

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
Minutes of Meeting of Board of Directors
September 3, 2019

The Board of Directors (“Board”) of Northwest Harris County Municipal Utility District No. 24 (“District”) held its regular monthly meeting at 14446 Hollister Road, Houston, Texas 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:

Darryl Simon, President
Mark Cain, Vice President
Darrel Felton, Secretary
William Puder, Assistant Secretary
Clarence Miller, Director/General Manager

All of said members were present, thus constituting a quorum.

Also present were Esther Flores of Tax Tech, Inc. (“Tax Tech”); Keith Arrant of Municipal Operations & Consulting, Inc. (“MOC”); Sergio Handal of Pape-Dawson Engineers, Inc. (“Pape-Dawson”); Bill Russell of Myrtle Cruz, Inc. (“Myrtle Cruz”); Frank Mitchell and Joshua Zientek of Roach & Mitchell, PLLC (“RMPLLC”); Deputy Lillibridge of the Harris County Sheriff’s Office (“HCSO”); Jeremy Roach of Apollo IT Consulting, LLC (“Apollo”); and Diana Curry and Calvin Williams (late), residents of the District.

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

MINUTES

The Board considered for approval the minutes from the August 6, 2019, regular meeting. Director Puder moved, seconded by Director Felton, to defer approval of the minutes from the August 6, 2019, regular meeting until the next regularly scheduled meeting. The motion passed unanimously.

COMMENTS FROM THE PUBLIC

Ms. Curry inquired about Director Simon’s request for RMPLLC to conduct the Board meetings rather than the Board President and whether District consultants could be audited. Director Simon and Mr. Mitchell briefly explained RMPLLC’s role in conducting the Board’s meetings and the history of the District’s prior counsel also conducting the Board meetings in the past. Ms. Curry then asked whether a Director could assign an assistant to take notes in lieu of RMPLLC. Mr. Mitchell explained the legality and purpose of meeting notes and minutes as the pertain to the Texas Open Meetings Act.

Mr. Williams entered the meeting at this time.

LAW ENFORCEMENT REPORT

Deputy Lillibridge presented the Law Enforcement Report and reviewed incidents within and surrounding the District during the month. The Board discussed having law enforcement routinely check property owned by the District, and Deputy Lillibridge advised that officers will do so, ensuring that fence gates are closed and secure. Director Puder said he spoke with Deputy Hodge regarding security camera use and that Deputy Hodge is in agreement that the only time the cameras will be accessed is for necessary law enforcement purposes.

ENGAGE AUDITOR TO PREPARE AUDIT FOR FYE SEPTEMBER 30, 2019

Mr. Mitchell explained the annual audit process and related deadlines to the Board and further advised that the District has an evergreen contract with its auditor, McCall Gibson Swedlund Barfoot, PLLC (“MGSB”). Mr. Russell advised that \$35,000 has been budgeted for the annual audit due to the prior year’s audit fees and expenses. After brief discussion relating to the budget for the audit for FYE September 30, 2019, Director Cain made a motion, seconded by Director Simon, to approve MGSB preparing the District’s audit for FYE September 30, 2019, at the budgeted amount discussed. The motion passed with a 4-0 vote, with Director Puder abstaining.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Flores presented the Tax Assessor/Collector Report including the checks presented for payment, a copy of which is attached hereto as **Exhibit A**. Additionally, she provided an update on the accounts which are currently in litigation. Ms. Flores advised the Board of a check that had been voided as it was originally issued to Linebarger Goggan Blair & Sampson, LLP (“Linebarger”) in 2018 but was never cashed. She said a new check has been issued. Ms. Flores then reviewed the 2019 certified values from the Harris County Appraisal District. After no further discussion, Director Cain moved, seconded by Director Felton, to approve the Tax Assessor/Collector Report, including payment of checks therein. The motion passed unanimously.

FINANCIAL ADVISOR TAX RATE RECOMMENDATION FOR 2019

Mr. Mitchell discussed the current pending debt defeasance with the Board and advised that there will no longer be a need for the debt service Tax component because with the current early cash defeasance the Board had approved, the District will have no more outstanding debt obligations. Mr. Mitchell then provided a recommendation from the financial advisor that the District continue with a \$0.50 maintenance and operation (“M&O”) ax rate and \$0.00 debt service tax rate. Mr. Mitchell then explained the process for publication and adoption of the new tax rate. The Board then requested that Mr. Jeremy Roach post the debt service tax rate reduction on the District’s website along with information regarding the District being one of a few Municipal Utility Districts (“MUDs”) in the area to have paid off all of their debt and now levying a \$0.00 debt service tax. After no further discussion, Director Cain moved, seconded by Director Felton, to approve

publication of a public hearing for the proposed 2019 tax rate of \$0.50 comprised of all a maintenance and operations tax. The motion passed unanimously.

