

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
Minutes of Meeting of Board of Directors
July 2, 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, except Director Simon who was absent and Director Felton who arrived later in the meeting, 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”); Jonathan Roach and Joshua Zientek of Roach & Mitchell, PLLC (“RMPLLC”); Darrell Turner of Atlas Consulting (“Atlas”); Vickie Cooper (late) of Ashcreek Homeowners Association, Inc. (“Ashcreek HOA”); Anthea Moran of Masterson Advisors (“Masterson”); Jeremy Roach of Apollo IT Consulting, LLC (“Apollo”); and Kerry Holmes (late), a resident of the District.

The Vice 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 June 4, 2019, regular meeting. Director Cain moved, seconded by Director Puder, to approve the minutes from the June 4, 2019, regular meeting as presented. The motion passed unanimously with Director Felton being absent for the vote.

RATIFY APPOINTMENT OF SECRETARY AND ASSISTANT SECRETARY TO THE BOARD

Mr. Roach reminded the Board that, during its previous meeting, the Board appointed Director Felton as the District’s Secretary and Director Puder as the District’s Assistant Secretary. Director Cain then moved, seconded by Director Puder, to ratify the Board’s prior appointment of Director Felton as Secretary and Director Puder as Assistant Secretary. The motion passed

unanimously (3-0) with Director Felton absent for the vote.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

LAW ENFORCEMENT REPORT

Director Puder presented the Law Enforcement Report and reviewed incidents within and surrounding the District during the month. After no further discussion, Director Cain moved, seconded by Director Puder, to approve the Law Enforcement Report. The motion passed unanimously (3-0).

REVIEW OPTIONS FOR POSSIBLE SERIES 2019 REFUNDING BONDS AND RELATED DEBT DEFEASANCE OPTIONS

Ms. Moran presented to and reviewed with the Board a handout detailing options for a possible series 2019 refunding bonds, related debt defeasance options, and the associated savings for the District. The Board extensively discussed the benefits of issuing refunding bonds versus other cash debt defeasance options. The Board also discussed pending District projects requiring use of District operating funds. Mr. Turner then provided a brief update on the Administration/Activities Building (the "Building") Upgrade Project. Director Miller suggested postponing the Building upgrade project due to the one bid received being significantly over the estimated budget.

Director Felton and Mr. Holmes entered the meeting at this time.

Next, the Board discussed other possible future capital expenses and improvements, and Mr. Handal reviewed certain expenses in the District's Capital Improvements Plan ("CIP"). Mr. Russell informed the Board that there may be some penalties for removing some of the money that is currently invested in CDs, if necessary, to pay off the bonds by September 1, 2019 as proposed. After further review, upon motion by Director Cain, seconded by Director Felton, the Board voted unanimously to authorize Masterson and RMPLLC to proceed with a total cash early debt defeasance of \$3,950,000 at the appropriate time.

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. After no further discussion, upon motion by Director Miller, seconded by Director Cain, the Board voted unanimously to approve the Tax Assessor/Collector Report, including payment of checks therein.

BOOKKEEPER'S REPORT

Mr. Russell presented the Bookkeeper's Report, a copy of which is attached as Exhibit B. Additionally, the Board discussed options for removing the construction projects fund from the District's accounts and directing the funds into the District's operating account. After further discussion, Director Felton moved to approve the Bookkeeper's Report including payment of invoices therein and checks presented. Director Puder seconded the motion, which passed unanimously.

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

Mr. Miller presented the General Manager Report and Building Update, a copy of which is attached as Exhibit C. He also discussed the recent senior citizen lunch event and reported on twelve (12) Building events.

He further discussed a refund for the full event payment amount, including the deposit, that was previously provided to Ms. Shirley Celeste as approved by Director Simon due to inclement weather/flooding in the Houston area while Mr. Miller was out for personal reasons. Mr. Miller informed the Board that he was unaware of the previous refund and wrote an additional check for the refund, but that Mr. Russell discovered the dual-check issue and stopped payment on the second check.

