

MINUTES OF MEETING OF THE
BOARD OF DIRECTORS

September 27, 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 September 27, 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
Patrick Donais	-	Assistant Secretary
Richard Doll	-	Director

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; Vickey 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; Officer McCutchin and Sgt. Cohen of Harris County Precinct 4 Constables Office; Michael Murr of Murr Inc., landscape architect ("Murr"); Shannon Waugh of Off Cinco, the District's website designer; and Timothy G. Green, attorney, and Beth Van Doren, paralegal, of Coats|Rose P.C., legal counsel for the District and members of the public, a list of which 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

Director Headley opened the floor to receive comments from the public.

CONSTABLE'S REPORT

The Board recognized Sgt. Cohen who reviewed a police report for the District. He stated that he, Officer McCutchin and Lt. Hoover will be meeting with Andrew Dunn on Friday for training on the surveillance camera system.

APPROVAL OF MINUTES

The Board considered approving the minutes from the meeting held August 10, 2016, which were previously distributed to the Board. After further discussion and based on a motion made by Director Zuckero, seconded by Director Bennett, the Board voted four (4) to zero (0) to approve the minutes from the meeting held on August 10, 2016, with Director Doll abstaining.

Director Doll complained about the timeliness of the minutes from August 23, 2016. He noted that although they were listed on today's agenda, they were not offered. Next, he passed out a memo he had prepared entitled "Violation of Rate Order at Aug. 23, 2016 Meeting", a copy of which is attached hereto as Exhibit "C." Director Doll stated that at the meeting held on August 23, 2016, no vote was taken regarding the waiving of the \$80 fees Ms. Ternes had previously requested, a copy of which is attached hereto as Exhibit "D".

Director Headley asked Mr. Clark to explain why he did not clarify that Ms. Ternes had not paid the \$80, therefore was not entitled to a refund check. Mr. Green asked each board member and noted that Directors Headley, Bennett, Doll and Donais

understood that since her water was turned back on, they were refunding money that had been paid. Mr. Green stated that there was an agenda item to further discuss this payment on today's agenda whereas Director Doll stated he did not realize that.

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 99.4% of 2015 taxes have been collected.

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 and approve payment of the checks listed in the report.

FINANCIAL ADVISOR'S REPORT

Discuss Tax Levy for 2016, set Public Hearing and publishing notice thereof

The Board recognized Mr. Smalling who presented the FA's recommendation for the District's tax levy for tax year 2016, a copy of which is attached hereto as Exhibit "F". He noted that he recommended the Board maintain a tax rate of \$0.68 consisting of \$0.46 for debt service and \$0.22 for maintenance and operations. In the event the Board of Directors does not proceed with a bond issue of \$1,125,000, attached are two scenarios with the necessary debt service (\$0.32) and a proposed maintenance of \$0.26 or \$0.24. Mr. Smalling reviewed the procedures for establishing the tax rate and the Board concurred to hold a hearing on the proposed tax rate of \$0.68 at the October 25, 2016 board meeting.

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

The Board recognized Ms. Busboom who presented the Bookkeeper's report for the period ending September 27, 2016 and checks were presented for approval. A copy of the Bookkeeper's report is attached hereto as Exhibit "G".

Director Bennett stated that while reviewing the checks presented for payment it was noted that there were several per diems for Director Doll. She noted that Director Doll had previously stated that he would offering a wall presentation based on information he had obtained from past meetings with developers and HOAs. She furthered that his check request indicated that the research was new.

Director Doll stated he had done additional research and analysis and was presenting some new information. He further stated that he believes that if work he does on behalf of the District is part of an agenda item then he is entitled to be paid for the work in accordance with the Attorney General.

Director Headley stated that his per diems were being questioned because he had previously indicated that he had already acquired a vast amount of knowledge and that he was being requested to present what he already knew.

Following discussion of the Bookkeeper's report, upon a motion by Director Zuckero, second by Director Donais, with Director Doll voting against, the Board voted 4 to 1 to approve the Bookkeeper's report; defer payment of the check to Director Doll in the amount of \$648.84; and approve payment of the remainder of the checks listed therein.

RECEIVE REPORT FROM DIRECTOR ZUCKERO

Analysis of meeting house costs

Director Zuckero presented an analysis of the District's options regarding meeting facility options, a copy of which is attached hereto as Exhibit "H". He noted that the boards of both Meadowhill and MUD 36 have indicated that they would be agreeable to partner up and share their existing meeting facility with the District.

MUD 36 stated they would require a simple terms of use contract with an agreed upon per usage meeting fee (approximately \$250).

Meadowhill stated they would also require a simple agreement with a minimal per use fee (approximately \$250). As part of facilitating the terms of use facilities agreement there is a desire to (a) draft a straight forward contract leveraging the District's water meter that would simplify the current agreement between the districts, (b) resolve the long standing outstanding balance issue between the two districts, and (c) not negotiate these terms with Director Doll.

Director Zuckero also set forth the idea of partnering with the HOA and upgrade their facilities.

