to approve moving the applicable accounts to the uncollectible roll. Director Tober seconded the motion, which carried unanimously.

RECEIVE FINANCIAL ADVISOR'S 2019 TAX RATE RECOMMENDATION

The Board deferred discussion on this matter at this time.

ENGAGE AUDITOR TO PREPARE AUDIT FOR FISCAL YEAR ENDING AUGUST 31, 2019

Mr. Eyring stated that R&E would prepare the audit for the fiscal year ending ("FYE") August 31, 2019, and reviewed the audit proposal and fee for \$9,750. Director Tober moved to approve the fee not to exceed \$9,750 and for R&E to proceed with preparing the audit for FYE August 31, 2019. Director Julun seconded the motion, which passed unanimously. The Board then discussed sending Requests for Proposals (RFPs) at the end of its current two-year engagement with R&E (approximately July 2021).

BOOKKEEPER'S REPORT

Ms. Colondres presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit B. Additionally, she presented and reviewed a draft budget for FYE August 31, 2020. After discussion, Director Nelson made a motion, seconded by Director Love, to accept the proposed budget. The motion passed unanimously. Director Nelson then made a motion to approve the Bookkeeper's Report, including payments of the checks presented. Director Tober 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. Mr. Reed then discussed gross alpha and ion exchange issues. He advised the Board that the method originally proposed to resolve the issues may work temporarily but will most likely eventually fail. Mr. Reed stated that the revised proposed method will require a new ion exchange study and that he would conduct the engineering portion of a pilot study with no additional cost to the District for such engineering fees. After discussion by the Board, Director Love suggested continuing to proceed with

the old method and submitting a subsequent proposal for review by the Texas Commission on Environmental Quality ("TCEQ") for the new remedial method. Director Love also suggested that, upon receiving TCEQ approval, the old media could be exchanged with the new. Mr. Williams then suggested attempting to use an increased amount of surface water as an alternative and/or temporarily in lieu of continued use of the affected well. The Board discussed, and then Mr. Reed advised that he would like to review this option and report back.

Mr. Reed then stated he will continue to seek approval for use of the Well No. 1 media and then use it to supplement the existing supply as a secondary source of water. He also requested that he be approved to work with Mr. Williams regarding the buildout requirements. Director Tober moved to authorize the Mr. Reed and Mr. Williams to work together to prepare plans and obtain bids, and to authorize same to be presented to and approved by Director Love prior to next month's Board meeting. Director Julun seconded the motion, which passed unanimously.

Next, Mr. Reed informed the Board that the Harris County Flood Control District ("HCFCD") is scheduled to send a crew to observe and repair a sinkhole in the HCFCD channel in the District. Mr. Roach then advised that the Consent to Encroachment and Indemnity Agreement relating to AT&T's utilities that were installed in the District's easement was prepared and sent to AT&T for review and that AT&T has not yet responded.

STATUS OF MAINTENANCE BY CHAMPIONS HYDRO-LAWN, INC.

Mr. Fort presented the Champions Report to the Board, a copy of which is attached as **Exhibit D.** Mr. Roach then advised the Board that a representative from the Barkers Crossing Homeowners Association ("BCHOA") management company previously sent an email requesting information on various pending matters including the existing trail and proposed improvements to same and the garbage/recycling collection issues. Mr. Roach said that he asked the representative to attend the Board meeting to discuss the matters, but noted that no representative was present. The Board then further discussed the sinkhole near the HCFCD drainage channel, and Mr. Fort said that Champions will install safety fencing as discussed. Mr. Fort then addressed excess vegetation growth in the drainage channel so the Board is aware it may require additional future maintenance.

OPERATIONS AND MAINTENANCE REPORT

Mr. Williams presented the written Operations and Maintenance Report to the Board, a copy of which is attached as **Exhibit E.** Mr. Williams also reviewed the District alerts which were reported and corrected appropriately. The Board then discussed water accountability. Mr. Williams said there were no appeals and presented an update on the valve exercise maintenance project, stating that all valves were operational. Next, Mr. Williams discussed potential repairs for locating valves in other locations within the District and resetting stacks, estimating a cost of \$16,100. He also discussed the fire hydrant maintenance report, stating that two (2) hydrants have been black-bagged as not working or for insufficient pressure. Mr. Williams estimated \$7,600 of repairs were needed. Director Julun then moved to authorize the repairs to the valves and hydrants, as well as the costs associated therewith. Director Tober seconded the motion, which carried unanimously. Mr. Williams then

reviewed a draft of the most recent gross alpha notice, and the Board discussed possible revisions. Director Love then made a motion to approve the gross alpha notice with the discussed revisions. Director Julun seconded the motion, which passed unanimously.

Next, Mr. Williams discussed 2719 Grand Winds Lane and the backup of the sanitary sewer line. He advised that the line was checked and is now clear at this time. He said he did, however, check records for service at that address and found that the line had been previously determined to have a sag. Mr. Williams stated that the options for repair were to take a call for service to clear out the line each time it backs up or to replace the line altogether at a cost of approximately \$2,000 to \$3,000. He estimated a cost of \$120 to \$180 (\$60/hour at 2-3 hours) to clear the line each time there is a backup. The Board then discussed a 6-month interval of cleaning the line to keep it unclogged and suggested the use of a jet machine. Mr. Williams said GUS would amend its contract with the District to include this service item and then send it to RMPLLC for review.

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

DIRECTOR REPORTS

Director Tober presented an update from the West Harris County Regional Water Authority ("WHCRWA") meeting he attended, providing the Board with status updates of projects that are in progress.

DISCUSSION REGARDING OPTIONS FOR SOLID WASTE/RECYCLING COLLECTION

Mr. Roach informed the Board that there were no updates at this time.

ATTORNEY'S REPORT

Mr. Roach presented the legislative update to the Board. The Board discussed extensively the use of personal devices for District business and related legislative updates to the Texas Open Meetings Act ("TOMA") and other statutes.

ADDITIONAL COMMENTS FROM THE PUBLIC

There were no additional comments from the public 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

Mr. Reed advised the Board that a developer is looking to purchase property to build an

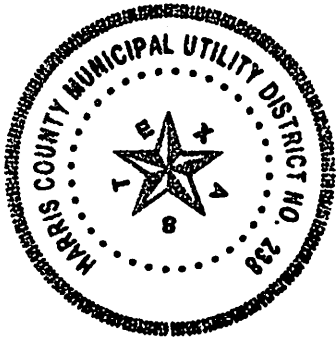
apartment complex in or near the District. The Board then discussed options for annexing areas of possible development in the future.

ADJOURNMENT

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

Approved by the Board on September 24, 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