

GREENWOOD UTILITY DISTRICT

MINUTES OF MEETING OF BOARD OF DIRECTORS

FEBRUARY 20, 2019

The Board of Directors (the "Board" or "Directors") of Greenwood Utility District (the "District") met in special session, at 6:30 p.m., at 11702A Tidwell Road, Houston, Texas 77044, on Wednesday, February 20, 2019, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code; whereupon the roll was called of the members of the Board, to-wit:

<i>Vacant</i>	President
Gary Flight	Vice President
<i>Vacant</i>	Secretary
Robert L. Primeaux	Assistant Secretary
David Alamia	Director

All members of the Board were present. Also attending were Mark Burton and Katherine Turner of Municipal Accounts & Consulting L.P. ("Bookkeeper" or "MAC"); Brian Toldan of McCall Gibson Swedlund Barfoot PLLC ("MGSB" or "Auditor"); Jonathan D. Polley, attorney, and Diane F. Brewer, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); and all persons on the attached Attendance Roster.

The Vice President, after finding that the notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may regularly come before it.

PUBLIC COMMENT

The Vice President opened the meeting to public comment.

Judy Sutton, a resident of the District, introduced herself and informed the Board that she had raised a concern many years ago about a possible nepotism conflict that one of the directors may have had with the District's employment of Tammy Platt. In response to such concern, Director Flight informed Ms. Sutton that he recalled Ms. Platt was an employee of Aqua Source, the District's former operator and not directly employed by the District.

Next, in response to a question from a resident of the Tidwell Lakes Subdivision ("Tidwell Lakes"), Mr. Polley explained that currently only Sections One, Two and Nine of Tidwell Lakes (the "Annexed Sections") are within the District, having been annexed into the District in 2017 through an agreement between the District and Far East Land, LTD. (the "Developer"). Mr. Polley then explained that the Developer provides water and wastewater service to Tidwell Lakes through Tidwell Wastewater Utility, LLC ("TWWU") and that the District and TWWU are currently in negotiation in order to resolve certain issues related to the District's purchase of TWWU's water and wastewater facilities and the transition of operation of such facilities to the District. Director Alamia further explained that the District has been unsuccessful in its attempts to resolve certain outstanding issues related to such transition and is continuing to attempt such resolution.

In response to questions regarding 2017 tax bills sent to property owners in the Annexed Sections, Mr. Polley explained that such taxes were billed in error as the result of Harris County Appraisal District including the Annexed Sections on a supplemental tax roll for the 2017 tax year. Mr. Polley distributed his business card to those residents of Tidwell Lakes in attendance and asked them to contact him should they or their neighbors have any questions related to Tidwell Lakes.

Arlette Alamia, a resident of the District, next requested that the Board provide an explanation regarding the recent allegations that certain directors on the Board violated State laws prohibiting governmental entities from employing certain individuals related to officials serving such entities (the "Nepotism Laws").

As no further comments were offered, the Vice President directed the Board to proceed with the agenda.

REVIEW CLAIMS OF NEPOTISM AND OFFICIAL MISCONDUCT AND TAKE ANY APROPRIATE ACTION NECESSARY

Mr. Polley explained that RBAP was notified during the first (1st) week of February that Director O'Neill might be related to the individual that was cleaning the District's Administration Building (the "Building"). Since such a relationship might be a violation of the Nepotism Laws, RBAP discussed the matter further with Director O'Neill. Director O'Neill informed RBAP that the individual cleaning the Building, Savanna Trevino, is his granddaughter and that she had been cleaning the Building on a monthly basis for a fee of \$150 per cleaning. RBAP informed Director O'Neill that such an agreement for cleaning the Building is a violation of the Nepotism Laws and recommended that Director O'Neill resign his position as director on the Board. Director O'Neill subsequently submitted a notice of resignation from the Board and withdrew his application for a place on the ballot for the May 4, 2019 Directors Election. Mr. Polley went on to state that subsequent to Director O'Neill's resignation, RBAP was informed that the individual cleaning the Building prior to Ms. Trevino was Annette Long, the mother-in-law of Director Wisener. Since such an agreement with Ms. Long for cleaning the Building was also a violation of Nepotism Laws, RBAP contacted Director Wisener, who confirmed such cleaning services had been provided by Ms. Long. RBAP then informed Director Wisener that such an arrangement is a violation of Nepotism Laws and recommended Director Wisener resign from the Board. Director Wisener subsequently submitted a notice of resignation from the Board.

