

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

Minutes of Meeting of Board of Directors
May 18, 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 May 18, 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 Ms. Julie Peak of First Southwest Company, Mr. Bob Wanninger of Lakeland Development Company, Ms. Kayla Crigger of Municipal Accounts & Consulting, Mr. Brian Gibson of Lennar Homes, Mr. James Parker of Costello, Inc., Mr. Ken Love of Municipal District Services, LLC, Officers Earnie Gonzales and Danny Garza of 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 Constables Gonzales and Garza who presented the law enforcement report for the previous month and advised the Board of a personnel change that is imminent.

2. The Board considered the minutes of the meeting of April 20, 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. 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 52 taps during the previous month bringing the total connections in the District to 6,207. The Board reviewed the billing and collections summary and the operation of the water plants and the sewer treatment plants. It appeared that 96.6% 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 the fire hydrant inspection report, and after discussion, upon unanimous vote, the Board authorized the operator to proceed with all repairs, installation of markers and painting as needed. Mr. Love advised that he had received a notice from the Harris County Pollution Control Department of a chlorine violation at wastewater treatment plant no. 1 on August 11, 2017 and reported that the operator will respond to the notice. The Board reviewed an appeal on the Donna Sitton account and agreed that the water bill should be adjusted in accordance with the Board's established policy. 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 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 99.11% collected.

6. The Board then considered the attached resolution requesting an estimate of taxable value as of June 1, 2017 from the Harris County Appraisal District, and upon unanimous vote, the resolution was approved by the Board.

7. The Board then recognized Mr. James Parker who presented the engineer's report. The Board approved the pay estimates reflected in the report, and Mr. Parker advised that bids should be available for consideration at the next Board meeting for the Rock Creek lake erosion project. The Board discussed the conversion of wastewater treatment plant no. 2 and water plant no. 1 from chlorine gas to bleach and authorized the engineer to solicit bids for the project. The Board considered a request for annexation of 4.216 acres of land on Telge Road. The engineer reported that water service is available but no sanitary sewer service to the site. The Board considered the matter and agreed to annex the tract provided the owner pays all costs of annexation and understands that no sanitary sewer service will be available from the District. The Board then discussed the Grant Road water line relocation, and the attorney for the District advised that the Texas Commission on Environmental Quality has approved negotiation of a contract for completion of the project without the necessity of public bidding. Mr. Parker advised that a contract had been negotiated with Angel Brothers Construction Company, the paving contractor for the Grant Road widening. The attorney for the District advised that a claim had been filed against International Fidelity Insurance Company, the surety on the performance bond under the CES Construction Company contract. The attorney advised that it appears an agreement can be reached with the surety in which the surety would pay the difference in the CES contract price and the bid by a contractor selected by the surety. The District would then contract with Angel Brothers and be fully responsible for the payment to the contractor. The Board discussed the matter and authorized the attorney to proceed as discussed. After further discussion, upon unanimous vote, the engineer's report was approved by the Board.

8. The Board then reviewed a report from Municipal Risk Management Company with respect to analysis of various District bond issues for arbitrage compliance and recommended engagement of Arbitrage Compliance Specialists for further review of four bond

issues. The Board considered the matter and agreed to engage Arbitrage Compliance Specialists as recommended.

9. The Board considered a Street and Storm Sewer Maintenance Agreement with Oakcrest Community Association, Inc., and upon unanimous vote, the agreement was approved and executed.

10. The Board then considered a partial abandonment of easement, and upon unanimous vote, the partial abandonment was approved by the Board.

11. The Board then considered the election of officers and, upon unanimous vote, the Board agreed that all officers should remain in their respective positions for an additional year.

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



Secretary