

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors January 24, 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 and Jeanette Arce of H2O Innovation (“H2O”); Peitao Long and Taylor Reed, who entered later in the meeting of Vogler & Spencer Engineering (“VSE”); Jonathan Roach, Ray Arce, Brian Cassidy*, and Chelby Simpson of Roach & Associates, PLLC (“RAPLLC”); Scott Gray of Champions Hydro-Lawn, Inc. (“Champions”); Isabel Mata* of Wheeler & Associates, Inc. (“Wheeler”); Cameron Thatcher of Huntington Capital Markets (“HCM”); and Judith McGlaughlin of Barkers Ridge HOA. [*Remote attendees]

PUBLIC COMMENTS

There were no public comments.

OPTIONS FOR GARBAGE COLLECTION SERVICES AND RELATED HOMEOWNERS’ ASSOCIATION COMMUNICATIONS

Ms. McGlaughlin reviewed homeowners’ association (“HOA”) garbage collection matters, noting they have been with Texas Pride Disposal (“Texas Pride”) since August 2017. She stated that service has generally been good, but residents started experiencing issues beginning October 2022. Ms. McGlaughlin then listed several occasions where Texas Pride failed to collect garbage in December and January 2022. She then noted she has been corresponding with Best Trash, who has yet to submit a proposal but prefers to do a single-payer contract. She then asked if the Board would consider entering into a single-payer contract with Barkers Ridge and Lake Ridge HOAs. The Board had a lengthy discussion, then Mr. Roach reviewed other Districts’ experiences with garbage collection services, noting it is typically a more streamlined process if the District assumes responsibility for collection services and passes it through the District’s Rate Order.

The Board continued the discussion and concurred to discuss it later in the meeting.

Ms. McGlaughlin then exited the meeting.

TAX ASSESSOR/COLLECTOR REPORT

Mr. Arce reviewed the Tax Assessor/Collector Report; a copy is attached hereto as **Exhibit “A.”** After no further discussion, Director Nelson motioned to approve the Tax Assessor’s Report, including payment of checks presented therein. Director Tober seconded the motion, which passed unanimously.

Mr. Reed entered the meeting during the report.

DELINQUENT TAX ATTORNEY REPORT

Mr. Roach advised he did not receive a report; therefore, this item was deferred.

RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Roach noted that pursuant to applicable sections of the Texas Tax Code, the District can levy an additional penalty of up to twenty percent (20%) to cover the costs of collections on any delinquent personal property tax accounts as of February 1 each year. After a brief discussion, Director Nelson, seconded by Director Tober, moved to maintain the previously approved additional 20% penalty as authorized for 2020 and subsequent years and to authorize the delinquent tax attorney to proceed with the usual statutory/contractual twenty percent (20%) additional penalty to be effective February 1, 2023. The motion carried unanimously. The 2020 Resolution was not rescinded; therefore, the prior Resolution will remain in effect.

GRANT EXEMPTIONS FROM TAXATION FOR 2023

Mr. Thatcher reviewed his exemption analysis and presented various options to the Board.

Mr. Roach explained the exemptions from taxation the District could adopt pursuant to the Texas Tax Code and presented the Resolution Granting Exemptions from Taxation for 2023 (“Resolution”). After a brief discussion, Director Crane moved to adopt the Resolution consistent with the 2022 tax exemptions providing for: (1) a 3,000 exemption for sixty-five (65) years of age and older taxpayers or those under a disability under applicable federal statutes; and (2) a general homestead exemption of 10% of the assessed valuation. Director Nelson seconded said motion, which carried unanimously.

FILING OF ANNUAL CONTINUING DISCLOSURE REPORT

Mr. Thatcher advised the deadline to file the Annual Continuing Disclosure Report is February 28, 2023, noting it is near completion and will be submitted ahead of schedule.

Mr. Thatcher then 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 "B." After a brief discussion, Director Julun made a motion, seconded by Director Nelson, to approve the Bookkeeper's Report, including payment of invoices contained therein. The motion passed unanimously.

DEVELOPMENT REPORT

Mr. Roach advised the Utility Commitment Letter ("UCL") was sent to Canterbury Development, whereby they provided minor comments. Mr. Roach noted that RAPLLC would incorporate the comments and send it back to the Developer. The Board then had a brief discussion regarding the type of development and the terms in the UCL.