REVIEW STATUS OF EARLY DEBT DEFEASANCE

Mr. Mitchell advised the Board that the District's debt is scheduled to be paid in full by October 1, 2019 and RMPLLC is coordinating with Masterson Advisors, The Bank of New York Mellon Trust Company, and the District's bookkeeper regarding all of the details for same.

BOOKKEEPER'S REPORT

Mr. Russell presented the Bookkeeper's Report, a copy of which is attached as **Exhibit B**. Mr. Russell also updated the Board on the status of the District's investments and revenue from its Strategic Partnership Agreement ("SPA"). Director Miller then asked Mr. Russell about a payment made by Director Felton to the District, and Mr. Russell advised the Board that Director Felton has paid all outstanding reimbursement amounts in full. Mr. Russell then discussed a potential increase in the District's contract with Myrtle Cruz, and the Board concurred with deferring the discussion at this time. Director Miller moved to approve the Bookkeeper's Report including payment of invoices therein and checks presented. Director Felton seconded the motion, which passed unanimously.

GENERAL MANAGER REPORT AND ADMINISTRATION/ACTIVITIES BUILDING ("BUILDING") UPDATE

Director Miller presented the General Manager Report and Building Update, a copy of which is attached as **Exhibit C**. Director Miller reported that the regularly-scheduled monthly senior citizen event did not occur due to a scheduled black-tie event on September 13, 2019. Director Miller then requested a budget amount of \$1,225 for the black-tie event. After discussing the proposed budget, Director Puder moved, seconded by Director Cain, that the Board approve a budget not to exceed \$1,225 for the senior citizen black-tie event. The motion passed unanimously. Director Miller then provided updates on other recent events and advised the Board that the water heater in the Building has been repaired.

Next, Director Miller discussed the fire inspection contract with American Fire Protection ("AFP"). Mr. Miller advised that AFP was not currently working for the District because the company had not been paid. Mr. Russell did state, however, that the recent check paid to AFP had cleared. Mr. Mitchell advised that RMPLLC will look into the matter. After no further discussion, Director Puder moved, seconded by Director Cain, to approve the General Manager's Report. The motion passed unanimously.

REVIEW GENERAL MANAGER EMPLOYMENT MATTERS, INCLUDING POSSIBLE LEGAL CLAIMS AGAINST THE DISTRICT

The Board deferred discussion of this matter at this time.

REVIEW OPTIONS FOR MANAGEMENT OF ADMINISTRATION/ACTIVITIES BUILDING

The Board discussed the current state of the Requests for Proposal (“RFPs”) that were sent out. Mr. Mitchell noted that no responses have been received. The Board concurred with utilizing an outside management company subject to review of appropriate proposals and an acceptable form of contract.

UPDATE ON ADMINISTRATION/ACTIVITIES BUILDING UPGRADE PROJECT (SMITH & CO.)

Mr. Mitchell advised the Board that per the Building project consultants, contracts are still in the bidding process. He then reviewed and discussed the bid schedule.

OPERATION AND MAINTENANCE REPORT

Mr. Arrant presented the Operation and Maintenance Report, a copy of which is attached hereto as **Exhibit D**. He then discussed maintenance that was completed for District facilities. After brief discussion, Director Puder then made a motion to approve the Operation and Maintenance Report, including the cut-off list. Director Felton seconded said motion, which carried unanimously.

ENGINEER’S REPORT

Mr. Handal presented the Engineer’s Report, a copy of which is attached as **Exhibit E**. Mr. Handal first discussed improvements to the Wastewater Treatment Plant (“WWTP”) access road, stating that the topographical survey is complete and design is underway. Mr. Handal said that Pape-Dawson is currently researching the easement situation to determine if an access easement exists through the Harris County Flood Control District’s (“HCFCD”) property. He advised that if an easement does exist, no interlocal agreement with HCFCD will be needed. Mr. Handal then reviewed a proposal received from Terracon for geotechnical services in the amount of \$3,800 and recommended the Board approve said proposal. Director Felton moved, seconded by Director Cain, to approve the Terracon proposal for geotechnical services in the amount of \$3,800. The motion passed unanimously.

Next, Mr. Handal discussed Comcast’s installation of security cameras as it relates to Ms. York’s property. He requested approval from the Board for a budget not to exceed \$5,000 to authorize Comcast to utilize an alternate installation route so as not to encroach on Ms. York’s property. Director Puder moved, and Director Felton seconded, to approve a budget not to exceed \$5,000 for Comcast to utilize an alternative installation method and avoid encroaching on Ms. York’s property. The motion carried unanimously. Director Felton then stated that he would speak with Ms. York if the option proposed by Mr. Handal was not successful. Mr. Handal advised that another communication about a similar issue with Comcast had been received for a different location. After discussion, Director Puder moved, and Director Felton seconded, to authorize

execution via electronic signature of the corresponding Comcast agreement subject to RMPLLC review. The motion passed unanimously. The Board then discussed District obligations for reimbursement related to the security camera installed in the District's easement on Ms. York's property.

