

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5
Minutes of Meeting of Board of Directors
October 17, 2019

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 October 17, 2019, 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
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 and Mr. David Banos of Municipal Accounts and Consulting, Mr. Dane Plumbley of Lennar Homes, Mr. Justin Jenkins of McCall Gibson Swedlund Barfoot, PLLC, Mr. James Parker and Mr. Dustin O’Neal 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. Drew Stewart of Caldwell Companies, Ms. Jennifer Lembecke 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 Board considered the minutes of the meeting of September 19, 2019, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.
2. The Board recognized officers from the Harris County Constable’s Office who presented the law enforcement report for the previous month.
3. The Board recognized Mr. Justin Jenkins of McCall Gibson Swedlund and Barfoot, PLLC, who presented the Agreed-Upon Procedures report with respect to expenditure of the Series 2019 Bond proceeds. The Board reviewed the report with the auditor, and upon unanimous vote, the Board approved the auditor’s report and authorized distribution of bond proceeds upon closing on October 22, 2019.
4. The Board then recognized Ms. Julie Peak who reported on the results of the bond sale and advised that the interest rate on the bonds is the lowest achieved by the District since its creation.

5. The Board reviewed the attached bookkeeper's report, including the invoices reflected thereon and a schedule of District investments. The Board also reviewed a schedule of deposit refunds paid by check executed by the bookkeeper pursuant to the Board's authorization. The Board also reviewed the general fund comparison of actual versus budgeted revenues and expenditure for the fiscal year ending July 31, 2020. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

6. The Board then reviewed the operator's report reflecting 20 taps during the previous month bringing the total connections in the District to 7,354. The Board reviewed the billing and collections summary and the operation of the water plants and the sewer treatment plants. It appeared that 95.8% 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 advised that the developer of Copper Ridge subdivision had requested that the operator pre-tap approximately 18 lots. The Board discussed the matter and agreed that, upon payment of one half the tap fee, the operator should be authorized to proceed with pre-tapping the lots. The Board discussed repairs needed at various lift stations and water and sewer plants in the District and agreed that the District should consider establishing standards for improvements and should develop a schedule of all needed repairs to be included in an application to the Texas Commission on Environmental Quality for the issuance of bonds. The operator reported on the status of the smart meter installation and discussed with the Board a defined irrigation schedule and water use policy. The Board agreed to consider adoption of a similar policy at a future Board meeting. The Board discussed repairs and maintenance to the District's facilities since the last Board meeting. 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.

7. The attorney for the District then advised that based on information provided by the Harris County Tax Assessor's Office, the District's 2018 taxes are 99.68% collected.

8. The Board then recognized Mr. James Parker who presented the engineer's report. The Board approved the pay estimates and change orders reflected in the report and considered proposals from the engineer for 1) expansion of Water Plant No. 4, 2) repair of the ground storage tanks and hydropneumatic tanks at Water Plant No. 2, 3) improvement of the water plant SCADA system, 4) and extension of a waterline along Shaw Road. The Board considered the proposals and accepted the proposal for repairs at Water Plant No. 2 and upgrade of the SCADA system for the water plants. The Board also approved the Phase 1 trails mid-block crossing study to be performed by the engineer and a quantity adjustment on the Water Plant No. 3 expansion project. Mr. Parker reported on the status of annexation of three properties into the District. After further discussion, upon unanimous vote, the engineer's report was approved by the Board.

9. The Board discussed reimbursement of Spring Cypress Investors, LLC (Mr. Chris Buell) for the oversizing of the sanitary sewer line extended to serve The Learning Experience, and agreed to reimburse the developer conditioned on receipt of an auditor's report following review of the matter and receipt of the second installment of the tap fee for the project. The Board also agreed to submit an application to the TCEQ for use of surplus funds to

reimburse the general fund for the developer reimbursement and to include the balance of the reimbursement in the District's first bond application following certification of adequate value on the project pursuant to the reimbursement agreement.

10. The Board then considered a proposed Utility Financing and Reimbursement Agreement with KB Home, and upon unanimous vote, the agreement was approved and executed.

11. The Board then considered a utility commitment to Telge Retail Partners, Ltd., and upon unanimous vote, the commitment was approved by the Board.

12. The Board reviewed correspondence received from the Harris County Engineering Department requesting the District participate in a flood control project to improve flooding in Rock Creek subdivision. The Board discussed the matter and agreed to include the project in the preliminary schedule of projects to be included in the next bond application.

13. The Board was then advised that the resident at 15335 Stoneridge Park Lane appears to be making improvements on the District's detention site in the Reserve at Cypress Creek detention pond. The attorney for the District stated that he has written a letter to the resident instructing the homeowner to cease and desist any further encroachment.

14. The Board then recognized Ms. Katie Golzarri who reported on acquisition of easements for the trail project Phase 1 and advised that the easements from HEB and the storage facility are still needed. Ms. Golzarri advised that she continues to coordinate with Harris County on approval of plans and the Interlocal Agreement required for the project. Ms. Golzarri also advised that a route for the Phase 2 plan has been discussed with the parks committee and the Board accepted a proposal for the preliminary design of the Phase 2 plan. The Board discussed correspondence received from Harris County regarding construction of sidewalks along Louetta Road and an invitation to the District to contribute to the cost thereof, and after discussion, upon unanimous vote, the Board agreed to participate in cost sharing of the sidewalk on the District side of Louetta Road.

15. The Board then entered executive session to discuss employment matters.

16. The Board then reentered open session but took no action.

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



Secretary