Next, the Board discussed issues regarding event attendants staying after scheduled events and related security concerns and payment issues raised by Mr. Miller. The Board reminded Mr. Miller of his contractual obligations to ensure that Building events are properly attended, payments received before and inspections conducted after events, and attendants paid if he is not attending the events as part of his contract. The Board additionally discussed revising the Building Usage Agreement to increase the payment amount if residents rent the Building more than twice in one (1) calendar year. Next, Mr. Miller discussed the fire inspection and further repairs and maintenance that needed attention. He provided an estimate to replace sprinkler heads, installation of signs, and a fire hydrant behind the Building in the amount of \$1,820. The Board also discussed having the AED inspected. Director Puder then moved, seconded by Director Felton, to approve payment of the \$1,820 for the replacement of the sprinkler heads, installation of signs, and a fire hydrant subject to contractual review by RMPLLC. The motion passed unanimously.

Next, Mr. Miller informed the Board that the electrical keypad was repaired and the lighting ballast in the men's restroom was repaired.

Next, Mr. Miller informed the Board that he has complied with all requests by the Harris County Fire Marshal and is waiting for reinspection for the fire watch to be removed. He informed the Board that he called the Fire Marshal but received no response. Mr. Roach reminded the Board that the Building inspection was to be conducted by June 22, 2019 or it was to have no occupancy. Director Miller informed the Board that the Fire Marshal said that as long as the inspection is in

progress then the Building is compliant. The Board requested RMPLLC to contact the Fire Marshal to verify compliance.

Ms. Cooper entered the meeting and Ms. Moran exited the meeting during this agenda item.

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

This item was deferred until later in the meeting.

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

Mr. Turner discussed additional updates on the design of the Administration/Activities Building Upgrade Project (the "Project"). He informed the Board that Harris County is requesting that the location of the Building be re-platted to incorporate the two residences the District previously acquired. Next, he provided more information on the competitive bid sale as briefly discussed earlier in the meeting. The Board discussed several options for how to proceed, and Mr. Turner recommended waiting to conduct another competitive bid sale later in the year to try to get a lower bid. The Board discussed changes in the scope of the original proposal for the Project and possible budgetary changes for the Project. After no further discussion, Director Felton moved, seconded by Director Cain, to authorize Smith & Co. to re-advertise for bids for the Project in about September 2019. The motion passed unanimously.

OPERATION AND MAINTENANCE REPORT

Mr. Arrant presented the Operation and Maintenance Report, a copy of which is attached hereto as Exhibit D. He provided updates on improvements made at the Wastewater Treatment Plant ("WWTP") including re-grading the driveway. The Board discussed future repairs or upgrades that may be done to the driveway and sections of sidewalk that need repair. Next, Mr. Arrant informed the Board that the District has a portable pump that is obsolete and could possibly be sold. Mr. Roach informed the Board that it may need to adopt an Order declaring surplus property prior to sale of the portable pump depending on its value. Director Cain then made a motion to approve the Operation and Maintenance Report, including the cut-off list and the repairs to the sidewalks within the District as discussed. Director Puder 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. He provided an update on the Lift Station Generators, informing the Board that the project is complete and that he is awaiting completion of punchlist paperwork and will inform Mr. Russell when final payment should be released. He next discussed the CIP, and the Board thoroughly reviewed various items in the CIP. Mr. Handal further discussed the requested repairs to the driveway of the WWTP

as noted during the Operator's Report. After discussion, Director Cain moved, seconded by Director Felton, to approve the repairs to the driveway of the WWTP in an amount not to exceed \$129,000. The motion passed unanimously. The Board then discussed the possible need to expand the WWTP in the future but deferred the matter at this time.

Next, the Board reviewed several deed restriction violation notices received by Tax Tech related to the security cameras installed by the District. Mr. Roach reminded the Board that RMPLLC mailed a certified letter addressing the issue to the Ashcreek Homeowners Association ("Ashcreek HOA"). Next, the Board discussed in detail a survey related to the security cameras which was sent out by the Ashcreek HOA. Ms. Cooper explained the survey procedures and related concerns about the cameras. The Board thoroughly discussed Ms. Cooper's expressed concerns about access to the security cameras and reasons for installing the cameras. Director Puder then moved to authorize: (1) RMPLLC to prepare a letter from the Board President to the Ashcreek community explaining the purpose and process for installing and using the security cameras; (2) RMPLLC to send a follow-up letter to the Ashcreek HOA and to contact Ashcreek HOA's attorney to discuss the matter further. The motion was seconded by Director Cain and passed unanimously. Mr. Roach then presented a second deed restriction letter requesting that the District's property be mowed. The Board concurred with forwarding the letters to Director Simon for further review and handling as noted above.

