

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

Minutes of Meeting of Board of Directors
February 16, 2017

The Board of Directors ("Board") of Northwest Harris County Municipal Utility District No. 5 ("District") met at 14701 Spring Cypress Road, Cypress, Texas, on February 16, 2017, 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 Sergeant E. Gonzales of the Harris County Constable's Office, Mr. Bob Wanninger of Lakeland Development Company, Ms. Kayla Crigger and Mr. Charles LaConti of Municipal Accounts & Consulting, Mr. Brian Gibson of Lennar Homes, Mr. Greg Coleman of Beazer Homes, Mr. James Parker and Mr. Jon VanderWilt of Costello, Inc., Mr. Ken Love of Municipal District Services, LLC, Mr. Tim Fitzpatrick of Caldwell Companies, Mr. Jason Hajduk of IDS Engineering, Mr. Matthew May of Best Trash, Mr. and Mrs. Glover, residents of Rock Creek Subdivision, 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 recognized Sergeant E. Gonzales who presented the law enforcement report for the previous month. The Board reviewed the report and thanked Sergeant Gonzales for his service.

2. The Board considered the minutes of the meetings of January 19, 2017 and February 9, 2017, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

3. 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. The bookkeeper presented a report from Arbitrage Compliance Specialists with respect to the arbitrage review of the District's Series 2006B Bonds and reflecting no further obligation to the Internal Revenue Service. The Board reviewed a draft amended budget, and after discussion it was agreed that the budget be considered at a future Board meeting. After

review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

4. The Board then reviewed the operator's report reflecting 43 taps during the previous month bringing the total connections in the District to 6,101. The Board reviewed the billing and collections summary and the operation of the water plants and the sewer treatment plants. It appeared that 93.6% 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. The Board reviewed a proposal for repair or replacement of a water well motor, and after discussion agreed to accept the proposal from Alsay, Inc. for repair of the motor. 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.

5. The Board then considered the attached order engaging a delinquent tax attorney and levying an additional 20% penalty on 2016 taxes which remain delinquent on July 1, 2017. After review and discussion, the Board engaged the delinquent tax attorney and adopted the attached order levying the penalty.

6. The Board then considered the attached Resolution Affirming Identity Theft Prevention Program and confirmed with the operator that the program is in place and is being properly administered. After discussion, upon unanimous vote, the resolution was approved by the Board. The attorney for the District then advised that based on information provided by the Harris County Tax Assessor's Office, the District's 2016 taxes are 88.21% collected.

7. The Board then recognized residents of Rock Creek Subdivision who complained of nutria in the Rock Creek detention pond, which has resulted in erosion. The Board discussed the matter and requested the engineer inspect the pond to determine if remedial action is appropriate.

8. The Board then recognized Mr. Jon VanderWilt who presented the engineer's report. The Board approved the pay estimates reflected in the report, and Mr. VanderWilt advised that the contractor on the Grant Road water line relocation will begin construction in the near future. The engineer discussed with the Board the need to evaluate the District's elevated storage tank waiver as required by the Texas Commission on Environmental Quality and presented a proposal for the alternative capacity requirements study. After discussion, upon unanimous vote, the proposal was accepted by the Board. The engineer also presented a proposal for renewal of both of the District's waste discharge permits, which were also accepted by the Board. Mr. VanderWilt reported on the status of annexations in the District and presented a request for water and sewer service from the Word of God church on Telge Road outside the boundaries of the District. The Board generally agreed to provide the service if the church will establish the amount of requested capacity in a letter to the Board, and provided the engineer revise the District's calculation of non-taxable entity tap fee to be charged to the

church. After further discussion, upon unanimous vote, the engineer's report was approved by the Board.

9. The Board then recognized Mr. Tim Fitzpatrick of Caldwell Companies who discussed Caldwell's anticipated acquisition of a tract of land to be annexed into the District. Mr. Fitzpatrick requested the Board allow Caldwell to use taxable value in Rock Creek Subdivision to support reimbursement in the area to be annexed. The Board discussed the matter and instructed the District's bookkeeper and engineer to calculate the amount of available surplus funds for all projects in the District and generally agreed with the established policy of allowing a developer to use value from another subdivision to support reimbursement of the same developer's project.

10. The Board then considered a Detention Pond Maintenance Agreement for the Hayden Lakes subdivision, and upon unanimous vote, the agreement was approved and executed.

11. The Board then recognized Mr. Bob Wanninger who requested the Board reimburse the Northpoint developer from surplus funds or allow the value from a related party to support reimbursement as requested by Caldwell Companies.

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



Secretary