Director Flight went on to explain that prior to Ms. Long cleaning the Building, various Directors had cleaned the Building, but that due to time constraints, the Board decided to hire Ms. Long to perform such cleaning. Director Flight added that Ms. Long had been a District resident and member of the Board of the Parkway Community Services Corporation (the "CSC") and that they were unaware that a relationship such as the ones that Directors Wisener and O'Neill had with the aforementioned individuals was a violation of the Nepotism Laws. Director Flight stated that it was never the Board's intention to violate such laws. Extensive discussion ensued regarding the Nepotism Laws and the consequences of violating such laws. Director Alamia offered to clean the Building before the next meeting.

Director Alamia next asked Mr. Polley if RBAP prepared any written findings and recommendations for the Board related to Directors O'Neill and Wisener's violations of the Nepotism Laws. Mr. Polley responded that he was waiting on further direction from the Board. A discussion then ensued regarding the costs for additional time spent by the District's consultants

related to such violations of the Nepotism Laws. Ms. Tamika Smith, a resident of the District, informed the Board that she wants further investigation of violations of the Nepotism Laws regardless of the cost to the District.

Then, Mr. Toldan reviewed certain portions of the District's Audit Report for the Fiscal Year Ended December 31, 2017 (the "Audit"), and responded to questions from the Board regarding auditing procedures. Mr. Toldan went on to explain MGSB's process for preparing audits and its review of information necessary to prepare the Audit, including the Auditor's management letter. Mr. Toldan further explained that the only way his office would have been made aware of a potential violation of the Nepotism Laws was if the District and the individual performing the cleaning of the Building had entered into a written agreement and that such agreement had been approved and noted in the District's meeting minutes.

Next, Mr. Burton presented information related to the District's payments to Ms. Trevino for cleaning the Building. Discussion ensued regarding MAC's preparation of invoices for Ms. Trevino and that such preparation was done as a courtesy to ensure payments were documented. Mr. Burton further explained that ultimately, the District's Board exercises internal control over payment of invoices since three (3) Directors are required to sign checks before such checks can be paid. Further discussion ensued regarding the Board's process for reviewing invoices moving forward and Ms. Turner stated that it is the Board's decision to decide what its process should be; some of MAC's clients review and sign checks the day before the Board's meetings or arrive 30 minutes before meetings to allow sufficient time to review invoices. Mr. Burton added that invoices can be sent by email to the Board the night before meetings and that invoices can be divided into categories.

Director Alamia asked for the public's opinion regarding the District's options for taking any actions on the violations of the Nepotism Laws, including notifying appropriate regulatory agencies and law enforcement authorities.

Mr. Polley further reminded the Board and those members of the public in attendance that all agreements for services performed for the District should be stated in writing, approved by the Board and documented in the District's minutes.

Regarding the Board's consideration of the notices of resignation from Directors O'Neill and Wisener and whether or not the Board needs to act on such notices, Mr. Polley explained that the Texas Election Code holds that by operation of law, a resignation is effective on the eighth (8th) day after a notice of resignation is submitted regardless of whether or not a Board votes to accept such resignation.

The Board next discussed whether or not Director Wisener violated the Nepotism Laws and requested further information related to when Ms. Long started cleaning the Building and whether or not such cleaning began before Director Wisener was appointed to the Board. Mr. Burton informed the Board that records related to any payments made to Ms. Long had been archived in storage and would have to be ordered for further review. The Board then asked RBAP to further research whether or not Director Wisener could be reappointed in the event that such cleaning started before his initial appointment to the Board, thereby creating an exception to the Nepotism Laws. Mr. Polley informed the Board that he will discuss the matter further with Mr. Barner and that RBAP will research such reappointment and such exception to the Nepotism Laws and provide its findings further at the February 27, 2019 Board meeting.

THERE BEING NO FURTHER BUSINESS BEFORE THE BOARD, the meeting was adjourned.

SIGNED, PASSED and APPROVED this the 20th day of March, 2019.



Assistant Secretary, Board of Directors