

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
Minutes of Meeting of Board of Directors
February 4, 2020

The Board of Directors (the “Board”) of Northwest Harris County Municipal Utility District No. 24 (the “District”) held its regular monthly meeting at 14446 Hollister Road, Houston, Texas 77066, 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

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”); Jonathan Roach and William Colley of Roach & Mitchell, PLLC (“RMPLLC”); Deputy Gonzalez of the Harris County Sheriff’s Office (“HCSO”); Jeremy Roach of Apollo IT Consulting, LLC (“Apollo”), who arrived later in the meeting; Darrell Turner of Atlas Consulting (“Atlas”); and Tommy Cooper, Arthur Chambers, Calvin Williams, Otis Lanier, Jr., and Freddie Cuellar, all residents of the District.

MINUTES OF PRIOR BOARD MEETING(S)

The Board considered for approval the minutes from the January 7, 2020, regular meeting. Upon a motion by Director Simon, seconded by Director Puder, the Board voted unanimously to approve the minutes from the January 7, 2020, regular meeting as presented.

RATIFY ACCEPTANCE OF INSURANCE RENEWAL PROPOSAL

Mr. Roach advised that at its prior meeting the Board had discussed its acceptance of the insurance renewal proposal as presented by Arthur J. Gallagher (“AJG”) and that the Board needed to formally ratify its decision. Upon a motion by Director Cain, seconded by Director Puder, the Board voted unanimously to ratify its acceptance of the insurance renewal proposal as presented by AJG.

PUBLIC COMMENTS

Mr. Roach advised the members of the public in attendance of the District’s public comment policy and opened the floor for public comments. Mr. Chambers addressed the Board and announced that he is planning to run for a Director’s position in the upcoming May election. Mr.

Roach thanked Mr. Chambers and advised that election items would be covered in more detail later in the meeting.

AUDIT REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019

Mr. Roach advised that the auditor is diligently working to complete the audit for presentation to the Board. He suggested the Board schedule a special meeting for presentation and discussion of the District's audit. After expressing its concern that the audit would not be filed on time, the Board opted to hold a special meeting on Tuesday, February 11, 2020, for presentation and discussion of the District's Audit Report for Fiscal Year Ended September 30, 2019. Mr. Roach discussed the manner in which the Texas Commission on Environmental Quality ("TCEQ") delivers notice about audit filings and advised that the District's auditor has a strong record of timely submission.

LAW ENFORCEMENT REPORT

Deputy Gonzalez presented the Law Enforcement Report and reviewed incidents within and surrounding the District during the previous month. Director Puder then made a motion, seconded by Director Simon, to approve the Law Enforcement Report. The motion passed unanimously.

Mr. Jeremy Roach entered the meeting.

STATUS AND FILING OF ANNUAL/FINAL CONTINUING DISCLOSURE REPORT AND ARBITRAGE UPDATES

Mr. Roach advised that he is working with the District's financial advisor, Ms. Anthea Moran, about whether the annual Continuing Disclosure Report is still required due to the District's complete debt defeasance during 2019. He also advised that the report, if necessary, could not be completed until after the audit is finalized so further discussion may need to be deferred. The Board concurred.

TAX ASSESSOR'S REPORT

Ms. Flores presented and reviewed the Tax Assessor's Report, including the checks presented for payment, a copy of which is attached hereto as **Exhibit A**. Ms. Flores then addressed Texas Senate Bill 2 ("SB2") and the effects the bill has on municipal and special utility districts. After discussion over compliance requirements, the Board concurred that Mr. Jeremy Roach should handle all reporting and/or posting requirements for the District to comply with SB2. Mr. Jeremy Roach agreed and asked for updates as available in order to keep the District's information current. After no further discussion, Director Puder made a motion to approve the Tax Assessor's Report, including payment of the checks listed therein. Director Cain seconded the motion, which passed unanimously.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Flores advised that all issues dealing with delinquent taxes were covered in her report, so no further action by the Board was required at this time.

BOOKKEEPER'S REPORT (CONTINUED BELOW)

Mr. Russell presented and reviewed the Bookkeeper's Report, including the payment of invoices contained therein, a copy of which is attached hereto as Exhibit B. Director Miller then advised that he did not attend the Association of Water Board Directors ("AWBD") conference and therefore returned to Mr. Russell the check that was initially issued to cover conference expenses. After no further discussion, Director Simon then made a motion to approve the Bookkeeper's Report, including payment of the invoices therein. Director Felton seconded the motion, which passed unanimously.

GENERAL MANAGER'S REPORT

Mr. Arrant presented and reviewed the General Manager's Report, including the Fire Marshal's Report, a copy of which is attached hereto as Exhibit C. Mr. Arrant advised that all items have been completed and passed inspection. Next, Mr. Arrant discussed the influx of requests to use the Administration/Activities Building (the "Building"). He stated that the Building's stove is still inoperable and asked for the Board's direction on how to proceed with Building rentals. Director Simon stated that the stove would not be used for rentals, and Mr. Arrant confirmed that the stove has been disconnected and removed from the wall to prevent any use at this time. After discussion over construction timelines and expected Building availability, Director Felton made a motion, seconded by Director Puder, to re-open the Building for rental/use effective immediately. Mr. Roach confirmed that the Building Usage Agreement is up-to-date and posted on the District's website. Director Puder mentioned the recent Senior Citizen event and recommended the Board continue the program with Mr. Arrant and/or another Director coordinating same. The Board concurred.

