

## **NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5**

Minutes of Meeting of Board of Directors

July 20, 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 July 20, 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

and the following director absent:

H. Bruce Gallun, Director

Also present were Mr. Greg Lentz of First Southwest Company, Mr. Jason Hajduk of IDS Engineering Group, Ms. Kayla Crigger of Municipal Accounts & Consulting, Mr. Dane Plumbley and Mr. Brian Gibson of Lennar Homes, Mr. Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC, Mr. James Parker and Mr. Jon VanderWilt of Costello, Inc., Mr. Ken Love of Municipal District Services, LLC, Ms. Katie Golzarri and Mr. Jason Buckley of Clark Condon, Mr. Skyler Jewell and Mr. Bill Douglas of Rock Creek HOA, Constables from the Harris County Constable’s Office, representatives of Word of God Church, 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 then recognized Mr. Bill Douglas and Mr. Skyler Jewell of the Rock Creek Homeowners’ Association who requested the District contract with the HOA to landscape Louetta Road between Spring Cypress and Telge Road, including the installation of irrigation with the understanding that the HOA will accept responsibility for maintenance of landscaping and that the District would be responsible for the provision of water. The Board discussed the matter and agreed to enter into the agreement. The attorney for the District was instructed to draft the agreement for review by the parties.

2. The Board considered the minutes of the meeting of June 14, 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, 2018. After review and discussion, upon unanimous vote, the Board approved the bookkeeper’s report and the checks listed thereon.

4. The Board then considered the attached resolution adopting a general fund budget for the fiscal year ending July 31, 2018, and upon unanimous vote, the resolution was approved by the Board.

5. The Board then recognized Mr. Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC who requested engagement to perform the District's annual audit for the fiscal year ending July 31, 2017, as well as the agreed upon procedures report for the District's Series 2017 bond issue. After discussion, upon unanimous vote, McCall Gibson was engaged to perform both the audit and the agreed upon procedures review.

6. The Board then recognized the District's financial advisor who presented three bids for the purchase of the District's \$24,690,000 Series 2017 Unlimited Tax Bonds. It appeared that the low bidder was SAMCO Capital Markets with a bid in the amount of 3.188216%, and the financial advisor reported that Moody's had confirmed the District's A2 rating. After discussion, upon unanimous vote, the Board approved the order awarding sale of the bonds to SAMCO Capital Markets with BAM insurance, as well as the Bond Order, Paying Agent/Registrar Agreement, General Certificate, Signature and No Litigation Certificate, No Arbitrage Certificate, and all documents necessary to allow the bonds to be approved by the Attorney General, registered by the Comptroller of Public Accounts and delivered to the purchaser.

7. The Board then recognized Constables from the Harris County Constable's Office who provided the law enforcement report from the previous month.

8. The Board then reviewed the operator's report reflecting 65 taps during the previous month bringing the total connections in the District to 6,325. The Board reviewed the billing and collections summary and the operation of the water plants and the sewer treatment plants. It appeared that 96.4% 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. Mr. Love reported that the generators had been load tested during the previous month. The operator presented a complaint from Ms. Sylvia King regarding damage to landscaping during the installation of a long tap and presented a complaint from Mr. Steven Nielsen regarding poor water quality. Mr. Love reported that the operator had inspected the water at Mr. Nielsen's house and found the water to be clear. The Board agreed no action is appropriate on either matter. 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. 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.

9. 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 98.48% collected.

10. The Board then recognized Mr. Jon VanderWilt who presented the engineer's report. The Board approved pay estimates reflected in the report and reviewed bids

for the Rock Creek Lake erosion remediation. The Board discussed the matter, and upon unanimous vote authorized award of the contract to Storm Water Solutions with the understanding that the engineer would make an effort to reduce the scope of the project to reduce the cost. The Board reviewed bids for extension of utilities to the proposed dental clinic, and upon unanimous vote, the Board authorized award of the contract for the sanitary sewer line to the low bidder in the amount of \$123,570.10. Mr. VanderWilt reported on acquisition of an easement from the Northpointe Homeowners' Association related to the matter. Mr. VanderWilt reported on the status of the elevated water storage tank waiver application to the Texas Commission on Environmental Quality and reported on the status of the waste discharge permit renewal applications. The Board authorized the engineer to advertise for bids for conversion of wastewater treatment plant no. 2 and water plants no. 1 through 4 from chlorine gas to bleach, and Mr. VanderWilt provided a cost estimate for the Telge Road water line relocation. The engineer presented a report on a proposed reclaimed water system, as well as a report on remaining bond authorization. It was agreed by the Board that a special meeting should be held to consider the remaining bond authorization and the District's long term plan. The Board discussed obtaining an aerial photograph of the District, and Mr. Parker presented a proposal for the same. The engineer agreed to review the photograph recently obtained by the District's financial advisor and was authorized to accept the proposal from Terra Flight Aerial Imaging. The Board discussed removal of the tree stakes in the Spring Cypress landscaping and authorized the landscaper to remove the stakes if he believes the trees will remain stable through the hurricane season. After further discussion, upon unanimous vote, the engineer's report was approved by the Board.

11. The Board then recognized representatives of Clark Condon who reviewed with the Board the proposed park and trail plan and presented a proposal for landscape architect services. Costello, Inc. also presented a proposal for surveying, and the Board considered a proposal from Property Acquisition Specialists to obtain 64 easements in the area. After discussion, upon unanimous vote and on the condition that Clark Condon agree to work on a time and materials basis, the Board accepted the proposals from Clark Condon and Costello, Inc. and requested the District's attorney assume the responsibility for obtaining the necessary easements.

12. The Board then entered into executive session to discuss potential litigation.

13. The Board re-entered open session and considered a proposal by International Financial Insurance Company, the surety on the CES Construction Company contract for settlement of the District's claim related to default by CES. After discussion, upon unanimous vote, it was agreed that the offer of settlement be accepted by the Board.

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

  
Secretary