ENGINEER'S REPORT

Mr. Reed presented the Engineer's Report, a copy is attached hereto as Exhibit "C," and provided updates on the Radium Treatment – Ion Exchange Water Plant No. 1 & No. 2 project, noting contracts are ready for signature, and the corrosivity report has been submitted to the Texas Commission on Environmental Quality ("TCEQ"). No action was required by the Board.

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. No action was required by the Board.

Mr. Roach advised that Mr. Gray, Ms. Tujague, and himself are working on documents for the Harris County Flood Control ("HCFC") reimbursement, noting the District will receive approximately \$5,200.

OPERATIONS AND MAINTENANCE REPORT

Mr. Minter presented the Operations and Maintenance Report; a copy is attached hereto as Exhibit "D," noting there were six (6) District Alerts for December 2022, all of which were completed.

Next, Mr. Minter advised that H2O opened the interconnect for Addicks and that H2O will send them a bill for the water provided, including the West Harris County Regional Water Authority ("WHCRWA") rate.

Then, Mr. Minter reviewed quotes from Elite Pumps & Mechanical Services, LLC ("EPM") to repair a blower that caught on fire. The Board opted for Option Two (2), a refurbished blower and new motor with a one (1) year warranty, for a total of \$34,952, including installation and parts.

After no further discussion, Director Nelson motioned to approve the Operations and Maintenance Report. The motion was seconded by Director Crane and passed unanimously.

Ms. Tujague exited the meeting after discussion.

DROUGHT CONTINGENCY PLAN AND WATER CONSERVATION PLAN

Mr. Roach advised that RAPLLC is incorporating final revisions to the Drought Contingency Plan (“DCP”) and will send it back to the Operator for final comments. Then Mr. Reed advised that the District is well-equipped to handle a drought with wells and the new generator running.

EMERGENCY INTERCONNECT AGREEMENTS AND ISSUES WITH NEIGHBORING DISTRICT/WATER SYSTEMS

Mr. Roach noted a joint meeting would likely be scheduled at the end of March.

DIRECTOR’S REPORTS

Director Tober did not have anything to report.

TECHNOLOGY AND WEBSITE UPDATES

Mr. Roach advised there was nothing new to report.

REVIEW INSURANCE PROPOSALS

Mr. Roach advised RAPLLC is awaiting an insurance renewal proposal from Arthur J. Gallagher Risk Management Services, Inc. (“AJG”), advising the District’s policy expires on March 31, 2023.

ATTORNEY’S REPORT

Mr. Roach reviewed the 2023 Master Calendar, then noted he would provide legislative session updates at the next meeting.

OPTIONS FOR GARBAGE COLLECTION SERVICES AND RELATED HOA COMMUNICATIONS (cont.)

Director Crane advised he is not amenable to entering into a single-payer contract with Best Trash and the HOAs unless all four HOAs are interested. The Board had a lengthy discussion, then Mr. Roach discussed protocols for incorporating garbage rates into the District’s Rate Order. Mr. Roach advised the process could take months and would be easier if it was District-wide. The Board continued to have a lengthy discussion regarding garbage collection matters.

Mr. Long exited the meeting during the discussion.

ADDITIONAL PUBLIC COMMENTS

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 into executive session.

ADDITIONAL PENDING BUSINESS AND SCHEDULE FOR UPCOMING BOARD MEETINGS

Mr. Roach reviewed the CSA-DPA provided by Wheeler, noting slight changes to Allegiance Bank's contract. After a brief discussion, Director Nelson made a motion, seconded by Director Crane, to approve the amended CSA-DPA. The motion passed unanimously.

The Board concurred to hold their next meeting on February 28, 2023, at 1:00 p.m. After no further discussion to come before the Board, Director Tober motioned to adjourn the meeting. The motion was seconded by Director Love and passed unanimously.

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Approved this 28th day of March 2023.

[SEAL]



/s/ Steve Crane
Secretary, Board of Directors

LIST OF EXHIBITS

- Exhibit A – Tax Assessor’s Report
- Exhibit B – Bookkeeper’s Report
- Exhibit C – Engineer’s Report
- Exhibit D – Operations and Maintenance Report