

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors February 27, 2018

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238 ("District"), met at 18702 Kieth Harrow Boulevard, 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
Patricia Richardson, Vice President
C.L. "Steve" Crane, Secretary
Gary Nelson, Assistant Secretary
Michael McGlaughlin, Director

all of said persons were present, except for Director Crane, and Director Richardson who arrived later in the meeting, thus constituting a quorum.

Also present were Cynthia Colondres and Putri Tesalonika of Municipal Accounts & Consulting, L.P. ("MA&C"); Taylor Reed of Van De Wiele & Vogler, Inc., ("VVI"); Traci Chapa, Michael Williams and Charles Peterson of Gulf Utility Service, Inc. ("GUS"); Jonathan Roach, Frank Mitchell and Kaitlyn Barrett of Roach & Mitchell, PLLC ("RMPLLC"); Bill Ward of Champions Hydro-Lawn ("Champions"); Ray Arce and Darcé Ahlschlager of Wheeler & Associates, Inc. ("Wheeler"); Caleb Burson and Jennifer Smith of Accurate Meter ("Accurate"); Paul Odiachi of NCP Analytics; residents Ron Julun (late), Gary Tober, Marcia Thomas, Robert Gibson, Gary Brown and Inderia Faucher (late, also representing the Barkers Crossing Homeowners Association ("BCHOA").

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

APPROVE MINUTES

Director McGlaughlin presented some edits to the minutes from the January 5, 2018 special meeting and the January 23, 2018 regular meeting. Mr. Reed stated that he will provide some language to correct the minutes regarding the Radium testing. After discussion and a motion by Director Nelson, seconded by Director McGlaughlin, the Board agreed to defer approval of the minutes.

PUBLIC COMMENTS

Mr. Roach reminded the visitors of the public comment policy and recognized Mr. Odiachi who then spoke to the Board about the services his company provides regarding well testing and treatment. The Board took no action at this time. There were no further public comments.

DISCUSSION REGARDING G.O. WEISS LANDFILL ("LANDFILL") ON GREENHOUSE ROAD

Mr. Roach next recognized Mr. Gibson who provided historical information regarding the Landfill on Greenhouse Road. Mr. Gibson also presented opposition letters from the Harris County Attorney's Office and a letter from Addicks Utility District. There was further discussion regarding what would happen to the land after the Landfill closed. The Board asked Mr. Roach to coordinate gathering some additional information and took no action at this time.

DISCUSSION REGARDING BARKER'S CROSSING DETENTION POND, TRAIL AND FENCE

Mr. Roach noted that the meeting with Ms. Faucher, Director Love and RMPLLC was being rescheduled.

TAX ASSESSOR/COLLECTOR REPORT

Mr. Arce introduced Darcé Ahlschlager with their office. Mr. Arce next presented the Tax Assessor/Collector Report, a copy of which is attached as Exhibit A. Mr. Arce noted that the District is about 92.15% collected and there are no current issues to report. Upon motion by Director Nelson, seconded by Director Love, the Board voted unanimously to approve the Tax Assessor/Collector Report and the checks presented therein.

AMENDMENT TO TAX ASSESSOR/COLLECTOR CONTRACT

Mr. Arce requested that this item be deferred to the March meeting.

DELINQUENT TAX ATTORNEY REPORT

Mr. Arce presented the Delinquent Tax Attorney Report, a copy of which is attached as Exhibit B. Mr. Arce noted that there was no new information to present this month.

Mr. Arce and Ms. Ahlschlager left the meeting after this agenda item.

BOOKKEEPER'S REPORT

Ms. Colondres presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit C. She noted that an annual payment was received from Harris County Flood Control District regarding the mowing/maintenance agreement. Ms. Colondres then noted the District's next debt service payment is due on April 1, 2018. After no questions, and a motion by Director Nelson, seconded by Director McGlaughlin, the Board voted unanimously to approve the Bookkeeper's Report and the checks presented in the report.

Ms. Faucher arrived during presentation of the Bookkeeper's Report.

DISCUSSION REGARDING BARKERS CROSSING DETENTION POND, TRAIL AND FENCE (Con't.)

Ms. Faucher stated her opinion that BCHOA had not been treated equally and noted various issues accordingly. Ms. Faucher noted BCHOA did not want to enter into an agreement for maintenance of the Barker Crossing Detention Pond. Director Nelson addressed some of her concerns. After further discussion, Director McGlaughlin made a motion to have RMPLLC work with BCHOA to contact Harris County about taking over the trail. Director Love seconded said motion, which carried unanimously.

REVIEW ANNUAL SURVEY OF WAGE RATE SCALES

Mr. Roach noted the annual requirement for the District to adopt a set of wage rate scales for construction projects within the District. He advised that the District has historically adopted the City of Houston's wage rate scales, but did have the option of choosing a different set of wage rate scales. After brief discussion, Director McGlaughlin moved to adopt a Resolution approving use of the City of Houston wage rate scales. Director Nelson 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 D. He noted plans will be re-submitted for approval after easements are obtained along Morton Road. He next provided Pay Estimate No.1 in the amount of \$60,922.40 for Reddico Construction on the Dulaney Road water line project. Director McGlaughlin moved to approve Pay Estimate No. 1 to Reddico in the amount of \$60,922.40. Director Love seconded said motion, which passed unanimously.

Mr. Reed noted that Envirodyne has been testing water within the District. He next presented information regarding the radium testing. He noted that proposals have been received from Bob Johnson and Associates in the amount of \$2,832.42 per plant for Water Plant No. 1 and No. 2. He stated that this does not include installation costs. Director Love made a motion to accept the proposal. Director McGlaughlin seconded said motion, which passed unanimously.

