

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

Minutes of Meeting of Board of Directors

December 13, 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 December 13, 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 Mr. Bob Wanninger of Lakeland Development Company, Ms. Kayla Crigger of Municipal Accounts & Consulting, Mr. James Parker, Mr. Jon VanderWilt and Mr. Linh Tran 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, Mr. Kai Dussling of Augusta Landscaping, Ms. Lea Davis a resident of Treeline subdivision, Ms. Melanie Folkert and Mr. Bradley McFarland of KB Homes, Ms. Jennifer Lembcke of Valencia Pines Homeowners Association, 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 Constable was recognized by the Board and provided a report on law enforcement activity during the previous month.

2. The Board considered the minutes of the meeting of November 15, 2018, 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, 2019. 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 29 taps during the previous month bringing the total connections in the District to 6,981. The Board reviewed the billing and collections summary and the operation of the water plants and the sewer treatment

plants. It appeared that 95.4% 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. 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 reported that 1,398 smart meters had been installed in the District and presented proposals for repair or replacement of the bar screen at Wastewater Treatment Plant No. 2, Lift Pump No. 2 at the onsite lift station, and the radiator at Water Plant No. 2 all of which were accepted by the Board. The Board also considered an appeal from a resident in Treeline subdivision and requested the operator review the matter and provide additional information to the Board if the operator is unable to adjust the bill. 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 2017 taxes are 99.54% collected.

6. The Board then recognized Mr. Jon VanderWilt who presented the engineer's report. The Board recognized representatives of KB Homes who requested annexation and service to an approximately 20 acre tract outside the boundaries of the District. The attorney reviewed with the Board and the developers the District's long established policy with respect to annexation, and the developers indicated their desire to be annexed following closing on purchase of the property. The Board approved the pay estimate reflected in the report, and the engineer advised that the County proposes to include the Telge Road water line relocation in the County's contract, which would require an interlocal agreement. After further discussion, upon unanimous vote, the engineer's report was approved by the Board.

7. The attorney for the District then advised that Harris County MUD 416 has requested a contract amendment to allow for service outside the MUD 416 boundary. The Board agreed that the matter should be reviewed by the engineer and the operator prior to consideration by the Board.

8. The Board then considered an application to the Texas Commission on Environmental Quality for authorization to issue bonds, and upon unanimous vote, the bond application was approved by the Board.

9. The Board then considered the attached Order annexing 78.8285 acres of land and acknowledged that consent to annexation has been provided by the City of Houston. After discussion, upon unanimous vote, the Board adopted the Order adding land.

10. The Board then considered five paving guaranty Agreements for the subdivisions included in the bond application, and upon unanimous vote, the paving guaranty agreements were approved by the Board.

11. The Board then considered interlocal agreements with Harris County for Copper Bend at Indian Trails subdivision and Hayden Lakes subdivision for the maintenance of non-standard paving. After discussion by the Board, both interlocal agreements were approved

by the Board as well as contracts with the Hayden Lakes and Copper Bend at Indian Trails Homeowners Associations, pursuant to which the homeowners associations assume responsibility for maintenance of the pavement.

12. The Board then considered a request for consent to a collateral assignment of the reimbursement agreement for Copper Bend at Indian Trails, and upon unanimous vote, the Board approved the consent.

13. The Board then considered proposals for renewal of the District's insurance coverage, and after review of two proposals, the Board accepted the proposal received from McDonald & Wessendorff.

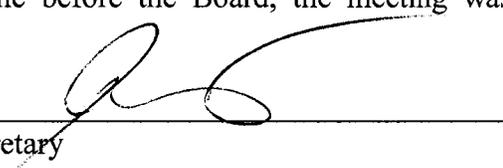
14. The attorney for the District then discussed with the Board the requirement to file an eminent domain report with the State Comptroller's Office, and upon unanimous vote, the attorney was authorized to prepare and file the necessary report.

15. The Board then recognized Mr. Kai Dussling of Augusta Landscaping who recommended certain revisions to the landscaping maintenance contract related to the Spring Cypress esplanade. The Board discussed the matter and agreed to consider the recommendations at a future date.

16. The Board then recognized Ms. Katie Golzarri who reported that the County has agreed to allow landscaping in the Grant Road esplanade. The Board discussed the matter and asked Ms. Golzarri how the landscaping would impact the contractor's warranty on utilities and paving. Ms. Golzarri agreed to investigate the matter and report at the next Board meeting. The architect then reported on the status of the Phase 1 trail project, including acquisition of easements and improvements proposed by Harris County Flood Control along Little Cypress Creek.

17. The Board then discussed a response received from the attorney for Mr. and Mrs. Hobert Smith regarding the letter of intent to purchase a water plant site. The Board considered the terms of the response and agreed that it would be appropriate to designate a Director to handle the District's negotiation for purchase of the site and agree on the Board's behalf to all terms necessary for execution of an earnest money contract.

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

  
Secretary