

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

Minutes of Special Meeting of Board of Directors

October 18, 2017

The Board of Directors ("Board") of Northwest Harris County Municipal Utility District No. 5 ("District") met at the Rock Creek Community Association Main Clubhouse, 14223 Winding Springs Drive, Cypress, Harris County, Texas, on October 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 absent:

None.

Also present were Mr. James Parker and Mr. Jon VanderWilt of Costello, Inc.; Ms. Julie Peak of FirstSouthwest Company; Ms. Kayla Crigger and Mr. Charles LaConti of Municipal Accounts & Consulting, Mr. Ken Love of Municipal District Services, LLC; interested residents of the District; and Mr. James D. Bonham of Smith, Murdaugh, Little & Bonham, L.L.P.

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

1. The Board recognized Mr. James Parker and Mr. Jon VanderWilt, the District's engineers, who presented a report prepared by the District's attorney reflecting each bond election held in the District, the bonds issued, and the remaining authorized bonds. The engineers also provided a cost summary for a proposed Series 2018 bond issue and a summary of projected future infrastructure requirements and corresponding debt.

2. The Board then recognized Ms. Julie Peak, the District's financial advisor, who presented several cash flow analyses reflecting the impact of the Series 2018 bonds, as well as the proposed park bonds and the impact of future debt and projection of taxable value. The Board discussed the required debt service tax rate and considered the District's established policy with respect to the \$0.70 debt service tax vote limitation provision in each of the developer reimbursement agreements. After careful consideration of the alternatives, the Board agreed that it would be appropriate to reduce the \$0.70 debt service tax rate test in order to accelerate the reduction in the District's ad valorem tax. It was further agreed that the District would decline to annex the property represented by Mr. David Glunt, but would consider future annexations where the debt to value ratio justifies annexation. The Board deferred a decision with respect to the new debt service tax rate limitation and agreed to address the matter when the next reimbursement agreement is presented for consideration.

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



Secretary