

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 238

Minutes of Meeting of Board of Directors

November 27, 2018

The Board of Directors ("Board") of Harris County Municipal Utility District No. 238 ("District"), met at 17332 Groeschke Road, 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
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 Cynthia Colondres of Municipal Accounts & Consulting, L.P. ("MA&C"); Taylor Reed of Van De Wiele & Vogler, Inc., ("VVI"); Michael Williams and Jeanette Montes of Gulf Utility Service, Inc. ("GUS"); Jonathan Roach and Daniel Scruggs of Roach & Mitchell, PLLC ("RMPLLC"); Sarah Ahlschlager of Wheeler & Associates, Inc. ("Wheeler"); Josh Fort of Champions Hydro-Lawn ("Champions"); and Mark Eyring of Roth & Eyring PLLC.

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

APPROVE MINUTES

Mr. Roach presented the minutes of the October 23, 2018 regular meeting. Upon motion by Director Nelson, seconded by Director Crane, the Board voted, with Director Love abstaining, to approve the minutes of the October 23, 2018 regular meeting, as presented.

PUBLIC COMMENTS

There were no public comments.

ANNUAL AUDIT REPORT FOR FISCAL YEAR ENDED AUGUST 31, 2018

Mr. Eyring presented the draft audit report and draft management letter for fiscal year ended August 31, 2018, a copy of which is attached as Exhibit A. He noted various comments and questions regarding the audit including responses to the Board. After no additional questions, Director Tober moved to approve the draft audit report, subject to review of final documents and incorporation of any comments by the Directors and consultants. Director Love seconded said motion, which passed unanimously.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Ahlschlager presented the Tax Assessor/Collector Report, a copy of which is attached as Exhibit B. She noted that three (3) additional checks were being presented for signature that were not reflected in the report. After no questions, and a motion by Director Crane, seconded by Director Julun, the Board voted unanimously to approve the Tax Assessor/Collector Report and the checks presented therein and at the meeting.

DELINQUENT TAX ATTORNEY REPORT

There was no report presented.

BOOKKEEPER'S REPORT

Ms. Colondres presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit C. She noted that the Harris County Flood Control District ("HCFCD") mowing reimbursement check should be provided by HCFCD in December. Ms. Colondres then discussed the option of using direct deposit for certain District expenditures and presented an Agreement with Alliance Payroll Services Inc. The Board concurred to not approve the Agreement. Upon motion by Director Nelson, seconded by Director Crane, the Board voted unanimously to approve the Bookkeeper's Report and the checks presented therein.

ENGINEER'S REPORT

Mr. Reed presented the Engineer's Report, a copy of which is attached hereto as Exhibit D. He noted that the District received correspondence from the Texas Commission on Environmental Quality ("TCEQ") regarding the recently discussed radium and gross alpha excursion issue. Discussion ensued and Directors Tober and Crane noted their request to include language in the public notice explaining why the excursion occurred, including language related to surface water deliveries and delays in approvals from applicable governmental agencies for the alternate treatment methods proposed by the District. Additional discussion ensued regarding same.

Mr. Reed next provided an update on the Morton Road Water Main Extension, noting that VVI is waiting for approval from all necessary agencies in order to begin the work.

Mr. Reed then reported on an emergency repair to the effluent outfall at the Wastewater Treatment Plant ("WWTP"), noting that the outfall from the WWTP collapsed causing massive erosion within the channel. He noted that the TCEQ approved the solicitation of bids in lieu of traditional public bidding due to the emergency nature of the repair.

Upon further discussion and a motion by Director Tober, seconded by Director Love, the Board voted unanimously to approve: (1) a revised notice letter to the residents regarding the gross alpha excursion; and (2) the emergency repair to the effluent outfall at the WWTP at a cost of \$72,450 as bid by Wright Solutions, subject to confirmation of the appropriate bonds and insurance.

STATUS OF MAINTENANCE BY CHAMPIONS

Mr. Fort presented the Maintenance Report to the Board, a copy of which is attached as Exhibit E. He stated that there are no issues to report. The Board then discussed a silting issue within the District.

