HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors
July 25, 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"); Isabel Mata of Wheeler & Associates, Inc. ("Wheeler"); Mark Eyring of Mark C. Eyring, CPA, PLLC; and Marcia Thomas, a resident of the District. [*Remote attendees - None]

PUBLIC COMMENTS

Ms. Thomas stated she previously set up her EyeONWater account, noting the last time she attempted to access the account she was unable to and queried about who to speak with to regain access. Mr. Minter provided her with a flyer containing instructions on accessing her account and encouraged her to contact H2O if she needs further assistance.

MINUTES OF PRIOR BOARD MEETINGS

The Board considered for approval the regular meeting minutes of June 27, 2023. After some discussion, Director Julun motioned, seconded by Director Love, to approve the revised June 27, 2023, regular meeting minutes. The motion passed unanimously.

PROJECT/PLACES 4 PEOPLE PROGRAM

Mr. Roach noted that Mrs. Judith McLaughlin has been providing periodic updates, advising that Harris County is currently interviewing candidates for the program.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Mata presented the Tax Assessor/Collector Report, a copy of which 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 Tober seconded the motion, which passed unanimously.

DELINQUENT TAX ATTORNEY REPORT

Mr. Roach briefly reviewed the Delinquent Tax Attorney Report, whereby the Board noted it required no action.

ENGAGE AUDITOR TO PREPARE AUDIT FOR FYE AUGUST 31, 2023

Mr. Eyring presented his audit engagement letter for Fiscal Year Ending ("FYE") 2023. Director Crane moved to approve the renewal of the District's engagement of Mr. Eyring as presented. Director Nelson seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

Ms. Tujague presented the Bookkeeper's Report, including payment of invoices contained therein; a copy is attached hereto as **Exhibit "B."**

Mr. Eyring exited the meeting during the report.

REVIEW DRAFT OPERATING BUDGET FOR FYE AUGUST 31, 2024

Ms. Tujague presented the proposed operating budget for FYE August 31, 2024, and reviewed proposed changes from the previous year's budget. After some discussion and comments, Director Tober motioned, seconded by Director Julun, to approve the operating budget for FYE August 31, 2024, subject to incorporation of any final comments and revisions. The motion passed unanimously.

BOOKKEEPER'S REPORT (cont.)

Director Julun then motioned to approve the Bookkeeper's Report, including payment of invoices. The motion was seconded by Director Nelson and passed unanimously.

DEVELOPMENT REPORT

Mr. Reed noted that VSE provided the developer for Canterbury with a Letter of No Objection for the plan set and advised the developer provided comments back on the Utility Development Agreement ("UDA") just before the meeting.

ENGINEER'S REPORT

Mr. Reed presented the Engineer's Report, a copy of which is attached hereto as **Exhibit "C,"** and provided updates on: (1) Radium Treatment – Ion Exchange Water Plant No. 1 & No. 2, noting delivery of equipment is being awaited; (2) WWTF Fence Replacement, noting bids were solicited from two other fence contractors and no additional bids were received; he also reviewed the bid from Houston Fence for $51,305.72 for the WWTF, $13,211.96 for the Lift Station on

Appletree Hill Lane, and $9,558.40 for the Water Plant, totaling $74,076.08; Mr. Reed noted the bids for the Lift Station and the Water Plant have secondary options for replacing the gates with Trex; the Board had a lengthy discussion regarding the fence replacement options, noting the replacement fencing should apply to all customer-facing facilities; the Board also noted the need for gates, which would need to be added to the proposals; (3) 3402 Barkers Forest Sinkhole, noting the request has been sent up the chain of command through Harris County and no response has been received yet; (4) Detention Pond Washout, noting similarly that a request has been sent up the chain of command and no response has been received yet.

After no further discussion, Director Crane motioned to add the gates and fencing at the Lift Stations to the fencing proposal request for a total estimated not-to-exceed amount of $110,000. The motion was seconded by Director Nelson and passed unanimously. Upon subsequent motion by Director Nelson, seconded by Director Tober, the Board voted unanimously to approve the Engineer's Report.

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 to be taken by the Board.

OPERATIONS AND MAINTENANCE REPORT

Mr. Minter presented the Operations and Maintenance Report, a copy of which is attached hereto as **Exhibit "D,"** noting there were three (3) District Alerts for June 2023, all of which were completed. After no further discussion, Director Nelson made a motion, seconded by Director Tober, to approve the Operations and Maintenance Report, including the delinquent/cutoff list. The motion passed unanimously.

