

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

Minutes of Meeting of Board of Directors

August 19, 2021

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 19, 2021, 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
Bruce Gallun, Director
Mindy Cernosek, Director

and the following absent:

None.

Also present was an officer from the Harris County Constable’s office, Ms. Julie Peak of Masterson Advisors, Mr. Jason Hajduk of IDS Engineering Group, Ms. Keli Schroeder, Mr. Nelson Gaez and Ms. Alix Osgood of BGE, Inc., Mr. Ravi Patel of Municipal Accounts & Consulting, Mr. Mike Harrington of American Enerpower, Ms. Katie Golzarri of Clark Condon, Mr. Austin Muse of Municipal District Services, LLC, Mr. Jesse Carrasco of Caldwell Companies, Mr. Kai Dussling of Augusta Landscaping, Mr. Michael Kaska of KB Home, Mr. Shea Walker of Champions Hydro-Lawn, Mr. Scott Black of David Weekley Homes, 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 June 15, 2021, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board recognized an officer from the Harris County Constable’s Office who presented the law enforcement report for the previous month.

3. The Board recognized Mr. Kai Dussling of Augusta Landscape who requested the Board consider an amended landscaping contract to address increasing costs. The Board discussed the matter and approved the amended landscaping contract.

4. The Board then recognized Ms. Katie Golzarri who reported on the status of development of the trails project Phases 1 and 2 including acquisition of easements. The Board approved Change Order No. 8 and Pay Application No. 4 as well as a proposal from Ninyo & Moore for additional materials testing. After discussion, upon unanimous vote, the Board approved the park consultant’s report.

5. The Board then considered the attached Resolution adopting rules for the trails, and upon unanimous vote, the Resolution adopting rules was approved by the Board.

6. The Board reviewed the 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 reviewed the general fund comparison of actual versus budgeted revenues and expenditure for the fiscal year ending July 31, 2022. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

7. The Board then reviewed the operator's report reflecting 24 taps during the previous month bringing the total connections in the District to 7,787. The Board reviewed the billing and collections summary and the operation of the water plants and the sewer treatment plants. It appeared that 93.8% of the water pumped or purchased 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. Mr. Muse reported an illegal discharge to the Rock Creek detention pond and after discussion, the Board authorized issuance of a Notice of Violation. The operator also discussed with the Board the condition of the fence at Lift Station No. 5, and after considering the alternatives, the Board agreed to replace the fence with a six-foot chain-link fence. After discussion by the Board, upon unanimous vote, the Board approved the operator's report and all action items and authorized termination of service to all customers appearing on the delinquent list in accordance with the District's Rate Order.

8. The attorney for the District then advised that based on information provided by the Harris County Tax Assessor's Office, the District's 2020 taxes are 99.43% collected.

9. The Board then recognized Ms. Julie Peak, the District's financial advisor, who presented a cash flow analysis and recommendation with respect to the District's 2021 tax rate. The Board reviewed the analysis and recommendation, as well as the 2021 voter-approval tax rate worksheet. The Board considered the attached Resolution Finding District to be Low Tax Rate, Developed, Developing, or Developed District in a Declared Disaster Area, Calling Public Hearing on 2021 Tax Rate, and Authorizing Tax Assessor-Collector to Prepare and Publish Notice of the Public Hearing. After discussion, upon unanimous vote, the Board adopted the attached Resolution and authorized publication of a Notice of a Public Hearing at which the Board will consider adoption of a total 2021 tax rate of \$0.73 per \$100 assessed valuation, which the Board noted consists of a debt service tax of \$0.56, a maintenance tax of \$0.17.

10. The Board then recognized Ms. Keli Schroeder who presented the engineer's report. The engineer reported on the status of construction of Water Plant No. 5, the rehabilitation of Water Plant No. 2 and the expansion of Water Plant No. 4. Ms. Schroeder discussed with the Board a proposed application for use of surplus of funds for the Treeline Golf Club project. It was agreed that the engineer and attorney report to the Board on the history of the project to determine if a surplus funds application is appropriate. Ms. Schroeder requested an increase in the budgets for fees related to the Wastewater Treatment Plant No. 1 and Wastewater Treatment Plant No. 2 projects, both of which were approved by the Board. The engineer then reported on commercial reviews currently underway and provided information regarding projects

managed by LJA, Costello and IDS. After further discussion, upon unanimous vote, the engineer's report was approved by the Board.

11. The Board then recognized Mr. Shea Walker of Champions Hydro-Lawn who reviewed with the Board the maintenance of the various properties maintained by Champions Hydro-Lawn. Mr. Walker presented two proposals for the Board's consideration, and upon unanimous vote, the Board approved the Champions Hydro-Lawn report and the two proposals.

12. The Board then recognized Mr. Jesse Carrasco of Caldwell Companies who reported on the current design for the development of the 28 acres to be annexed into the District. Mr. Carrasco advised that the lots would be platted individually and that the subdivision would be gated with rental units maintained by a management company. The Board discussed the matter and agreed to consider which utilities and detention would qualify for District reimbursement.

13. Mr. Carrasco also advised that Caldwell is considering purchase of a 52-acre tract adjacent to the District which would be developed as single-family homes with some commercial development. The Board discussed the matter, and with Director Gallun opposed, advised Mr. Carrasco that the District would agree to annex the property subject to the \$0.70 debt service limitation, the limitation on current authorized bonds, and provided the developer pay the cost of annexation.

14. The Board then recognized Mr. Scott Black of David Weekley Homes who requested the Board consider annexing approximately 17 acres adjacent to the District which would be developed as duplexes. Again, with Director Gallun opposed, the Board advised Mr. Black that the District would annex the property on the same conditions as the Caldwell annexation discussed above.

15. The Board then recognized Mr. Jason Hajduk who continued the discussion with the Board regarding the 225 acres which Woodmere would like to have annexed into the District. Mr. Aaron Alford joined the meeting by telephone and participated in the discussion. Mr. Alford advised that his preference would be to have the property annexed into the District and in the alternative create a separate District which would contract for services from the District. The Board discussed the matter and agreed that annexation would be considered if the District conducts a successful bond election and that service to an independent district would require an analysis of the District's water and sewer facilities. The Board authorized the District's engineer to perform the analysis provided the cost is paid by Woodmere. Director Gallun expressed his objection to any further annexation.

16. The Board then recognized Mr. Mike Harrington who presented a proposal for extending the District's electric power contract. The Board considered the presentation and agreed to a 96-month contract with Direct Energy.

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


Secretary