

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
Minutes of Special Meeting of Board of Directors
February 11, 2020

The Board of Directors (the "Board") of Northwest Harris County Municipal Utility District No. 24 (the "District") held a special 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 Keith Arrant of Municipal Operations & Consulting, Inc. ("MOC"); Bill Russell of Myrtle Cruz, Inc. ("Myrtle Cruz"); Jonathan Roach and William Colley of Roach & Mitchell, PLLC ("RMPLLC"); Deputy Lillibridge of the Harris County Sheriff's Office ("HCSO"); and Joseph Ellis of McCall Gibson Swedlund Barfoot, PLLC ("MGSB").

AUDIT REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019

Mr. Ellis presented the annual audit report for the District for fiscal year ended September 30, 2019. He noted that the District finances are in very good shape and that currently the District has significant funds available to cover upcoming projects. After discussion and review of the report, Director Miller made a motion, seconded by Director Felton, to approve the District's audit report subject to review and final comment by the District's Board and consultants. Mr. Ellis advised the audit would be finalized upon the receipt of all comments.

Next, Mr. Ellis presented to the Board the auditor's Management Letter, which outlines various matters raised during the audit process, and proceeded to detail the issues addressed in the letter. After extensive discussion, he advised that the District would be able to respond via the District's formal written response to the Management Letter. He also recommended that the Board adopt some additional processes for timekeeping and monitoring hours worked by the District's contractors, consultants and/or security personnel, as well as a more suitable method of maintaining inventory of the District's tangible property such as technology devices, supplies at the Administration/Activities Building (the "Building"), and surplus property. Mr. Roach advised that RMPLLC will prepare the District's response to the Management Letter and proposed that the Board consider re-addressing the issue of surplus property at its next meeting. The Board concurred.

The Board then discussed records maintenance for all Building Usage Agreements for use/rental of the Building. After thorough discussion, the Board concurred with keeping originals

of the Building Usage Agreements at the Building for one (1) year, and that the General Manager should also forward a digital copy to RMPLLC as a backup for the District's records. The Board then discussed the General Manager's position and the expectations involved with managing the Building now that re-opening the Building for use/rental had been approved by the Board. Director Puder then recommended the Board reconsider a permanent solution for the General Manager's position at its next regularly scheduled meeting. The Board concurred and asked that the item be added to the agenda for the next month's regularly scheduled meeting.

Mr. Roach then asked how the Board would like to address the auditor's feedback regarding time-tracking of the extra patrol officers. Director Puder advised that he will follow up with Officer Hodge on the matter, and the Board concurred with conducting a regular review in the future of the time-tracking reports compiled by Officer Hodge. After brief discussion, Director Puder made a motion, seconded by Director Felton, for RMPLLC to draft the District's Audit Response Letter and response to the Management Letter. The motion carried unanimously. Mr. Ellis then presented MGSB's representation letter to be signed and submitted to Foley & Lardner for specific information needed for the District's audit in connection with pending legal claims by Director Miller. He also distributed to each of the Directors a Texas Ethics Commission disclosure statement, which the Directors each signed and returned. There was no further action taken by the Board at this time.

REVIEW OF VENDOR CONTRACT MATTERS INCLUDING CATERING/CHEF, SECURITY, ETC.

Mr. Roach advised that this item had been previously discussed during the Board's consideration of options for a permanent General Manager. No further discussion was held.

REVIEW OF DISTRICT ETHICS POLICY, EXPENSE REIMBURSEMENT POLICY, IT POLICY, ACCOUNTING POLICY FOR DESIGNATED FUNDS, AND RELATED MATTERS

Mr. Roach advised that the IT issues regarding inventory of District devices had been previously discussed and no further action was needed by the Board at this time.

ADDITIONAL MATTERS FROM FYE 2019 AUDIT REPORT

Mr. Ellis said he had nothing further to report. The Board discussed the auditor's various requests for information, as well as the timing of said requests. Mr. Ellis explained that the District has a large number of additional audit items to review beyond the industry standard, which increases the amount of risk involved and thereby increases the amount of time needed for the review. Mr. Russell suggested that going forward the Board check the hours for extra patrol submitted by Officer Hodge against the invoices submitted to and paid by the District. Director Puder agreed to discuss this matter with Officer Hodge as well.

Mr. Ellis then exited the meeting.

PAYMENT OF INVOICES

Mr. Russell advised that he had one (1) invoice from Atlas Consulting for work conducted in January that had missed being paid during the regular January Board meeting. Upon a motion by Director Simon, seconded by Director Felton, the Board voted unanimously to approve payment of the invoice from Atlas Consulting.

Mr. Russell then exited the meeting.

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

Next, the Board discussed possible dates for the new Building groundbreaking ceremony, settling on Saturday, March 14, 2020, from 12:00 p.m. to 1:30 p.m. Director Miller asked to recuse himself from involvement with the planning of the event, so the Board concurred with Director Felton organizing the event. Director Felton requested time to organize the event and come up with an estimated cost, which he will present to the Board at the next regularly scheduled meeting. Mr. Arrant agreed to assist Director Felton as needed.

Director Puder stepped out of the meeting during the discussion.

ATTORNEY'S REPORT

Mr. Roach addressed the District's contract with Navigate Prepared, advising that the contract is subject to amendment or cancellation, but the District already paid the renewal fee for the 2020 calendar year. The Board concurred with reconsidering the existing contract in October 2020 prior to its automatic renewal in December 2020. Mr. Roach then addressed the Board's question about the District's insurance policy for a drone, stating that RMPLLC is working with the District's insurance company to provide the requested information for a quote. Next, Mr. Roach presented and reviewed a voluntary 2019 Census Survey, which the Board opted not to complete.

Mr. Roach then addressed the 2020 Directors Election and reviewed the current status of the applications that have been submitted. Director Miller asked if any issues with the applications have been found, and Mr. Roach advised that no issues have been found as of this time. Director Miller then advised the Board of a possible opportunity for the District to receive grant money from a government entity striving to assist in local municipal utility district development. The Board concurred with Director Miller's forwarding the information to the Board and RMPLLC for review.

Director Puder re-entered the meeting during the Attorney's Report.

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.

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 8:03 p.m.

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

The Board reconvened in open session at 8:15 p.m., and Director Miller and Mr. Arrant re-entered the meeting. There was no action to be taken by the Board.

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.

ADJOURNMENT

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Passed and approved this ____ day of _____, 2020.

Secretary, Board of Directors



DRAFT