

MINUTES OF MEETING OF THE
BOARD OF DIRECTORS

April 26, 2016

THE STATE OF TEXAS

COUNTY OF HARRIS

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 28

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The Board of Directors (the "Board") of Northwest Harris County Municipal Utility District No. 28 (the "District") met in regular session, open to the public, at 3327 La Mer Lane, Spring, Texas, the April 26, 2016, whereupon, the roll was called of the members of the Board of Directors, to-wit:

Anne Headley	-	President
Troy Zuckero	-	Vice President/Treasurer
Denean Bennett	-	Secretary
Richard Doll	-	Assistant Secretary
Patrick Donais	-	Assistant Secretary

All members of the Board of Directors were present thus constituting a quorum.

Also present at the meeting were Vicki Busboom, the District's Bookkeeper; Vicky Sullivan with Equi-Tax, Inc., the District's Tax Assessor/Collector ("TAC"); Robb Clark with Hays Utility South Corporation, the District's Operator ("Operator"); Mark Adam with Bleyl & Associates, the engineers for the District; Mark Roth of Roth and Eyring, PLLC, the District's Auditor; Deputy Coulter and Lt. Hoover of Harris County Precinct 4 Constables Office; Andrew Dunn, Mario Hernandez and Terry Starkey with Onsite Protection LLC; and Sam Johnson, attorney, and Elizabeth Van Doren, paralegal, of Coats|Rose P.C., legal counsel for the District. Also present were Michelle Tsatsaronis, a resident of the District. A copy of the sign-in sheet is attached hereto as Exhibit "A".

WHEREUPON, the meeting was called to order at 4:30 p.m. The posted notice of the meeting is attached hereto as Exhibit "B".

HEAR FROM THE PUBLIC

The Board recognized Ms. Tsatsaronis who spoke to the Board on neighborhood security and the possibility of forming a neighborhood watch group.

CONSTABLE'S REPORT

The Board recognized Deputy Coulter who reviewed a police report for the District. He stated he had not had the opportunity to review the security tapes from the cameras. He further stated that some of the crimes being reported on social media have not been reported to law enforcement. It was suggested that residents need to take responsibility by locking doors, hiding valuables and report crimes directly to the constable's office.

Receive update on status of security cameras.

The Board recognized Mr. Dunn who updated the Board on the status of the security cameras. He presented samples of captured plates, a copy of which is attached hereto as Exhibit "C". He stated that he felt three of the cameras were working as expected and that the issue was with one intersection. He requested turning the camera to a different angle to relieve glare.

After further discussion and based on a motion by Director Donais, seconded by Director Zuckero, objected by Director Doll, the Board voted 4-1 to authorize Mr. Dunn to move the camera and for the Board to move on to the next agenda item.

At this point Director Doll stated he would like to resign as Assistant Secretary and become a Director. Mr. Johnson reminded Director Doll that reconstituting the Board was not on the agenda so no action can be taken at this meeting.

APPROVAL OF MINUTES

The Board considered approving the minutes from the meeting held March 22, 2016, which were previously distributed to the Board. Based on a motion made by Director Zuckero, seconded by Director Bennett, the Board voted unanimously to approve the minutes from the meeting held on March 22, 2016.

CONSIDER APPROVING DISTRICT AUDIT REPORT

The President recognized Mr. Roth who reviewed a draft of the District's audit report for fiscal year ending December 31, 2015. A copy of said draft is attached hereto as Exhibit "D".

Mr. Roth noted that Cadence Bank miscalculated interest on a District Certificate of Deposit. Cadence Bank has rectified the situation.

Next, Mr. Roth discussed the Management Letter attached to the audit. The Management Letter reported a deficiency in the District's internal control to be a material weakness. Because the bookkeeper maintains the accounting records and also reconciles the bank statements, this presents the opportunity for fraud. And adequate fidelity bond is in place to protect the district from losses should fraud occur. In an effort to satisfy the Management Letter, the Board suggested monthly and quarterly reviews of the District's bank statements by Director Zuckero monthly and all members of the Board quarterly. It was also suggested that the fidelity bond could be increased.

After further discussion and based on approved amendments, adjustments and corrections, Director Zuckero motioned approval of the December 31, 2015 audit. The motion was seconded by Director Doll and approved by unanimous vote.

TAX ASSESSOR'S REPORT

Ms. Sullivan reviewed and discussed the TAC report, a copy of which is attached hereto as Exhibit "E". She reported that 98.5% of 2015 taxes have been collected.

