

MINUTES OF MEETING OF THE
BOARD OF DIRECTORS

October 25, 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 October 25, 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. Kowalik 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 George Tsatsaronis, a resident of the District.

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

HEAR FROM FINANCIAL ADVISOR

In the absence of the Financial Advisor, no report was given.

CONDUCT PUBLIC HEARING ON 2016 TAX RATE

At this time the President opened the meeting to a public hearing on the proposed 2016 tax rate for the District. Director Headley reminded the Board that at the District's meeting on September 27, 2016, the Board discussed the District's tax rate for 2016. At such meeting the Board established its intent to levy a tax in the amount of \$0.68 consisting of \$0.46 for debt service and \$0.22 for maintenance and operations per \$100 valuation. The Board, noting that there were no members of the public present who wished to comment on the 2016 tax rate, closed the public hearing and resumed the regular meeting.

ORDER SETTING TAX RATE FOR 2016

Consideration was then given to the adoption of an Order Setting Tax Rate for 2016.

Director Zuckero reminded the Board that although the District had published 0.68 per \$100 of assessed valuation the District was not bound to adopt that particular rate. He stated that due to the increases in individual assessed valuation, the taxpayer would be paying a higher tax bill. In order to keep the taxpayer bill the same as 2015, the tax rate would need to be reduced.

Mr. Green noted that the Financial Advisor had stated that if the District intends to sell bonds next year, the debt service on those bonds would be between 6 and 8 cents. With an aging system, the District should consider keeping the rate the same.

Director Zuckero stated that the proposal of the wall presented two years ago stated that the bonds could stand on their own without a tax increase. He further stated that the District's appraised values have increased therefor no monetary increase should be needed.

Director Zuckero furthered that by reducing the rate, collections would be the same. He stated it is the job of the Board to keep from collecting too much money. He furthered that the Board should make annual adjustments based on the District's bills and collected taxes.

Director Doll reminded the Board that assessed values fluctuate. He further noted that the District's tax rate was lower than surrounding areas.

Upon a motion made by Director Zuckero, seconded by Director Donais after full discussion and the question being put to the Board, the Board voted three (3) for, one (1) against and (1) abstained. Zuckero, Donais and Headley voted to set and levy a 2016 tax rate of \$0.66 per \$100 of assessed valuation consisting of a debt service tax rate of \$0.4225 and a maintenance and operations tax rate of \$0.2375 and to adopt the Order Setting Tax Rate evidencing the same, Director Doll voted "no" and Director Bennett abstained. A copy of the Order Setting 2016 Tax Rate is attached hereto as Exhibit "B".

AMENDED NOTICE TO SELLERS AND PURCHASERS

Consideration was then given to a proposed Amended Notice to Sellers and Purchasers. The Board was reminded that the Notice to Sellers and Purchasers must be revised to reflect the 2016 tax rate. Upon a motion made by Director Doll, seconded by Director Donais, after full discussion and the question being put to the Board, the

Board voted unanimously to approve the Amended Notice to Sellers and Purchasers, a copy of which is attached hereto as Exhibit "C".

HEAR FROM THE PUBLIC

Director Headley opened the floor to receive comments from the public of which no member of the public chose to speak.

HEAR REPORT ON WEBSITE AND ADDRESS "CONTACT US" COMMENTS AND QUESTIONS

The Board recognized Ms. Waugh who demonstrated the functions of the website. She noted that 92 unique people had visited the website during the last month. She reminded the Board that the website address has not changed.

Director Bennett noted that the site did not receive any questions or comments since the last meeting. The Board requested Mr. Clark add a blurb on the residents' water bills that the website is active. Ms. Sullivan and Ms. Busboom requested their information be updated.

Finally, Director Doll requested Director Bennett prepare a brief announcement stating the website is up and running. He will submit the announcement to Judy Doll for publication in the HOA newsletter.

CONSTABLE'S REPORT

The Board recognized Officer McCutchin and Sgt. Kowalik who reviewed a police report for the District. Officer McCutchin noted that he had received training on the surveillance camera system. He further noted that Mr. Dunn told him an additional software program would make the camera system run better.

