

## NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

### Minutes of Meeting of Board of Directors August 18, 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 August 18, 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 interested residents of the District, Mr. Adam McGovern of Edminster, Hinshaw, Russ & Associates, Mr. Brian Gibson and Mr. Dane Plumley of Friendswood Development, Ms. Julie Peak of First Southwest, Mr. James Parker and Mr. Jon VanderWilt of Costello, Inc., Mr. Bob Ideus of Municipal Business Services, Inc., Ms. Jalene Palmer and 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 July 21, 2016, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. 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 Board reviewed the invoice from the North Harris County Regional Water Authority and discussed the calculation of the District's water charge considering the District provides both surface water and ground water. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

3. The Board then reviewed the operator's report reflecting 34 taps had been installed during the previous month bringing the total connections in the District to 5,861. The Board reviewed the billing and collections summary and the operation of the water plants and the sewer treatment plants. It appeared that 104.1% 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 recognized Ms. Jalene Palmer who presented documents to allow for additional payment options for the District's customers. The Board discussed the transaction cost to be paid by the customers, and upon unanimous vote, the Board approved the documents for the additional payment options. 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.

4. The attorney for the District then advised that based on information provided by the Harris County Tax Assessor's Office, the District's 2015 taxes are 99.49% collected. The Board considered a resolution requesting the Harris County Appraisal District provide an estimate of value as of September 1, 2016, and upon unanimous vote, the resolution was approved and executed.

5. The Board then recognized Mr. Adam McGovern of Edmister, Hinshaw, Russ & Associates who discussed with the Board the District's park master plan and potential future projects. The Board discussed the matter, and by unanimous vote, the Board approved updating the master plan and agreed that a committee of Directors Milberger and Fischer be in charge of working with the park consultant to determine the scope and direction of the plan.

6. The Board reviewed a proposed Travel Reimbursement Policy, and upon unanimous vote, the policy was adopted by the Board.

7. The Board then reviewed a proposed Investment Policy and confirmed with the District's attorney that the policy is in accordance with state statutes. After discussion by the Board, upon unanimous vote, the Investment Policy was approved by the Board.

8. The Board then considered a proposed Resolution adopting a Code of Ethics, and upon unanimous vote, the Resolution was approved by the Board.

9. The Board then discussed the development of a website, and Director Chuck Fischer presented a recommendation as requested at the previous Board meeting. After discussion, upon unanimous vote, the Board engaged Don Dullin d/b/a Pocketblitz to develop the website in accordance with the proposal submitted.

10. The attorney for the District then presented reports received from Arbitrage Compliance Specialists with respect to three bond issues in need of the five-year review and it appeared that no further action is required on any of the issues.

11. The Board then recognized Mr. Jon VanderWilt who presented the engineer's report. The Board approved the pay applications reflected in the report and authorized advertisement for bids for underground utilities to serve Wildwood at Oakcrest North, Sections 18 and 20 as well as Section 7 and the Northpointe Canyon Drive extension at Enclave at Northpointe. The Board also approved change order no. 1 for the Hayden Lakes lift station no. 1 contract and change order no. 1 on the Treeline North underground utility contract. The Board discussed with the District's operator the conversion of the District's facilities from chlorine gas

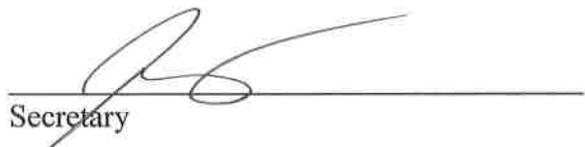
to bleach. The Board considered regulatory issues related to the matter and the cost of conversion, and upon unanimous vote, the Board authorized conversion of the facilities to chlorine bleach. Mr. VanderWilt reported on preparation of plans for relocation of the 12-inch water line west of Spring Cypress Road and a short section of 12-inch water line between Cypress Oaks Drive and Copeland Oaks Boulevard to allow for the Grant Road widening. Mr. VanderWilt advised that payment had not yet been received on the Tomball Fire Department water line extension and reviewed with the Board the status of the various projects reflected in the report. The Board reviewed the annexation of various properties in the District and reviewed a cost summary for the District's anticipation bond application. The Board discussed the issuance of bond anticipation notes, the cost of issuance of the BANs and the resulting interest savings, and authorized the engineer to proceed with the bond application based on the cost summary presented. After further discussion, upon unanimous vote, the engineer's report was approved by the Board.

12. The Board then discussed the solid waste collection contract with Republic Waste Services and the services provided by the waste hauler. After discussion, it was agreed that it would be appropriate to solicit bids for waste collection services.

13. The Board then entered into executive session to discuss personnel matters.

14. The Board re-entered open session but took no further action.

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



Secretary