HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors
January 6, 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"); Taylor Reed 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 and Emma Highbergerof of Wheeler & Associates, Inc. ("Wheeler"); Bear Oakley of Acclaim Energy ("Acclaim"), and Cameron Thatcher of Huntington Capital Markets ("HCM"). [*Remote attendees]

PUBLIC COMMENTS

There were no public comments.

REVIEW 2023 DISTRICT ACTION ITEMS AND ANNUAL UPDATES

Messrs. Roach, Minter, and Reed provided an annual review of the District's accomplishments during the 2022 calendar year and thanked the Board for their continued business and dedicated service to the District. Mr. Roach inquired about the annual newsletter, which Director Crane noted is usually published in March each year and he volunteered to help draft the newsletter again this year.

MINUTES OF PRIOR BOARD MEETINGS

The Board considered approving the regular meeting minutes from November 22, 2022. After a brief discussion, Director Nelson made a motion, seconded by Director Julun, to approve the regular meeting minutes of November 22, 2022. The motion passed unanimously.

ACCLAIM ENERGY REPORT AND RELATED UPDATES

Mr. Oakley reviewed revisions to Acclaim's contract, noting an increase in meter add-ons and a $250 increase per year for the required annual electricity usage and cost reports required by statute. Mr. Oakley then advised that the District's current electricity contract is at $0.042 per kilowatt hour which will be revised effective July 1, 2024 through July 1, 2029 to a rate of $0.038 per kilowatt hour based on prior decisions by the Board to approve certain 'blend-&-extend' contract renewal options. Mr. Roach then addressed questions from the Board regarding the most significant changes in Acclaim's contract, advising that the District has not had and likely will not need any additional meter-adds in the future. Then Mr. Oakley advised that the Texas Reliability Coalition webinar was postponed but is anticipated to take place in January and Acclaim will forward information regarding same.

Mr. Oakley then exited the meeting.

<u>FINANCIAL ADVISOR MATTERS</u>

Mr. Thatcher introduced himself, noting Mr. Ryan O'Hara has retired from HCM and that he will be representing the District on behalf of HCM going forward. He then advised that the District's contract with HCM does not expire until 2025, and then he reviewed his professional background and thanked the Board for the opportunity to work with them.

<u>STATUS OF ANNUAL CONTINUING DISCLOSURE REPORT</u>

Mr. Thatcher briefly reviewed the Annual Continuing Disclosure Report requirements, noting the report will be completed and filed by the deadline in February.

<u>TAX ASSESSOR/COLLECTOR REPORT</u>

Ms. Mata introduced Ms. Highbergerof and then presented the Tax Assessor/Collector Report to the Board; a copy is attached hereto as **<u>Exhibit "A."</u>** After no further discussion, Director Julun motioned to approve the Tax Assessor's Report, including payment of checks presented therein. Director Love seconded the motion, which passed unanimously.

<u>DELINQUENT TAX ATTORNEY REPORT</u>

Mr. Roach presented the Delinquent Tax Attorney Report provided by Mr. Cox's office and noted that no action is required by the Board at this time.

<u>BOOKKEEPER'S REPORT</u>

The Board briefly reviewed the Bookkeeper's Report, including payment of invoices contained therein, a copy is attached hereto as **<u>Exhibit "B."</u>** Director Nelson noted he had some questions regarding the report and advised that he would address them directly with Ms. Tujague.

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

DEVELOPMENT REPORT

Mr. Reed noted that RAPLLC is working with Canterbury Development (the "Developer") on a draft of the Utility Development Agreement, which Mr. Roach advised has been sent and is awaiting signatures.

