

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

Minutes of Meeting of Board of Directors

August 16, 2018

The Board of Directors (“Board”) of Northwest Harris County Municipal Utility District No. 5 (“District”) met at 14701 Spring Cypress Road, Cypress, Harris County, Texas, on August 16, 2018, 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 Ms. Julie Peak of Masterson Advisors, Mr. Bob Wanninger of Lakeland Development Company, Ms. Kayla Crigger of Municipal Accounts & Consulting, Mr. Dane Plumbly of Lennar Homes, Mr. James Parker and Mr. Jon VanderWilt of Costello, Inc., Ms. Katie Golzarri and Mr. Jason Buckley of Clark Condon, Mr. Ken Love and Mr. Austin Muse of Municipal District Services, LLC, Mr. Jarrod Payne of Caldwell Companies, Ms. Erin Laird of IDS Engineering Group, Mr. Kai Dessling of Augusta Landscape, Ms. Sara Burson and Ms. Jennifer Smith of Accurate Meter & Supply, Mr. Vaughn Mueller and Mr. Adrian Coman of Trinity Communities Group, 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 then recognized officers from the Harris County Constable’s Office who advised that the Rock Creek Homeowners Association had terminated service of one contract deputy. The Board discussed the matter and agreed to consider adding a contract deputy to the contract between the District and the Harris County Constable’s Office.

2. The Board then recognized Mr. Kai Dessling of Augusta Landscape who presented a proposal for additional landscape services to be added immediately and additional services to be added to the annual contract. The Board reviewed the proposal and agreed to add the items to be added immediately with the exception of the drip bubbler irrigation system and also agreed to add the items to be included in the annual contract.

3. The Board considered the minutes of the meeting of July 19, 2018, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

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4. The Board then recognized Ms. Julie Peak, the District's financial advisor, who presented bid tabulations for sale of the District's \$20,760,000 Unlimited Tax Bonds (the "Bonds") and \$8,000,000 Unlimited Tax Park Bonds (the "Park Bonds"). Six bids were received for each series of bonds with the low bidder being Robert W. Baird & Company, Inc. with a bid in the amount of 3.5453% for the Bonds and 3.544753% for the Park Bonds, both with Assured Guaranty Insurance. After discussion, upon unanimous vote, the Board awarded the sale of both the Bonds and the Park Bonds to Robert W. Baird & Company, Inc. and adopted an order awarding sale of the bonds.

5. The Board then considered Bond Orders authorizing issuance of the Bonds and the Park Bonds, and upon unanimous vote, both Bond Orders were approved by the Board.

6. The Board then considered the Official Statement for both the Bonds and Park Bonds, and upon unanimous vote, the Official Statement was approved by the Board.

7. The Board then considered Paying Agent/Registrar Agreements for both series of bonds as well as numerous certificates and resolutions to allow the bonds to be approved by the Attorney General, registered by the Comptroller and delivered to the purchaser, and upon unanimous vote, all documents were approved and executed.

8. 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, 2019. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

9. The Board acknowledged that McCall Gibson Swedlund and Barfoot, PLLC has been engaged to perform the limited scope examination for developer reimbursement.

10. The Board then recognized representatives of Accurate Meter who reviewed with the Board the capabilities of Badger meters. The Board discussed the advantages of the smart meters and the cost to install meters throughout the District. After discussion, upon unanimous vote, the Board agreed to proceed to install smart meters throughout the District and requested both Accurate Meter and Municipal District Services consider proposing a lower price for the meters and installation.

11. The Board then discussed the increase in meter cost, and upon unanimous vote, the Board adopted an amended Rate Order effective August 17, 2018.

12. The Board then reviewed the operator's report reflecting 36 taps during the previous month bringing the total connections in the District to 6,895. The Board reviewed the billing and collections summary and the operation of the water plants and the sewer treatment plants. It appeared that 98.5% 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 operator discussed with the Board water pressure issues in Hayden Lakes subdivision as well as water quality issues in other areas. 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.

13. The attorney for the District then advised that based on information provided by the Harris County Tax Assessor's Office, the District's 2017 taxes are 99.22% collected.

14. The Board then recognized Mr. Jon VanderWilt who presented the engineer's report. The Board recognized a representative of New Quest Properties who requested annexation and water and sewer service to a proposed development in the general location of HEB. The Board discussed the matter and agreed to annex the property provided the developer pay all cost of annexation and further agreed to reimburse utility construction cost on terms to be agreed upon. The Board then recognized representatives of Trinity Community Group who requested water and sewer service to a mobile home park recently acquired by Trinity. The Board discussed the matter and agreed to consider the matter further on the condition that the property be annexed into the District. The Board approved the pay estimates reflected in the report and discussed the cost related to the pre-purchase inspection required by the Texas Commission on Environmental Quality. The engineer presented proposals for construction of a fence at the Treeline detention pond and advised that the low bidder will not contract with the District. It was agreed that the Treeline Homeowners Association should contract with the low bidder and be reimbursed by the District if all parties find that arrangement to be acceptable. The engineer reported on the status of the reclaimed water line application to the Texas Water Development Board and reported on the status of annexations in the District. The engineer then presented a cost summary for a proposed Series 2019 bond issue. After further discussion, upon unanimous vote, the engineer's report was approved by the Board.

15. The Board then discussed proposals for professional services for the Texas Water Development Board water reuse project and after considering all proposals the Board agreed to engage the following consultants for the project:

Attorney, Smith, Murdaugh, Little & Bonham, LLP;
Financial Advisor, Masterson Advisors;
General Engineering, Costello, Inc.;
Environmental Engineering, Bio-West; and
Geotechnical Engineering, Terracon.

All subject to submission of a TEC Form 1295, where needed.

16. The Board then recognized Ms. Katie Golzarri who presented a report on the Grant Road landscaping and requested Board approval to solicit bids for the project upon receipt of approval of plans by Harris County. The Board discussed the matter and authorized the landscape engineer to proceed with the solicitation of bids. Ms. Golzarri then reported on Phase one of the trail project including the status of easement acquisition as well as signage and seating. The Board considered proposals for geotechnical engineering and accepted a proposal from Tolunay-Wong. The Board also accepted a proposal for environmental engineering from SWCA.

17. The Board then reviewed correspondence received from the Harris County Engineering Department regarding a traffic signal at the intersection of Telge Road and Grant Road. The County offered to upgrade the signal at the District's expense which was declined by the Board.

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


Secretary