

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

Minutes of Meeting of Board of Directors
December 8, 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 December 8, 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. Rick Haddock of Sweitzer + Associates, Mr. Bob Wanninger of Lakeland Development Company, Mr. Jason Hajduk of IDS Engineering Group, Ms. Kayla Crigger and Mr. Charles LaConti of Municipal Accounts & Consulting, Mr. Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC, Mr. James Parker and Mr. Jon VanderWilt of Costello, Inc., Mr. Ken Love of Municipal District Services, LLC, officers from the Harris County Constable's Office, 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 officers from the Harris County Constable's Office who requested the Board consider adding additional Constables to the District's patrol. The Board discussed the matter and acknowledged that the District currently contracts with the County for seven Constables who dedicate a minimum of 70% of their time to the District. The Board discussed the population growth in the District, and upon unanimous vote, agreed to increase the number of Constables to nine in the next contract year.

2. The Board then recognized Mr. Rick Haddock who reviewed with the Board a number of issues related to the Spring Cypress landscaping project. It appeared that a portion of the irrigation system is either not functioning properly or has been damaged. The Board discussed the responsibility for repair and authorized Mr. Haddock to contact the District's landscape maintenance contractor to investigate the matter. Once the contractor has reported to the Board, the Board can decide to either bear the cost of the repair or make a claim on the landscape contractor's warranty.

3. The Board considered the minutes of the meeting of November 17, 2016, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

4. 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. Mr. LaConti advised that once all financial records are fully organized following the annual audit he will prepare a draft amended budget for the Board's consideration. The Board reviewed the budget, and Mr. LaConti responded to a number of questions regarding the budget and investment of District funds. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

5. The Board then recognized Mr. Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC who presented the audit report for the fiscal year ended July 31, 2016. The Board reviewed the report, and Mr. Ellis responded to numerous questions. After discussion and review of the management discussion and analysis, the Board approved the audit report. Mr. Ellis assured the Board that the report would be submitted to the Texas Commission on Environmental Quality prior to the 135-day filing deadline.

Mr. Ellis also presented a management letter identifying certain perceived material weaknesses in the District's accounting. The Board reviewed the same, as well as a proposed management response to be included in the management letter. The Board discussed the nature of the material weaknesses with the District's bookkeeper, and the bookkeeper assured the Board that the matters within his control will be addressed prior to the fiscal year end. Mr. Ellis indicated that if the matters are addressed as discussed, the comments will not appear in next year's management letter.

6. The Board then reviewed the operator's report reflecting 47 taps during the previous month bringing the total connections in the District to 6,074. The Board reviewed the billing and collections summary and the operation of the water plants and the sewer treatment plants. It appeared that 98.9% 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 letter from a resident in the District who requested adjustment of his water bill for excessive water used in filling a swimming pool. The Board discussed the matter and agreed that no adjustment would be appropriate. After discussion by the Board, upon unanimous vote, the Board approved the operator's report. The Board also authorized a schedule of delinquent accounts to be written off as uncollectible.

7. The attorney for the District then advised that no report will be available for November tax collections until later in the month.

8. The Board then recognized Mr. Jon VanderWilt who presented the engineer's report. Mr. VanderWilt reviewed with the Board the schedule for converting wastewater treatment plant no. 1 from chlorine gas to bleach and submitted a proposal from

Storm Water Solutions for removal of an obstruction in the submerged backslope interceptor drain in Rock Creek, Section 9. The Board considered the proposal for removal of the obstruction at a cost of \$8,266 and agreed to proceed with the project. Mr. Love requested that the contractor take photographs of the obstruction to determine its origin. The Board reviewed the other matters in the report and approved the pay estimates reflected therein. Mr. VanderWilt discussed with the Board the request by the Enclave at Northpointe developer to deed a 30-foot strip to the District and recommended the District not accept the conveyance. The Board agreed with the engineer's recommendation. Mr. VanderWilt also reported that the TCEQ had issued a letter to the District requiring amendment of the District's elevated water storage tank waiver and indicated that his office is proceeding to gather the necessary data for the Commission. After further discussion, upon unanimous vote, the engineer's report was approved by the Board.

9. Director Milberger then reported that he and Director Fischer had interviewed three landscape architects and recommended the District engage Clark Condon to assist the District with design and development of a park. The Board discussed the matter, and upon unanimous vote, the Board agreed to request a proposal from Clark Condon to be considered at the next Board meeting.

10. The Board then discussed landscaping the esplanade following the Louetta Road widening. The engineer reported on a project to be conducted by Harris County in the area of Telge Road and Spring Cypress which would destroy a portion of the Spring Cypress landscaping. The Board agreed to consider removal of landscape improvements from that portion of the Spring Cypress landscaping to the Louetta Road esplanade or other appropriate location. Otherwise, the Board agreed to defer consideration of landscaping of the Louetta esplanade.

11. The attorney for the District then advised that Mr. Matthew May of Best Trash had reported that the waste hauler is prepared to deliver recycling bins between Christmas and New Year's and begin service as provided in the contract with Best Trash.

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



Secretary