Mr. Reed also reviewed data on the GIS map regarding the sanitary and water system work orders during the month. The Board briefly discussed the GIS map.

Mr. Reed discussed a possible future annexation request from a proposed multi-family development. The Board took no further action at this time.

Ms. Richardson arrived during the Engineer's Report.

STATUS OF MAINTENANCE BY CHAMPIONS

Mr. Ward presented the Maintenance Report to the Board, a copy of which is attached as

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Exhibit E. He noted that the hydro-seeding was complete and normal monthly maintenance was performed. After no questions, there was no action required at this time.

OPERATIONS AND MAINTENANCE REPORT

Mr. Williams introduced Mr. Peterson, the CEO of GUS, and announced the closing of their office located at 18702 Kieth Harrow Boulevard, Houston, Texas, 77084, and the opening of a new location at 17332 Groeschke Road, effective on April 1, 2018. He noted RMPLLC will add to next month's agenda the designation of GUS's new office as an additional meeting place.

Mr. Williams then presented the written Operations and Maintenance Report to the Board, a copy which is attached as Exhibit F. He presented a maintenance request to replace the check valves on Booster Pumps No. 1 and No. 3. Director McGlaughlin moved to replace check valves on Booster Pumps Nos. 1 and 3 for a cost of \$6,480. Director Love seconded said motion, which passed unanimously. The Board then reviewed a written request by a resident to refund a \$9.14 late fee. After brief discussion, Director Love moved to approve the resident's request. Director Richardson seconded said motion, which passed unanimously. Mr. Williams then presented a chart of the manual meter reads and the comparison Beacon smart meter reads to evaluate the new meters' accuracy. Director McGlaughlin spoke with Mr. Peterson regarding the asset management plan for the District. After lengthy discussion, the Board requested the District's consultants to review previous plans and surveys of manholes and to revisit the issue at a future meeting.

There was then discussion regarding fire hydrants in the District. Director Nelson moved to authorize GUS to identify areas in the District ready for new fire hydrant and isolation valves. Director Love seconded said motion, which passed unanimously.

After no further discussion, and a motion by Director Love, seconded by Director McGlaughlin, the Board voted unanimously to approve the operator's report and authorize GUS to provide Consumer Confidence Report ("CCR") information to any District's receiving water through their interconnects with the District.

Messrs. Burson, Ward, Odiachi and Mmes. Smith, Colondres, Tesalonika, Thomas, and Faucher exited the meeting at this time.

REVIEW CODE OF ETHICS, INVESTMENT POLICY, AND RELATED POLICIES

Mr. Roach reviewed the investment policy with the Board. After brief discussion, Director Nelson made a motion, seconded by Director McGlaughlin, to approve the updated investment policy, which passed unanimously.

REVIEW INSURANCE PROPOSALS

Mr. Roach reviewed the insurance renewal proposals provided by HARCO and AJ Gallagher. After review and no questions from the Board, Director Love made a motion, seconded by Director

McGlaughlin, and the Board voted unanimously to approve the AJ Gallagher proposal as presented, attached as Exhibit G.

STATUS OF FILING OF ANNUAL CONTINUING DISCLOSURE REPORT

Mr. Roach noted that the annual audit report had been filed with the TCEQ and that the District's financial advisor has now completed the filing of the annual continuing disclosure report.

ATTORNEY'S REPORT

Mr. Roach presented the Attorney's Report and introduced Ms. Kaitlyn Barrett, a new paralegal of RMPLLC. Mr. Roach next explained a new state law requiring Districts to file certain financial information with the Office of the State Comptroller, and he requested approval to file same with the Comptroller. Director Love then made a motion, seconded by Director McGlaughlin, and the Board voted unanimously to authorize RMPLLC to file the financial information with the Texas Comptroller.

REVIEW 2018 DIRECTORS ELECTION MATTERS

Mr. Roach noted that four (4) ballot applications have been received for the Directors Election, a drawing was recently held to determine the ballot order, and he reviewed the ballot drawing order. Mr. Roach next discussed additional details about the election including the polling location as 18510 Fawn Run Lane, early voting times from 11:30 a.m. through 7:30 p.m. on Monday through Friday during the applicable dates and the election day voting times and procedures. Ms. Richardson then announced she wished to withdraw her application. After some discussion regarding the legal issues relative to same, Director Nelson made a motion, seconded by Director McGlaughlin, to accept Director Richardson's withdrawal which carried unanimously. Mr. Roach next thanked Director Richardson as well as Director McGlaughlin for their distinguished time and service on the Board. He then noted that there would now be no need for an election since there were only three remaining candidates—incumbent Director Crane, and residents Gary Tober and Ron Julun—for the three (3) available positions and the Board could cancel the election at the next meeting.

ADDITIONAL COMMENTS FROM THE PUBLIC

There were no additional comments.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

Mr. Roach stated that an agenda item to designate a new meeting place would be added.

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

The Board entered executive session at 3:25 p.m. for consultation with their attorney.

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

The Board reconvened in open session at 3:43 p.m. with no action being taken.

ADJOURNMENT

There being no further matters to come before the Board, Director Love made a motion to adjourn the meeting, seconded by Director McGlaughlin, the meeting was unanimously adjourned.

[EXECUTION PAGE TO FOLLOW]

Approved this day 27th of March, 2018.

[SEAL]



A handwritten signature in blue ink, consisting of a large, stylized initial 'M' followed by a cursive surname.

Secretary,
Board of Directors

LIST OF EXHIBITS

Exhibit A - Tax Assessor/Collector's Report

Exhibit B - Delinquent Tax Report

Exhibit C - Bookkeeper's Report

Exhibit D - Engineer's Report

Exhibit E - Champion's Report

Exhibit F - Operator's Report

Exhibit G - AJ Gallagher Insurance Proposal