Mr. Handal then discussed the possible relocation of sanitary sewer lines due to a Harris County encroachment. He said that he informed the County of the Board's desire for the County to pay for the costs associated with said relocation. He then advised the Board on items to consider in the construction process to avoid similar issues in the future. Director Felton then made a motion to approve the Engineer's Report. Director Puder seconded the motion, which passed unanimously.

I.T. AND WEBSITE CONSULTANT REPORT

Mr. Jeremy Roach presented the IT Consultant Report and discussed new website posting updates required by HB305. Mr. Mitchell noted that RMPLLC was not yet provided the updates for legal review and the Board concurred in such review before posting of the updates. Mr. Jeremy Roach also advised the Board that the Building's marquee sign transmitter/receiver would need to be replaced. Mr. Jeremy Roach said a new transmitter/receiver is needed and that he has received a quote from Mr. Johnny Lam of NT Security ("NT") for \$794.96 to replace the transmitter on the sign. Director Simon made a motion, seconded by Director Felton, that the Board approve replacement and installation of the transmitter/receiver with a budget not to exceed \$794.96. The motion passed unanimously.

Mr. Jeremy Roach then discussed options for replacing the Board's District laptops, stating that there are three (3) options estimated at: \$1,000; \$1,500; or \$2,000. Mr. Jeremy Roach recommended purchasing the laptops through Amazon and utilizing Amazon's product insurance. He also discussed the process of setting up the laptops once received. Director Simon motioned for Mr. Jeremy Roach to be approved to inspect the existing laptops and, pending results, discuss purchase of new laptops. Director Felton seconded the motion, which carried unanimously. Director Cain then discussed the lack of availability of Mr. Jeremy Roach and his support staff. Mr. Jeremy Roach stated he had been busy with other clients, and Director Cain re-iterated his concerns.

After no further discussion, Director Simon moved to approve the IT Consultant Report. Director Puder seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

Mr. Mitchell advised the Board that the legislative update material had been posted to Dropbox for the Directors' review. He also discussed additional requests pursuant to the Texas Open Meetings Act ("TOMA") from Ms. Cooper regarding the General Manager's contract. Mr. Mitchell then advised the Board that another deed restriction violation notice had been received from C.I.A. Services, Inc., on behalf of the Ashcreek Homeowner's Association, Inc. ("Ashcreek HOA"), in reference to the security cameras. Director Simon then moved, seconded by Director Puder, to approve the Attorney's Report. The motion passed unanimously.

EXECUTIVE SESSION UNDER SECTION 551.071, 551.072, 551.074, et seq., TEXAS GOVERNMENT CODE

All attendees, including Director Miller, exited the meeting at this time except the remaining Board members and the District's attorneys. The remaining Board members then entered into executive session at 8:15p.m. for discussion related to employment matters.

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

The Board reconvened in open session at 8:23p.m., and Director Miller re-entered the meeting. Director Simon made a motion to authorize Director Miller's attorney's request to extend the time for Director Miller to consider the Board's settlement offer. Director Puder seconded this motion, which carried unanimously. Director Simon then motioned, seconded by Director Cain, for the Board to submit RFPs for General Manager services from an outside source. The motion passed four to one (4-1) with Director Miller in opposition.

The Board then concurred with scheduling a special meeting on September 24, 2019, at 7:00p.m. to further discuss the employment matters relating to Director Miller.

Director Miller then reported that he had cut his hand by shutting his thumb in a door at the Building as he closed it. Director Miller noted that he had declined medical assistance and also declined to complete an employer's First Report of Injury form but rather he believed completion of an incident report would be sufficient.

DISCUSSION REGARDING PENDING MATTERS, MATTERS FOR FUTURE AGENDAS, AND UPCOMING EVENTS

The Board discussed the need for a strategic planning session, and Director Puder suggested considering a February 2020 date due to the Association of Water Board Directors ("AWBD") conference in January 2020. The Board also revisited discussion of Director Puder's laptop, suggesting that Director Puder purchase the laptop himself and present the receipt for reimbursement. The Board also concurred that Director Puder work on procuring new laptops for the Board. Director Simon advised that he had on occasion contacted Microsoft for support issues, and that he was informed that all technical support is registered through Mr. Jeremy Roach's account.

ADJOURNMENT

There being no further matters to come before the Board, Director Puder moved, seconded by Director Felton, to adjourn the meeting. The motion passed unanimously.

Passed and approved this _____ day of _____, 2019.

[SEAL]

Secretary,
Board of Directors

LIST OF EXHIBITS

- Exhibit A - Tax Assessors/Collector's Report
- Exhibit B - Bookkeeper's Report
- Exhibit C - General Manager Report and Administration/Activities Building Update
- Exhibit D - Operation and Maintenance Report
- Exhibit E - Engineer's Report

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