After further discussion, Director Zuckero recommended moving forward with meeting with MUD 36 and Meadowhill, walk through the facilities and engage in conversation and start drafting terms of use contracts. The contract terms will take effect in early 2017. Based on a motion by Director Bennett which was seconded by Director Donais, the Board voted 4 to 0, with Director Doll absent, to authorize Directors Zuckero and Donais to tour and discuss terms of use with MUD 36 and Meadowhill representatives and to open discussions to resolve additional Meadowhill issues.

Analysis of costs from the use AEI Engineering meeting room

Director Zuckero stated he was told by Director Doll that the reason the District purchased the meeting house was because AEI charged the District \$1200 per meeting. He further stated that the bookkeeper has no record of payment and AEI has no receipt of payment.

Director Bennett stated it was misrepresented that the District was paying AEI for the meeting facility.

Director Headley furthered that the District was never charged for the meeting room, only for the used and required engineering and reports.

Mr. Adam stated he had never charged anyone for the use of AEI's meeting room.

RECEIVE ENGINEER'S REPORT

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

Klein ISD Service Request

Mr. Adam stated that Klein ISD had indicated by email that they are in the planning stages how best to utilize the tract adjacent to the school.

5 Year Capital and Maintenance Plan

Mr. Adam reported that MUD 36 previously advised the District that they are proceeding with soliciting bids for the WSP#1 hydropneumatic tank repairs. Once they have received the cost information the plan will be updated.

Mr. Adam stated that the surveyor is ready to proceed once all access documents have been obtained. Design will commence upon receipt of the final survey and decision on final wall selection.

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.

District Perimeter Wall Project

The Board recognized Mr. Murr who presented a conceptual wall presentation, a copy of which is attached hereto as Exhibit "J". Mr. Murr clarified that this is only a design, not a completed project.

He presented cost estimates based on manufacturers estimates plus additional known construction costs, non-construction costs and contingencies. Mr. Adam reminded the Board that these are estimates until actual bids are received.

Director Headley stated that Director Doll has told homeowners that Mr. Murr was representative for Fencecrete. Director Headley asked Mr. Murr if he was a representative for Fencecrete.

Director Doll stated that when he first met Mr. Murr in 2007 he indicated he was involved in design and that he derived his income from commissions received from contractors. Director Doll stated he had repeatedly heard this about Mr. Murr's company.

Mr. Murr stated that this is completely untrue and that Director Doll must have him mixed up with someone else. Mr. Murr stated the only thing he had ever done for the District was park/tennis court sketches for Director Donais in 2013. He further noted that there is no truth to Director Doll's statements.

RECEIVE OPERATOR'S REPORT

The Board recognized Mr. Clark who presented the Operator's report for August. 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 "K".

The Board raised the question as to whether the fees in the District Rate Order actually cover the cost of the water. Mr. Clark stated he would gather information and comparisons from surrounding districts to assist the Board in assessing the water rates being charged by the District.

Mr. Clark presented a request for a bill adjustment from Dicky Tan for relief on his bill. The Board requested Mr. Clark get more information regarding the reason for the high water usage.

Mr. Clark presented a request for a payment plan from Ms. Strachan whose high bill was a result of a leak in her wall. Mr. Green stated that the Board has the option to adjust costs based on individual circumstances. Director Headley asked for clarification as to whether adjusting bills was breaking the law. Mr. Green stated that Board members have not broken the law and that it is within their realm and rights to adjust resident bills, especially under extenuating circumstances.

The Board readdressed the circumstances surrounding Ms. Ternes adjustment in August. Director Doll stated that the action was never voted on. However, a review of the recording of the meeting indicated that the four Directors present all voted to authorize the refund.

Mr. Clark further noted that on September 13, 2016, \$80.00 was applied to Ms. Ternes water bill.

After further discussion and based upon a motion by Director Donais, seconded by Director Zuckero, the Board voted unanimously to approve the Operator's Report and to authorize a 57,000 gallon sewer credit to Ms. Strachan bill and to allow her to spread out the remaindered of her outstanding balance at an extra \$100 per month until paid.

HEAR DIRECTOR DOLL'S REPORT REGARDING DEVELOPER COMMENTS ON WALL CONSTRUCTION

Director Doll presented a report on the AFTEC Wall Design, a copy of which is attached hereto as Exhibit "L".

The Board requested Mr. Adam and Mr. Murr validate the numbers presented in Director Doll's report.

ATTORNEY'S REPORT

Approve annual review of Investment Policy

The Board deferred action on this agenda item.

HEAR REPORT ON WEBSITE

Director Bennett presented a "Contact Us" submission which is attached hereto as Exhibit "M". The resident requested information regarding how to read the water bill and clarifications as to what the charges are for. Director Bennett compiled information and prepared the attached response. After further discussion and based on a motion by Director Headley which was seconded by Director Donais, the Board voted unanimously to approve the attached response for publication on the District's website.

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 25th day of October, 2016.

(DISTRICT SEAL)

Secretary, Board of Directors