OPERATOR'S REPORT

Mr. Arrant presented and reviewed the Operator's Report, a copy of which is attached hereto as Exhibit D. He also addressed the moving of accounts to collections or the uncollectible roll. Mr. Roach then addressed a recent notice from the North Harris County Regional Water Authority ("NHCRWA") about an increase in its Rate Order from \$4.30 per 1,000 gallons to \$4.70 per 1,000 gallons for surface water fees. Mr. Roach advised that the District's Rate Order provides for a straight pass-through to its customers of any Rate Order increase by the NHCRWA. After extensive discussion on the NHCRWA, its makeup, and any alternative options for the District, Director Puder made a motion, seconded by Director Felton, to approve the General Manager's Report and the Operator's Report with no revisions required to the District's Rate Order. The motion carried unanimously.

BOOKKEEPER'S REPORT (CONTINUED)

Mr. Russell advised that some of the checks to be issued did not have all of the required Directors' signatures. Director Miller then inquired about the Check No. 9573, issued to Foley & Lardner in the amount of \$23,519. Mr. Roach advised that the check was to cover legal fees for approximately 5 months of work arising from various employment claims brought by Director Miller against the District.

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

Mr. Turner advised that the City of Houston ("COH") approved the civil plan for the project and that separating the project into two (2) parts helped expedite the process. Mr. Handal inquired about the Building permit, and Mr. Turner advised that the Building permit was pending approval of the civil plan, so progress is being made. Next, Mr. Turner advised that Iklo Construction ("Iklo") submitted a proposal of \$2,800,000 for the first part of the project but included no supporting documentation for the proposal. He stated that he was meeting with Iklo on Friday, February 7, 2020, to obtain the necessary supporting documentation. Director Puder asked whether the District would incur any additional architectural fees due to the project changes, and Mr. Turner said there would be none at this time. Mr. Turner then said that the project will now be moving into the construction phase, with Iklo requesting a ground-breaking date of about March 9, 2020. After discussion, Mr. Roach advised that the Board can authorize Director Simon to approve the contract(s) once ready, subject to review by RMPLLC, on the Board's behalf. The Board then discussed coordinating a ground-breaking ceremony and concurred with holding further discussion of the matter at the February 11, 2020 special meeting. After no further discussion, Director Cain made a motion to authorize Director Simon to sign the revised construction contract, pending review by RMPLLC. Director Felton seconded the motion, which passed four-to-zero (4-0), with Director Puder abstaining from the vote.

ENGINEER'S REPORT

Mr. Handal presented and reviewed the Engineer's Report, a copy of which is attached hereto as Exhibit E. Mr. Handal then updated the Board on the status of the re-platting issue and communications with COH. Mr. Handal also mentioned the District's security cameras, reminding the Board that Deputy Hodge has remote access to view the security camera footage. The Board discussed security camera footage retention and whether to have an alternate, approved person for camera footage viewing in the event Officer Hodge is unavailable. Mr. Roach then advised the Board that a Ms. York, a resident of the District, had received another letter from the Ashcreek Homeowner's Association (the "HOA") legal counsel regarding the District's security camera being installed at her property. After extensive discussion over RMPLLC's proposed involvement, the Board concurred with RMPLLC requesting that the HOA and its counsel deal directly with RMPLLC, since the matter involves a District easement and District-installed facility, who will then copy Ms. York on any such correspondence to keep her informed. Director Felton agreed to advise Ms. York of this arrangement. The Board then discussed the security cameras' connections, and whether Comcast had been properly notified of any connection issues. After the discussion,

Director Felton moved for Mr. Jeremy Roach to handle all contact with Comcast and to ensure the District's security cameras are powered, have service, and are fully operational. Director Puder seconded the motion, which passed four-to-zero (4-0), with Director Miller abstaining from the vote.

Mr. Handal then advised the Board that a public hearing regarding the re-plat issue will be held on February 20, 2020, and that if all goes well then the preliminary re-plat approval can be obtained on the same day. Mr. Handal asked for a volunteer from the Board to attend the hearing with him, and Director Puder agreed. After no further discussion, Director Puder made a motion to approve the Engineer's Report. Director Cain seconded the motion, which passed unanimously.