Next, Ms. Sullivan requested District authorization to obtain online bank statements from Wells Fargo Bank. She noted that this service requires written consent from the Board.

Following a discussion regarding the TAC's report, and based on a motion made by Director Zuckero, seconded by Director Bennett, the Board voted unanimously to accept the tax assessor/collector's report, as presented; approve payment of the remaining checks listed in the report; and to authorize Ms. Sullivan to access online banking from Wells Fargo Bank on behalf of the District.

BOOKKEEPER'S REPORT/AUTHORIZE PAYMENT OF DISTRICT'S BILLS

Ms. Busboom presented the Bookkeeper's report for the period ending April 26, 2016 and checks were presented for approval. A copy of the Bookkeeper's report is attached hereto as Exhibit "F".

The Board noted that there were inconsistencies in the documentation for check number 5290, payable to Priscilla Scott. The Board also noted that the bill from AEI Engineering Inc. lacked documentation and explanation. Director Bennett stated she would contact AEI Engineering Inc. for further information.

Following discussion of the Bookkeeper's report, upon a motion by Director Zuckero, second by Director Donais, the Board voted unanimously to approve the Bookkeeper's report; hold checks to P. Scott and AEI Engineering Inc. pending further documentation; and approve payment of the remainder of the checks listed therein.

The Board reviewed preliminary expenses of the District meeting house, a copy of which is attached hereto as Exhibit "G". The Board noted a few additional items for consideration. No action was taken on this agenda item.

RECEIVE OPERATOR'S REPORT

The Board recognized Mr. Clark who presented the Operator's report for March. Mr. Clark updated the Board on operation matters in the District, including delinquent accounts. A copy of the Operator's report is attached hereto as Exhibit "H".

After further discussion and based upon a motion by Director Zuckero, seconded by Director Donais, the Board voted unanimously to approve the Operator's Report.

Finally, Mr. Clark presented the Consumer Confidence Report which the incorporated changes discussed last month, a copy of which is attached hereto as Exhibit "I". After further discussion and based upon a motion by Director Zuckero, seconded by Director Donais, the Board voted unanimously to approve the Consumer Confidence Report and authorize distribution of the same.

RECEIVE ENGINEER'S REPORT

The Board recognized Mr. Adam who presented the Engineer's report, a copy of which is attached hereto as Exhibit "J".

Act on request by Klein ISD for acknowledgment that District can serve expansion of school site

Mr. Adam reminded the Board that he was in receipt of a request from Klein ISD for water and sanitary sewer services for an additional 15.019 acre tract (the "Tract"). Mr. Adam further explained that the additional Tract's intended use by Klein ISD is for offices, fields or maintenance facility. The Board voiced concern over the consequence if there is a change in the Tract use or ownership. After further consideration, the Board

requested Mr. Adam respond to the request by acknowledging the District has the capacity to serve the Tract but that the service request was subject to the following conditions:

- amend District/Klein agreement
- proposed usage of the Tract is subject to final approval by the District
- the Tract will be treated as an Out-of-District customer
- in the event that the use of the Tract changes, the District reserves the right to review and approve the proposed usage or terminate the service
- District will review any proposed improvement drawings.

Review and consider designers and contractors for fence project

The Board deferred action on this agenda item.

Finally, Mr. Adam stated that he is still working on a 5-year capital and maintenance plan.

After further discussion and based upon a motion by Director Zuckero, seconded by Director Donais, the Board voted unanimously to approve the Engineer's report.

ATTORNEY'S REPORT

Review and discuss status of perimeter fence line easements.

Ms. Busboom stated that she has additional notes on some of the easements that she and Director Donais worked on. No action was taken.

Review and discuss perimeter fence funding including grants and bonds.

Director Zuckero updated the Board on two grant funds. No action was taken.

HEAR REPORT ON WEBSITE DEVELOPMENT

Director Bennett updated the Board on the status of upgrading the District's website. She is currently working on a question and answer type message board for complaints and comments. In addition, she will draft a written policy for complaints so


that all Board members may follow the same procedures, ensuring that all complaints and comments are answered.

CONSIDER AUTHORIZING REVIEW OF GARBAGE CONTRACT AND CONSIDER ADDING RECYCLING

Director Bennett stated she needed assistance with contacting Republic Services, the District's trash service provider. She is requesting quotes for expanded services. Mr. Johnson stated he would get her a contact. No action was taken.

There being no further business to come before the Board, and based on a motion duly made and seconded, the meeting was adjourned

PASSED, APPROVED and ADOPTED this 24th day of May, 2016.



Secretary, Board of Directors

(DISTRICT SEAL)