OPERATIONS AND MAINTENANCE REPORT

Mr. Williams presented the written Operations and Maintenance Report to the Board, a copy of which is attached as Exhibit F. He reviewed the District alerts within the past month and the valve exercise results, including a recommendation for the total cost to complete the valve survey at \$6,100 plus additional work for 44 valves that need to be located and 8 valve stacks that need to be dug up and reset. Upon discussion and a motion by Director Tober, seconded by Director Julun, the Board voted unanimously to authorize the valve work as discussed at a cost up to \$30,000.

Mr. Williams next presented a request from the residents at 3223 Zephyr Glen Way and 3234 Apple Dale Drive for an adjustment to their bills to remove the late fees. He noted that the residents stated that they did not receive their bills. The Board concurred to waive the late fees for the residents at 3223 Zephyr Glen Way and 3234 Apple Dale Drive.

Mr. Williams presented another request from the resident at 19562 Dawn Canyon Road, requesting a credit for the late fee in the amount of \$5. He noted that the resident is requesting that the Board contact him with their decision. The Board concurred to deny the request of the \$5 credit and authorize GUS to provide correspondence accordingly.

Mr. Williams then presented the final resident request from the owner at 19539 Dawn Canyon Road, requesting that the back-billed charges be removed from his account. He noted that he had a tenant in the house who never set up service and the owner does not believe that he should be responsible for the tenant's back-charges. The Board concurred to deny the request for the removal of the back-charges.

REVIEW WEST HARRIS COUNTY REGIONAL WATER AUTHORITY FEE INCREASE AND AMEND RATE ORDER

Mr. Roach noted that the West Harris County Regional Water Authority ("WHCRWA") is increasing their surface water fees from \$3.10 to \$3.35 on January 1, 2019. He stated that RMPLLC had drafted an amendment to the District's Rate Order to reflect the increase. Upon motion by Director Tober, seconded by Director Julun, the Board voted unanimously to amend the Rate Order to reflect the increase in fees by the WHCRWA to be effective January 1, 2019.

DIRECTORS REPORTS

Director Crane provided an update on the AWBD Fall Seminar that he attended. Director Tober presented and discussed a recent newspaper article related to municipal utility districts. Director Tober then discussed and provided an update on the WHCRWA meeting that was held on November 14, 2018.

POSSIBLE DESIGNATION OF ADDITIONAL MEETING PLACE(S) OUTSIDE DISTRICT BOUNDARIES

Mr. Roach reported that this item was added to the agenda to allow the District to hold their January holiday meeting at a location outside of the District if the Williams Tower Conference Center ("Conference Center") was otherwise not available. Mr. Roach confirmed that the January meeting would be held at the Conference Center as in prior years so no action is needed on this item.

AUTHORIZE FILING OF EMINENT DOMAIN REPORT WITH COMPTROLLER

Mr. Roach noted that government entities, including the District, which have eminent domain authority are required to file with the State Comptroller an annual report by February 1 each year. Director Nelson then made a motion to authorize RMPLLC to file the required report. The motion was seconded by Director Love and passed unanimously.

ATTORNEY'S REPORT

Mr. Roach noted that the next meeting will occur on January 4, 2019. Director Julun noted that will be absent. Mr. Roach then provided an update on the Barkers Crossing Pond/Park issues and related communications. He also provided an update on the status of the Directors' Dropbox account and electronic record matters.

ADDITIONAL COMMENTS FROM THE PUBLIC

There were no public comments.

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

The Board did not enter into executive session.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

There was no discussion.

ADJOURNMENT

There being no further matters to come before the Board, Director Love adjourned the meeting.

Approved this day 22 of January, ²⁰¹⁹~~2018~~.

[SEAL]



A handwritten signature in black ink, appearing to be "M. H.", written over a horizontal dashed line.

Secretary,
Board of Directors

LIST OF EXHIBITS

- Exhibit A - Draft Audit Report
- Exhibit B - Tax Assessors Report
- Exhibit C - Bookkeeper's Report
- Exhibit D - Engineer's Report
- Exhibit E - Champion's Report
- Exhibit F - Operator's Report