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

IT CONSULTANT REPORT

Mr. Jeremy Roach presented the Communications Consultant Report. He then updated the Board on a preliminary inventory of the District's older devices conducted per the auditor's request. Mr. Jeremy Roach advised that the SIM cards for the Directors' District devices had been received and would be utilized as needed for the Directors' devices. Director Puder then suggested that Mr. Jeremy Roach schedule an appointment with each Director to inventory the current and/or old District device(s) in his possession, and Mr. Jeremy Roach agreed. Next, Mr. Jeremy Roach updated the Board on the purchase of a new podium and speaker, saying that the new unit was much better than the District's old podium. The Board then discussed the new cybersecurity training requirement for all elected officials, and Mr. Roach advised that industry is still working on a collective solution. Mr. Jeremy Roach offered to provide the Board with training, and Mr. Roach advised that legally Apollo would need to first register with the State of Texas Department of Information Resources. Finally, the Board discussed the status of its contract with Navigate Prepared and concurred with having RMPLLC review the contract to see if notice is required to cancel. Mr. Russell agreed to hold the check issued for renewal until RMPLLC could advise. After no further discussion, Director Miller made a motion to approve the Communications Consultant Report. Director Felton seconded the motion, which passed unanimously.

REVIEW ANNUAL SURVEY OF WAGE RATE SCALES

Mr. Roach advised the Board that the District had previously adopted the Wage Rate Scales used by the COH. Mr. Turner stated that Harris County's Wage Rate Scales had been referenced for the Building project but that the information could be updated with whatever the Board adopts. Mr. Roach then advised that the COH rates are typically more localized and most districts in the COH's extraterritorial jurisdiction ("ETJ") therefore usually adopt them. After brief discussion, Director Puder made a motion to continue adopting the Wage Rate Scales used by the COH. Director Cain seconded the motion, which passed four-to-zero (4-0), with Director Felton abstaining from the vote. Mr. Turner advised he will update the current Building project to reflect the Board's vote.

FILING OF DISTRICT'S FINANCIAL REPORT WITH COMPTROLLER

Mr. Roach reviewed the District's required annual filing with the Special Purpose District Public Information Database ("SPDPID"), indicating the financial information used for the report is taken from the District's most recent audit. Director Puder then made a motion, seconded by Director Simon, to approve the filing of the District's financial report with the Comptroller. The motion passed unanimously.

ATTORNEY'S REPORT

Mr. Roach reviewed important 2020 Directors Election dates and the election process generally with the Board, advising that Directors Cain, Miller, and Puder are up for re-election. He then addressed the District's Supplemental Agenda and Order Calling Directors Election, reminding the Board that the deadline for application submission is 5:00 p.m. on Friday, February 14, 2020. He also advised that several applications have been received, so at this time it looks like there will be an election. Next, Mr. Roach reminded the Board and those in attendance of the important election dates for voter registration, early voting, and election day. Mr. Roach advised the Board that in the past the District paid \$15 per hour to its election officials and needed only a three (3) hour window for early voting due to the number of voters in the District. After Mr. Roach reviewed the requirements for election officials, the Board discussed names for consideration. After brief discussion Director Puder moved to: (a) approve the Order Calling Election, including: (1) setting the hours of early voting at 4:30 p.m. to 7:30 p.m. at the Building; (2) setting payment of election officials at \$15 per hour; and (3) approve publishing the Order in a local newspaper. Director Simon seconded the motion, which carried unanimously. Mr. Roach then said that RMPLLC would advise the Board once the ballot position drawing was scheduled, and the Board concurred.

Director Miller then asked if the address for District employment matters had been changed, and Mr. Roach advised that the Texas Workforce Commission ("TWC") hearing recently sent a notice to the Bookkeeper's old address—where there is no longer even a building—so that notice was not received in a timely manner. Mr. Russell confirmed that the original notice was sent to Myrtle Cruz's old address and that the company had not been at that address for over four (4) years. Mr. Roach advised that even though the TWC did not grant an extension for the respective hearing, the address on file has since been corrected for any future communications from TWC.

REVIEW OF POSSIBLE UNEMPLOYMENT, DISCRIMINATION, AND LEGAL CLAIMS AGAINST THE DISTRICT

Mr. Roach advised that an update will be provided to the Board during executive session.

DISCUSS PENDING BUSINESS AND MATTERS FOR FUTURE AGENDAS

The Board did not have any pending business or matters for future agendas to discuss at this time.

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

All attendees, including Director Miller, exited the meeting at this time, leaving only the remaining Board members and the District's legal counsel. The Board then entered executive session under Texas Government Code Sec. 551.071 at 8:50 p.m.

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

The Board reconvened in open session at 9:33 p.m., and Director Miller re-entered the meeting. Mr. Roach advised the Board that action resulting from executive session was needed. Director Puder then made a motion for the District to proceed with a possible settlement of the pending employment/litigation claims as discussed with the assistance from Foley & Lardner. Director Cain seconded the motion, which passed four-to-zero (4-0), with Director Miller abstaining from the vote.

ADJOURNMENT

There being no further business to come before the Board at this time, Director Puder made a motion to adjourn the meeting. Director Felton seconded the motion, which passed unanimously.

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Passed and approved this ____ day of _____, 2020.

Secretary, Board of Directors

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LIST OF EXHIBITS

- Exhibit A - Tax Assessor's Report
- Exhibit B - Bookkeeper's Report
- Exhibit C - General Manager's Report
- Exhibit D - Operator's Report
- Exhibit E - Engineer's Report