Next, Mr. Handal discussed a request for plans received from Harris County Flood Control District's ("HCFCD") engineer. He informed the Board that HCFCD is planning to expand its detention pond located just south of the District's WWTP and that the expansion encroaches onto the District's property and facilities. He recommended relocation of the District's sanitary sewer trunk line instead of leaving it in place, and he discussed preliminary plans and documentation evidencing ownership of the land and property rights via easement where the sanitary sewer trunk line is located.

After no questions, Director Miller made a motion to approve the Engineer's Report. The motion was seconded by Director Puder and passed unanimously.

Ms. Flores exited the meeting during the Engineer's Report.

I.T. AND WEBSITE CONSULTANT REPORT

Mr. Jeremy Roach provided the I.T. and Website Consultant Report providing an update on the District's website, statistics, and usage. Additionally, he requested that the Board provide 24 hours' notice if an appointment is made in which he will be needed to attend. Next, the Board thoroughly discussed issues with internet and television connectivity within the Building. Mr. Jeremy Roach discussed allowing renters of the Building to use the District's MacBook laptop for I.T. purposes. The Board concurred with taking no action at this time. Next, Mr. Jeremy Roach discussed being involved in the installation and design of the I.T. system for the Building Upgrade Project and recommended a more robust I.T. system. Next, he informed the Board that he will work to repair

the connectivity issues on the marquee sign for the Building. Director Miller, seconded by Director Cain, moved to approve the I.T. and Website Consultant Report. The motion passed unanimously.

AUTHORIZE EXECUTION OF VOTING SYSTEM ANNUAL FILING FORM

Mr. Roach noted that a form is required to be filed annually with the Secretary of State regarding the voting system(s) the District may have used during the year, and he asked for authorization for RMPLLC to complete and file the form on behalf of the District as necessary. Director Cain made a motion to authorize the filing of the annual voting system form as discussed. The motion was seconded by Director Puder and passed unanimously.

ATTORNEY'S REPORT

Mr. Roach informed the Board that RMPLLC is preparing a detailed legislative update to present to the Board. Next, Mr. Roach discussed a request pursuant to the Texas Open Meetings Act ("TOMA") from a resident related to the General Manager's contract, salary, and per diem requests. Next, Mr. Roach discussed a TOMA request from Director Miller relating to Director Felton's per diem requests and invoices for various vendors and consultants, including RMPLLC. Mr. Roach then discussed a tax statement received by Tax Tech for the District's property at 5634 Oak Falls Drive. He informed the Board that RMPLLC will research the statement further. Next, he informed the Board that a distribution was received and given to Mr. Russell for deposit from Texas Mutual Insurance Company. After no further discussion, Director Puder moved, seconded by Director Miller, to approve the Attorney's Report. The motion passed unanimously.

POSSIBLE SCHEDULING OF DISTRICT STRATEGIC PLANNING SESSION FOR 2019

The Board briefly discussed a tentative schedule for the District Strategic Planning Session to be deferred until later in the year.

EXECUTIVE SESSION UNDER SECTION 551.071, TEXAS GOVERNMENT CODE

All attendees exited the meeting at this time except the Board and the District's attorneys. The Board then entered into executive session at 8:53 p.m. for consultation with the District's attorneys.

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

The Board reconvened in open session at 8:58 p.m.

Director Miller exited at this time.

EXECUTIVE SESSION UNDER SECTION 551.074, TEXAS GOVERNMENT CODE

The Board then entered into executive session at 8:58 p.m. for consultation with the District's attorneys and to discuss personnel matters.

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

The Board reconvened in open session at 9:30 p.m. The Board extensively discussed the current policies for refunding deposits from rentals of the Building. Director Puder moved, seconded by Director Miller, to approve a District policy to return uncontested deposit amounts within ten (10) business days. The motion passed unanimously.

The Board next extensively discussed letters sent on behalf of the District to Director Miller's legal counsel and his compliance with scheduling requirements as outlined in his employment contract and said letters. Additionally, the Board discussed concerns with Director Miller that he was campaigning while attending the Association of Water Board Directors ("AWBD") conference as a representative of the District and the illegality of campaigning while using District time, funding, or other resources. Director Miller explained that he was giving out business cards but was not campaigning. Additionally, the Board discussed in detail the current status of the Fire Marshal's inspection and related follow-up requirements.

DISCUSSION REGARDING PENDING/FUTURE MATTERS

The Board had no additional discussion regarding pending/future matters.

ADJOURNMENT

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

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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