HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors
September 26, 2023

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238 ("District") met in regular session, open to the public, in accordance with the duly posted notice of meeting and the Texas Open Meetings Act. The roll of the duly constituted officers and members of said Board was called as follows:

Randy Love	-	President
Gary Nelson	-	Vice President
C.L. "Steve" Crane	-	Secretary
Gary Tober	-	Assistant Secretary
Ronald Julun	-	Director

All of said persons were present, thus constituting a quorum.

Also present were Creston Minter of H2O Innovation ("H2O"); Lynnette Tujague of District Data Services ("DDS"); Taylor Reed of Vogler & Spencer Engineering ("VSE"); Jonathan Roach, Ray Arce, and Chelby Simpson of Roach & Associates, PLLC ("RAPLLC"); Scott Gray of Champions Hydro-Lawn, Inc. ("Champions"); Catherine Wheeler of Wheeler & Associates, Inc. ("Wheeler"); Cameron Thatcher of Huntington Capital Markets ("HCM"); Tyler Ray of WGA Engineers, on behalf of the Canterbury Development, who entered later in the meeting; Carl Husmann and Claude Arnold of Providence Builders, on behalf of the Canterbury Development; and Marcia Thomas a resident of the District. [*Remote attendees - None]

PUBLIC COMMENTS

Ms. Thomas inquired about an emergency number for water-related emergencies in the District. Director Nelson advised that H2O has a 24/7 emergency on-call service. Mr. Minter noted the phone number is on each water bill and the District's website.

MINUTES OF PRIOR BOARD MEETINGS

The Board considered for approval the regular meeting minutes of August 22, 2023. After some discussion, Director Nelson motioned, seconded by Director Tober, to approve the August 22, 2023, regular meeting minutes. The motion passed unanimously.

POTENTIAL SIDEWALK PROJECT/PLACES 4 PEOPLE PROGRAM

Mr. Roach stated that Harris County (the "County") awarded the proposed Sidewalk Project submitted to the Placed 4 People ("P4P") Program and advised that the next step is likely to enter into an interlocal agreement. He then reviewed legal requirements and provisions to be included in the interlocal agreement to protect the District's monetary contribution if the project did not go through.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Wheeler presented the Tax Assessor/Collector Report, a copy is attached as **Exhibit "A."** After no further discussion, Director Nelson motioned to approve the Tax Assessor's Report, including payment of checks presented therein. Director Julun seconded the motion, which passed unanimously. Then Ms. Wheeler reviewed the uncollectable personal property accounts, noting they would be moved to uncollectable accounts. No action was required by the Board.

DELINQUENT TAX ATTORNEY REPORT

Mr. Roach advised that the Delinquent Tax Attorney has requested the Board's authorization to proceed with water termination service for seven (7) accounts with delinquencies over $1,000. Director Love inquired about water service termination for renters. The Board then ensued into a lengthy discussion, whereby Mr. Roach, Ms. Wheeler, and Mr. Minter confirmed that the property owner's and customers' names on the utility bill would be cross-referenced before water service is terminated. After some discussion, Director Nelson motioned to approve proceeding with water service terminations for the seven (7) discussed accounts. The motion was seconded by Director Tober and passed unanimously.

Then, Mr. Roach reported that Mr. Cox had sent out final demand letters and is requesting authorization to proceed with filing lawsuits. After some discussion, the Board concurred to proceed with filing lawsuits.

Mr. Ray entered the meeting during the discussion.

FINANCIAL ADVISOR 2023 TAX RATE RECOMMENDATION

Mr. Thatcher presented and reviewed her 2023 Tax Rate Recommendation, a copy is attached as **Exhibit "B."** He recommended a $0.2950 tax rate for debt service ("DS") and a $0.11736 tax rate for maintenance and operations ("M&O") for a total tax rate of $0.41236. Upon further discussion and a motion by Director Nelson, seconded by Director Tober, the Board voted unanimously to authorize the tax assessor to publish notice of a proposed tax rate of $0.41236 per $100 of assessed valuation (comprised of $0.2950 for DS and $0.11736 for M&O).

Mr. Thatcher exited the meeting.

BOOKKEEPER'S REPORT

Ms. Tujague presented the Bookkeeper's Report, including payment of invoices contained therein; a copy is attached hereto as **Exhibit "C."** Director Nelson then motioned to approve the Bookkeeper's Report, including payment of invoices. The motion was seconded by Director Julun and passed unanimously.

DEVELOPMENT REPORT

Messrs. Husmann, Arnold, and Ray introduced themselves. Mr. Husmann inquired about the District's knowledge of the plans for the Canterbury Development. Mr. Reed advised that the Board is fully aware of the developer's plans and reviewed Canterbury's requirement from the City of Houston ("COH") for a water line loop. Mr. Roach reminded the Board that although the developer is responsible for obtaining the required easements, they may request the Board's assistance with condemnation if easements cannot be acquired.

Mr. Husmann stated they made six (6) attempts to visit the homeowners at 19002 and 19003 Village Maple Court for the required easement; however, they were unsuccessful and asked for the District's assistance in making contact. After a lengthy discussion, Director Love motioned to authorize RAPLLC to draft letters to the property owners at 19003 and 19002 Village Maple Court notifying them of the easement required and informing them of the District's condemnation authority. The motion was seconded by Director Tober and passed unanimously.