Mr. Minter then also noted an issue at the WWTP where a clarifier got clogged, forcing solid waste out of the facility's top and overflowing into the nearby outfall ditch. He advised that the Texas Commission on Environmental Quality ("TCEQ") was notified, the plant and ditch were cleaned, and the ditch was disinfected. He also noted a blower motor that went out which will require replacement. Mr. Minter indicated that when the Starnik transition occurs, the $3.00 Volunteer Fire Department fee will be displayed as "optional" when a customer is paying the bill online.

Next, Mr. Minter discussed three (3) appeals for June 2023, including: (1) a resident requesting a $25.00 returned payment fee; (2) a resident's request to adjust two months of high bills; and (3) a resident's request for a payment plan on an outstanding balance of $1,189.70 and a proposed payment of $50.00 each month. Upon motion by Director Nelson, seconded by Director Tober, the Board voted unanimously to approve the first appeal, deny the second appeal, and approve a twelve-month payment plan for the third appeal.

BOOKKEEPER'S REPORT (cont.)

Ms. Tujague next addressed an issue stemming from an apparent bank discrepancy with some of the District's checks approved for payment last month. Mr. Roach suggested the issue be discussed further in executive session.

EMERGENCY INTERCONNECT AGREEMENTS AND ISSUES WITH NEIGHBORING DISTRICT/WATER SYSTEMS

Mr. Roach advised that he has had continued correspondence with the neighboring districts' attorneys and is working to request a meeting near the end of August or sometime in October 2023.

REVIEW DISTRICT POLICIES

Mr. Roach reminded the Board that the District's Fees of Office policy had been amended, and the Code of Ethics and Investment Policy may also be subject to some forthcoming proposed amendments due to various legislative changes.

DIRECTOR'S REPORTS

Director Tober presented an update on the recent West Harris County Regional Water Authority ("WHCRWA") meeting, including project updates undertaken by WHCRWA. The Board and Mr. Roach then had a lengthy discussion regarding regional water authority fees, noting various districts in Montgomery County refusing to pay the San Jacinto River Authority ("SJRA") fees.

TECHNOLOGY AND WEBSITE UPDATES

Mr. Roach advised there was nothing new to report at this time.

ATTORNEY'S REPORT

Mr. Roach reviewed various legislative updates and bills that passed during the 2023 Texas legislative session, including bills related to conflicts of interest, removal of a director for misconduct, changes to bidding requirements, new website reporting requirements, and removal from an extraterritorial jurisdiction ("ETJ"), among others.

ADDITIONAL PUBLIC COMMENTS

Ms. Thomas then inquired if door tags are still issued for suspected leaks. Mr. Minter advised that if residents are enrolled in the EyeONWater program, they should be alerted of a potential leak. However, H2O does occasionally check for leaks and issues corresponding door tags, as needed. She then asked if the previously discussed fence replacement will do away with the old wooden fencing, which the Board confirmed.

Ms. Thomas, Ms. Mata, and Messrs. Reed and Gray exited the meeting.

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

The Board, legal counsel, Ms. Tujague, and Mr. Minter entered into executive session at 2:26 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE ANY ACTION RESULTING FROM EXECUTIVE SESSION

The Board reconvened in open session at 2:40 p.m., and Director Love motioned to authorize the Bookkeeper to take the necessary action with respect to District accounts and payments as discussed in executive session. The motion was seconded by Director Nelson and passed unanimously.

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

The Board, legal counsel, and Ms. Tujague re-entered into executive session at 2:43 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE ANY ACTION RESULTING FROM EXECUTIVE SESSION

The Board reconvened in open session at 2:48 p.m. and took no additional action.

ADDITIONAL PENDING BUSINESS AND SCHEDULE FOR UPCOMING BOARD MEETINGS

The Board then concurred to hold its next regular meeting on August 22, 2023, at 1:00 p.m. After no further discussion to come before the Board, Director Julun motioned to adjourn the meeting. The motion was seconded by Director Love and passed unanimously.

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Approved this 22nd day of August 2023.

/s/ Steve Crane
Secretary, Board of Directors

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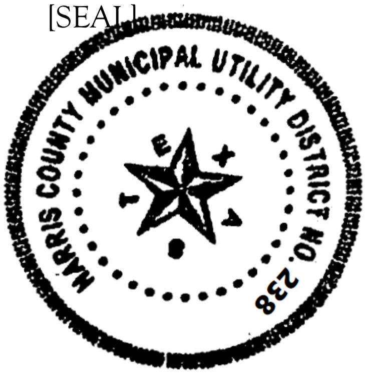

LIST OF EXHIBITS

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