ENGINEER'S REPORT

Mr. Reed presented the Engineer's Report, a copy of which is attached hereto as **Exhibit "C,"** and provided updates on the following items: (1) Radium Treatment – Ion Exchange Water Plant No. 1 & No. 2, noting VSE is awaiting signature from the contractor for the Water Plant No. 2 contract, and further noting that the corrosivity report has been submitted to the Texas Commission on Environmental Quality ("TCEQ"); and (2) WWTF Generator Replacement, noting construction is substantially complete and recommending payment of Pay Application No. 2 and Final of $75,802.50, payable to W.W. Payton. Then Mr. Reed requested approval of: (A) Change Order No. 2 for a net decrease of $4,625 and he aexplained the reasons for ssame, which reduce the total Contract Price to $300,375; and (B) Board approval and execution of the District's acceptance letter for completion of the project.

Mr. Reed reviewed pricing for the SCATA system, noting substantial increases in the cost, whereby Director Nelson recommended the District put the project on hold and focus on the Ion Exchange Project at this time. The Board concurred.

Then the Board discussed questions regarding certain arbitrage compliance requirements and requested that the District's financial advisor and RAPLLC review same

Next, Mr. Reed reviewed the Waterline & Meter Easement Request submitted by the West Harris County Regional Water Authority ("WHCRWA"), noting that WHCRWA will work with the District on the location of the meter and advised that the Water Plant has room to add the meter. After some brief discussion, Director Tober made a motion, seconded by Director Love, to approve the Waterline & Meter Easement Request subject to final documentation for same.

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.

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 four (4) District Alerts for November 2022, all of which were resolved.

Next, Mr. Minter discussed one (1) appeal for November 2022, whereby a resident requested a payment plan on a balance of $123.63, noting they can pay an extra $20.00 a month. After a brief discussion, the Board concurred to approve a six-month payment plan for the appeal.

Then, Mr. Minter presented a quote from Elite Pumps & Mechanical Services, LLC ("EPM") for $20,890 for a new waste pump. After a brief discussion, Mr. Minter noted he would discuss with EPM the removal of the disassembly and cleaning fee of $1,312 from the quote and get back to the Board.

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

POSSIBLE RATE ORDER AMENDMENT(S)

Mr. Roach advised that the amended Rate Order was previously approved and this item would be removed from the agenda.

DROUGHT CONTINGENCY PLAN AND WATER CONSERVATION PLAN

Mr. Roach advised that the Drought Contingency Plan ("DCP") was last updated in 2005, noting RAPLLC has been working to incorporate changes and updates per comments from the District's engineer and operator, and a draft of the DCP will be presented to the Board soon.

EMERGENCY INTERCONNECT AGREEMENTS AND ISSUES WITH NEIGHBORING DISTRICT/WATER SYSTEMS

Mr. Roach noted that due to the holiday season there was little response from the other districts, and he will continue to work to obtain their comments to the subject agreements.

DIRECTOR'S REPORTS

Director Tober presented an update on the recent WHCRWA meeting, including project updates undertaken by WHCRWA.

TECHNOLOGY AND WEBSITE UPDATES

Mr. Roach discussed the District website changes requested by the Board, and he noted that the contact information for the operator in the dropdown menu has also been updated. Then Director Crane asked RAPLLC to clean up the 'archive' files in Dropbox.

ATTORNEY'S REPORT

Mr. Roach briefly discussed the Arbitrage Report for Bond Series 2012 prepared by Arbitrage Compliance Specialists, Inc. ("ACSI"), noting no action was required by the Board regarding the subject bond issue at this time. He then advised that the District should receive a check in the near future from the Harris County Flood Control District for the partial reimbursement of mowing/landscape maintenance costs incurred by the District in 2022.

ADDITIONAL PUBLIC COMMENTS

There were no comments from the public.

<u>EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, SECTION 551.071, 551.074, ET. SEQ.</u>

The Board did not enter into executive session.

<u>ADDITIONAL PENDING BUSINESS AND SCHEDULE FOR UPCOMING BOARD MEETINGS</u>

The Board concurred to hold their next meeting on January 24, 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.

/s/ Steve Crane
Secretary, Board of Directors

[SEAL]

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