Next, the Board discussed the notice of renewal of the Constable's contract, a copy of which is attached hereto as Exhibit "D". It was noted that the contract contained

incorrect addresses for the President and the Bookkeeper. After further discussion, the Board authorized the Constable's office to proceed with renewing the current contract.

APPROVAL OF MINUTES

The Board considered approving the minutes from the meeting held August 23, 2016 and September 27, 2016, which were previously distributed to the Board. After further discussion and based on a motion made by Director Zuckero, seconded by Director Doll, the Board voted unanimously to approve the minutes from the meetings held on August 23, 2016 and September 27, 2016.

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 Bennett, seconded by Director Zuckero the Board voted unanimously to accept the tax assessor/collector's report, as presented and approve payment of the checks listed in the report.

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

The Board recognized Ms. Busboom who presented the Bookkeeper's report for the period ending October 25, 2016 and checks were presented for approval. A copy of the Bookkeeper's report is attached hereto as Exhibit "F".

The Board addressed Director Doll's outstanding per diem and reimbursement check. After further discussion, Director Doll offered to remove two of the four per diems based on the premise that he did work that was not assigned to him.

Director Headley requested that the members of the Board heed the advice of its attorneys and the Attorney General of Texas and refrain from engaging on social

network regarding District business. She provided examples that were misconstrued by the public readers.

Next, Director Headley requested Ms. Busboom provide line items on the bookkeeper reports that reflect Klein ISD billing broken down into categories consisting of repairs, actual water and sewer and general expenses. Ms. Busboom and Mr. Clark stated that they will work together to obtain the requested information for these ledger items.

Following discussion of the Bookkeeper's report, upon a motion by Director Zuckero, second by Director Doll, the Board voted unanimously to approve the Bookkeeper's report and approve payment of the remainder of the checks listed therein.

RECEIVE REPORT FROM DIRECTOR ZUCKERO

Analysis of meeting facility costs

Director Zuckero presented a recap of his exploration committee ventures for October, a copy of which is attached hereto as Exhibit "G". The committee toured the meeting facilities for both Northwest Harris County Municipal Utility District No. 36 ("MUD36") and Meadowhill Regional Municipal Utility District ("Meadowhill"). Both facilities meet the District's needs. The recommendations of the committee are as follows:

- a. Immediately pursue arrangements with both Districts.
- b. Have attorney contact MUD36's attorney and prepare a simple agreement with the goal of executing the finalized agreement at November 2026 meeting. The cost per meeting would be \$250. January 2017 meeting will be held at the MUD36 location.

- c. Select a real estate agent and address any identified items that need to be addressed prior to sale.
- d. Develop a plan to relocated and/or account for all assets currently within the MUD house. This includes selling and/or storing the existing furniture.
- e. Develop a communication plan including an announcement in the HOA newsletter, website, notice in December water bill and temporary signage announcing the move of District meetings.
- f. Develop a “give back to the community” plan using part of the proceeds from the sale of the meeting house as water bill credits for Normandy Forest families.
- g. Prepare a letter to the Normandy Forest HOA indicating that the MUD is interested in contributing approximately \$100k for the remodeling/build out of the centralized club house contingent upon the MUD having a dedicated meeting room.
- h. District bookkeeper should adjust 2017 budget to reflect changes in operation costs for the MUD house, establish a new account code for the new meeting fixed cost rate and to account for the net sale proceeds of the house to be placed within the operating funds.
- i. The committee will follow up with Meadowhill to establish a secondary meeting arrangement.

Tree Planting Grant

Next, Director Zuckero updated the Board on the status of the Tree Planting Grant (the “Grant”). He stated that the HOA needs to complete the application for the Grant. The HOA will provide a cancelled check and an invoice reflecting payment of the

trees. The Grant is for 50%, up to \$2000.00, of the cost of the trees to the HOA. The Grant will fund the District who in turn will refund the HOA.

After further discussion and based on a motion by Director Bennett which was seconded by Director Zuckero, the Board voted unanimously to authorize the committee to interview neighborhood realtors and choose one to contract with for the sale of the meeting house.

