

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

Minutes of Meeting of Board of Directors
November 17, 2016

The Board of Directors (“Board”) of Northwest Harris County Municipal Utility District No. 5 (“District”) met at 14701 Spring Cypress Road, Cypress, Texas, on November 17, 2016, in accordance with the duly posted notice of the meeting, with a quorum of directors present as follows:

Jeff P. Collins, President
Larry L. Milberger, Vice President
James Adams, Secretary
Charles Fischer, Treasurer
H. Bruce Gallun, Director

and the following director absent:

None

Also present were Mr. Bob Wanninger of Lakeland Development Company, Mr. Jason Hajduk of IDS Engineering Group, Ms. Julie Peak of First Southwest, Mr. Dane Plumbley of Lennar Homes, Mr. Mike Harrington of American Enerpower, Mr. Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC, Mr. Greg Coleman of Beazer Homes, Ms. Kayla Crigger and Mr. Charlie LaConti of Municipal Accounts & Consulting, Mr. James Parker and Mr. Jon VanderWilt of Costello, Inc., Mr. Ken Love of Municipal District Services, LLC, and Mr. James D. Bonham, attorney for the District.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. The Board considered the minutes of the meeting of October 20, 2016, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board then recognized Mr. Mike Harrington of American Enerpower who reviewed with the Board the District’s energy consumption over the past several years and the cost thereof. Mr. Harrington presented proposals from seven power providers for a power purchase contract beginning June 17, 2017. The Board reviewed the proposals, and upon unanimous vote, accepted the proposal submitted by Hudson Energy with a five-year term. The President of the Board was authorized to execute the contract when submitted by Mr. Harrington.

3. The Board then recognized Ms. Julie Peak who presented two bids for the purchase of the District’s \$16,355,000 Bond Anticipation Note and it appeared that Regions Capital Advantage, Inc. had submitted the best bid with a purchase price of par and an interest rate of 1.55%. The Board considered the matter, and upon unanimous vote, the Board adopted

the attached Order Declaring an Emergency and Order Authorizing a Bond Anticipation Note to Regions Capital Advantage, Inc. with a closing date of November 29, 2016.

Ms. Peak then presented an analysis of application of the District's \$0.70 debt service tax rate test and advised that all developers requesting reimbursement have sufficient value to satisfy the test with the exception of the developer of Treeline North Subdivision. Ms. Peak reported on the number of lots in the subdivision, the building permits issued and sales pending, and after discussion the Board agreed that it would be appropriate to fully reimburse the developer of Treeline North in anticipation of anticipated added value.

4. The Board then recognized Mr. Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC who presented a report on limited scope examination of expenditure of bond proceeds including developer reimbursement. The Board reviewed the same, and upon unanimous vote, the Board approved the auditor's report and authorized the bookkeeper to distribute the bond proceeds upon closing. The Board also discussed a builder backcharge due from SurePoint Self Storage and requested the bookkeeper reduce the SurePoint reimbursement by the amount of the backcharge.

5. The Board reviewed the attached bookkeeper's report, including the invoices reflected thereon and a schedule of District investments. The Board also reviewed the general fund comparison of actual versus budgeted revenues and expenditure for the fiscal year ending July 31, 2017. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

6. The Board then reviewed the operator's report reflecting 38 taps during the previous month bringing the total connections in the District to 5,989. The Board reviewed the billing and collections summary and the operation of the water plants and the sewer treatment plants. It appeared that 95% of the water pumped during the previous month had been accounted for, and the report reflected no waste discharge permit violations during the reporting period. The Board discussed repairs and maintenance to the District's facilities since the last Board meeting and reviewed the run time report on the District's lift pumps. Mr. Love presented a request for adjustment of a high water bill at the residence of Mr. Duc Tran. The Board reviewed the circumstances related to the leak and agreed to reduce the bill by \$1,000. After discussion by the Board, upon unanimous vote, the Board approved the operator's report and authorized termination of service to all customers appearing on the delinquent list in accordance with the District's Rate Order. The Board also authorized a schedule of delinquent accounts to be written off as uncollectible.

7. The Board then considered the attached resolution confirming review of the District's investment policy, and upon unanimous vote, the resolution was approved by the Board.

8. The attorney for the District then discussed with the Board the continuing disclosure obligation under MSRB Rule 15c2-12 and the District's Bond Order Covenants, and upon unanimous vote, the attorney was instructed to prepare the necessary disclosure following approval of the annual audit.

9. The Board then considered an order adopting a Records Control Schedule, as well as a Declaration of Compliance, and upon unanimous vote, the Board approved the order and declaration and authorized submission to the Texas State Library and Archives Commission.

10. The attorney for the District then discussed with the Board the requirement to file a report regarding the District's eminent domain authority with the State Comptroller of Public Accounts, and upon unanimous vote, the report was approved by the Board and the attorney was authorized to file the report as required by law.


11. The Board then reviewed proposals received from AquaSurance for renewal of the District's insurance policies expiring December 15, 2016. The Board reviewed the increase in property values and discussed the related increase in premiums, and upon unanimous vote, the proposals were accepted by the Board.

12. The Board then recognized Mr. Jon VanderWilt who presented the engineer's report. The Board reviewed the status of development in each subdivision and approved all pay estimates reflected in the report. The Board discussed the access road to water plant no. 2, and Director Gallun advised that he had discussed the matter with a resident in the area and that there may be a possible resolution to improvement of the access road. Director Gallun agreed to continue the discussion and make a proposal to the Board. Mr. VanderWilt reported on the Texas Commission on Environmental Quality prepurchase inspection conducted on October 18, 2016 and reported on the status of conversion of the wastewater treatment plants and water plants to a chlorine bleach method of treatment. After further discussion, upon unanimous vote, the engineer's report was approved by the Board.

13. Director Adams then addressed the Board and advised that the Harris County Constable's Office had requested a response from the District regarding the addition of Constables to the contract with the County. The Board discussed the matter and agreed to invite the Constables to the December 8, 2016 meeting to discuss the need for additional Constables.

14. The Board then discussed the engagement of a park consultant and the location of undeveloped property which might be appropriate for a District park. Director Milberger advised that he and Director Fischer had met with several park consultants and that he and Director Collins had met with Harris County representatives to discuss options for a park. After discussion, it was agreed that the District request Caldwell Companies assist in identifying one or more tracts of land which might be appropriate for the development of a park.

There being no further business to come before the Board, the meeting was adjourned.


Secretary