Next, Mr. Arnold inquired about the status of the Utility Development Agreement ("UDA"). Mr. Roach and Mr. Reed discussed potential reimbursement and the estimated taxable value the development will bring the District. After some discussion, the Board voted unanimously upon a motion by Director Nelson, seconded by Director Julun, to approve the UDA, including condemnation costs.

Messrs. Ray, Husmann, and Arnold exited the meeting.

ENGINEER'S REPORT

Mr. Reed presented the Engineer's Report, a copy is attached hereto as **Exhibit "D."** He then provided the following updates: (1) Radium Treatment – Ion Exchange Water Plant No. 1 & No. 2, noting W.W. Payton plans to layout the design for VSE's review; (2) Wastewater Treatment Facility ("WWTF") Fence Replacement, recommending the Board's approval to engage Houston Fence Compay for $129,697.20; (3) Detention Pond Washout, noting a work order has been created, but work has not yet commenced; and (4) Sinkhole at Barkers Crossing Detention Pond, noting a sinkhole has begun to form within the backslope swale, the same location as the previous one.

After a brief discussion, Director Nelson motioned to award the contract for the WWTF Fence Replacement to Houston Fence Company for $129,697.20. The motion was seconded by Director Crane and passed unanimously. The Board then selected "Woodland Brown" as the fence's color and the pyramid-style caps.

STATUS OF MAINTENANCE BY CHAMPIONS HYDRO-LAWN, INC.

Mr. Gray presented and reviewed the Champions Report, noting updates on the various detention ponds and channels and separate reports for the desilting of the ponds. Mr. Roach reminded the Board that there would be a self-authorizing Resolution for Use of Surplus Construction Funds for the WWTF Fence Replacement and pond desilting.

OPERATIONS AND MAINTENANCE REPORT

Mr. Minter presented the Operations and Maintenance Report, a copy is attached hereto as **Exhibit "E,"** noting there were two (2) District Alerts for August 2023, which were completed. After no further discussion, Director Nelson motioned, seconded by Director Tober, to approve the Operator's report, including delinquent/cutoffs. The motion passed unanimously.

Next, Ms. Simpson presented appeals for August, including (1) a resident's request for a payment plan on an outstanding balance of $316.70, and (2) a resident's request to remove a $25 returned payment fee. The Board concurred to restructure the payment plan to twelve months for the first appeal and approve the second one.

EMERGENCY INTERCONNECT AGREEMENTS AND ISSUES WITH NEIGHBORING DISTRICT/WATER SYSTEMS

Mr. Roach stated he would meet with Mayde Creek's attorney this afternoon to discuss the emergency interconnect agreements and then re-present them to the neighboring Districts. He noted that each interconnect has an associated monetary fee instead of other districts that typically pay in-kind. The Board then discussed imposing fees and a potential clause in the emergency interconnect agreement outlining 'non-emergency water' and associated fees.

REVIEW DISTRICT POLICIES

Mr. Roach advised that the District Policies are under review for any legislative changes and would be presented next month.

DIRECTOR'S REPORTS

Director Love briefly noted a change to his email address, and then Director Tober presented an update on the recent WHCRWA meeting, including project updates undertaken by the WHCRWA.

Ms. Tujague exited the meeting during the discussion.

TECHNOLOGY AND WEBSITE UPDATES

Director Crane reviewed various requests for changes to the District's website, including updates to the Operator's information and notation of emergency contact information, removal of outdated information, updating hyperlinks, and access to the Notice to Purchaser.

ATTORNEY'S REPORT

Mr. Roach reviewed Harris County Appraisal District's election information, noting the District's ability to nominate and vote for a candidate. The Board concurred to take no action. Then, Director Nelson inquired about any updates from Mr. Bear Oakley of Acclaim/Texas Reliability Coalition. Mr. Roach stated there have been no recent updates, but some laws they proposed during the legislative session did pass.

Then, Director Crane reviewed a Harris County Public Health Department notice for water sampling. Discussion occurred amongst the Board and consultants, whereby the Operator and Engineer did not suggest the Board's participation in the project.

Ms. Wheeler and Mr. Reed exited the meeting.

ADDITIONAL PUBLIC COMMENTS

There were no comments from the public.

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

The Board did not enter into executive session.

ADDITIONAL PENDING BUSINESS AND SCHEDULE FOR UPCOMING BOARD MEETINGS

The Board then concurred to hold its next regular meeting on October 24, 2023, at 1:00 p.m. After no further discussion to come before the Board, Director Nelson motioned to adjourn the meeting. The motion was seconded by Director Julun and passed unanimously.

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Approved this 24th day of October 2023.

/s/ Steve Crane
Secretary, Board of Directors

[SEAL]

LIST OF EXHIBITS

Exhibit A – Tax Assessor's Report
Exhibit B – 2023 Tax Rate Recommendation
Exhibit C – Bookkeeper’s Report
Exhibit D – Engineer’s Report
Exhibit E – Operations and Maintenance Report