RECEIVE OPERATOR'S REPORT

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

Director Zuckero asked that the Regional Water Authority ("RWA") fees for the HOA show as a separate line item on the Operator's report. It was noted that the District currently pays these fees for the HOA.

Next, Director Zuckero requested Mr. Clark look into a sidewalk leak on Normandy Forest (he will email the exact address). Mr. Clark stated that he might be able to put a door hanger on the house notifying the resident that they have a leak.

Finally, Director Zuckero asked Mr. Clark to provide a list of dead end streets. In addition, he would like to receive a flush report regarding the same.

Mr. Clark presented a letter apologizing for the confusion surrounding in August surrounding Ms. Ternes bill adjustment, a copy of which is attached hereto as Exhibit "I".

At the previous meeting, the Board requested Mr. Clark obtain additional information regarding a bill adjustment request from Mr. Tan, a copy of which is attached hereto as Exhibit "J". Mr. Clark visited with Mr. Tan who is confined to the use

of a walker and cannot go to the second floor of his home. After Mr. Tan received the increased water bill, his caretaker noted that a toilet was running on the second floor. Since this has been fixed his water usage is now normal. After further discussion and based on a motion by Director Zuckero, which was seconded by Director Donais, the Board voted unanimously to credit Mr. Tan the sewer usage on his bill.

Finally, Mr. Clark presented a rate comparison of surrounding water districts as previously requested. A copy of which is attached hereto as Exhibit "K".

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

RECEIVE ENGINEER'S REPORT

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

Klein ISD Service Request

There is no further action on this matter.

5 Year Capital and Maintenance Plan

Mr. Adam continues to update and modify this analysis as information becomes available.

District Perimeter Wall Project

Mr. Adam presented a preliminary analysis of probable construction costs a copy of which is attached hereto as Exhibit "M".

Director Headley will contact the HOA to request a meeting between HOA members and the wall committee. At this time she will request specifics regarding the fencing on properties owned by the HOA.

Director Bennett pointed out that at her last meeting with AFTEC, she shared the paperwork Director Doll had presented at the September meeting. Mr. Staley refused to have any part of Director Doll's presentation. It was further noted that Director Doll's proposal

included a wooden fence along 2920 instead of the AFTEC wall system. The pricing between the AFTEC wall system and the Permacast wall system are competitive.

It was noted that there are approximately thirteen (13) outstanding easements. After further discussion and based on a motion by Director Donais which was seconded the Director Bennett, the Board voted unanimously to authorize Director Headley to engage a land man to obtain the outstanding easements in an amount not to exceed \$5,000.00.

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

ATTORNEY'S REPORT

Approve annual review of Investment Policy

Consideration was then given to a Resolution Evidencing Review of Investment Policy and Investment Strategies. Mr. Green reminded the Board that the Public Funds Investment Act requires the Board to review the District's Investment Policy annually. Mr. Green recommended that no changes be made to the Investment Policy at this time other than to update the list of Authorized Brokers for the District. Upon motion made by Director Bennett, seconded by Director Zuckero, the Board by unanimous vote agreed not to make any changes to the District's Investment Policy at this time other than to update the list of Authorized Brokers for the District and to adopt the Resolution

Evidencing Review of Investment Policy and Investment Strategies as presented, a copy of which is attached hereto as Exhibit "N".

Authorize 2016 engagement of auditor.

Consideration was next given to acknowledging a proposal for auditing services for fiscal year ending December 31, 2016, a copy of which is attached hereto as Exhibit "O". The auditor requested the Board acknowledge the second year of the two year contract that was approved in 2015.

Following a discussion and consideration of the proposal, and based on a motion by Director Bennett which was seconded by Director Donais, the Board voted unanimously to accept the proposal in the approximate amount of \$10,600.00 annually and engage Roth & Eyring, PLLC, as the District's auditor for the fiscal year ending December 31, 2016.

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 22nd day of November, 2016.

(DISTRICT SEAL)




Secretary, Board of Directors