

MINUTES OF REGULAR MEETING  
NORTHAMPTON MUNICIPAL UTILITY DISTRICT  
HARRIS COUNTY, TEXAS

June 20, 2016

THE STATE OF TEXAS     §  
  §  
COUNTY OF HARRIS     §

The Board of Directors (the "Board") of Northampton Municipal Utility District (the "District") of Harris County, Texas, met in regular session, open to the public, at 7:00 p.m., on the 20th day of June, 2016, at the regular meeting place thereof, the Northampton Center, 6012 Root Road, Spring, Texas, within the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

E. C. Thomas	President
Bill Black	1st Vice President
W. Paul Schneider	2nd Vice President
Scott Kirkpatrick	Secretary
Roger A. Flood, III	Treasurer

All members of the Board were present thus constituting a quorum.

Also present were Ms. Cindy Schmidt, the District's Bookkeeper; Ms. Esther Flores and Ms. Laura Flores of Tax Tech, Inc., the District's Tax Assessor/Collector; Mr. Robb Clark of Hays Utility South Corporation, the District's Operator; Mr. Joshua Lee, P.E. and Ms. Sherry Grant, E.I.T. of Jones & Carter, Inc., the District's Engineers; Mr. Al Peters, an employee of the District; Mr. Jim Sheffield, the District's General Manager; Mr. Harry Peyton of AquaSurance; Carrie and Mark Thailer, residents of the District; and Mr. John Wallace of Bacon & Wallace, L.L.P., the District's Attorney.

WHEREUPON, following a notation that notices of the meeting had been duly posted in accordance with law, copies of which are attached hereto as exhibits, the meeting was called to order.

COMMENTS FROM THE PUBLIC

Carrie and Mark Thailer, residents of 6023 Elmgrove, stated they wanted information as to flooding responsibility. They stated their home was flooded in 2004 and then again June 1, 2016. Director Black reported that the Thailers are apparently referring to a private drain line, located on private property, which is a 24" pipe and outfalls into the street storm sewer and is about 140 feet long.

Mr. Thailer stated this drain line gets lots of debris and he can't tell if the line is clogged or not. He stated the line is frequently cleaned at the inlet which is located on the neighbor's property. Director Black reported Source Point has been called to clean and televise the pipe. Director Black stated he thinks this is an engineering design problem. Mr. Sheffield stated it

looked like debris was coming from neighbors yards and thought the line should be cleaned once a year. Robb Clark stated Source Point was scheduled to service the area on June 21, 2016. Director Black stated that after Source Point's findings were determined, then decisions could be made, possibly getting engineers involved as well. He noted the Board needed to somehow assist homeowners.

#### TAX ASSESSOR/COLLECTOR'S REPORT

Laura Flores presented the Tax Assessor/Collector's Report, a copy of which is attached hereto as an exhibit. Ms. Flores informed the Board that 97.82% of the District's 2015 tax levy had been collected thus far and presented seven disbursement checks for Board approval. She then reported the District's current year tax values were \$504,269,051 compared to the 2016 preliminary value of \$569,535,878, which resulted in a \$65.3 million dollar increase. She noted the Defined Area's current assessed value was \$55,592,160, the Defined Area's 2016 preliminary value as of January 1, 2016 was \$77,768,176 and the Defined Area's estimated value as of April 1, 2016 was \$89,938,129.

Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's Report as presented.

#### BOOKKEEPER'S REPORT

Cindy Schmidt presented and reviewed the Bookkeeper's Report and the fifth month of the year-to-date budget, copies of which are attached hereto as exhibits. Director Black reviewed his projections of increases in maintenance and operations tax revenues through 2019. He also evaluated projections of operating costs for recreational facilities consisting of recreational costs of \$313,000 and park costs of \$663,000 which reflected a shortfall of approximately \$381,000.

Mr. Sheffield stated he thought the parks number was overstated because of capital improvements. Director Black indicated his projections were based on the District's budget. He stated that if Oakmont Public Utility District ("Oakmont") agrees to the District's joint recreational proposal in which Oakmont pays recreational fees, then there would be an estimated \$225,000 more in recreation fees. He further stated that raising maintenance and operations tax revenue over time as values grow, would help eliminate shortfalls.

Jim Sheffield stated that mowing and other maintenance costs were for areas outside recreation costs. Cindy Schmidt stated that pools, tennis courts and weight room were considered "recreation," whereas "parks" would constitute everything else including mowing and tree maintenance. Director Black stated the proposed agreement had been provided to Oakmont.

Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report and to authorize payment of the checks presented for approval.

## INSURANCE PROPOSAL

Harry Peyton presented the AquaSurance renewal proposal for the District's insurance. He reviewed the new schedule of facilities which had been updated by the District's Engineer. Mr. Peyton stated there was about a 31% increase in value since last year, which represented the biggest policy change. He stated he would update the flood coverage limit on both Wastewater Treatment Plants from \$2,500,000 to \$5,000,000 with no increase in premium. He mentioned that the machinery deductible on the policy reflected a \$15,000 decrease.

Upon motion duly made and seconded, the Board voted unanimously to approve the insurance renewal based on the proposal.

## OPERATOR'S REPORT

Mr. Robb Clark presented the Operator's Report, a copy of which is attached hereto as an exhibit.

Mr. Clark reported there had been one violation at the Wastewater Treatment Plant ("WTP") for peak flow reported to the Texas Commission on Environmental Quality ("TCEQ") due to recent storms. Mr. Clark then noted there were seven taps installed in May, 55 year to date. He stated there were no unusual repair items.

Mr. Clark informed the Board that the Operator had received a letter from Mr. Tanier, a resident at 24803 Haveford Rd., requesting a billing adjustment. He explained there had been a leak which had been repaired and usage had returned to normal. He noted there were no issues with District facilities. He stated the bill amount was \$366.83 and the adjustment would be about \$210. Upon motion duly made and seconded, the Board voted unanimously to approve the requested adjustment.

Mr. Clark next stated the need for fire hydrant painting and servicing. He noted the District has 200 fire hydrants and it has been approximately nine years since they were last serviced. He explained it would cost \$8.75 to inspect and lubricate the hydrants and \$47 to wash and paint them, plus road reflectors. Upon motion duly made and seconded, the Board voted unanimously to approve proceeding with the project.

Mr. Clark said he did not yet have numbers related to lead content to present to the Board. He then noted the Drinking Water Quality Report had been mailed to the TCEQ.

Upon motion duly made and seconded, the Board voted unanimously to approve the Operator's Report and termination of the delinquent accounts.

## ENGINEER'S REPORT

Josh Lee presented and reviewed the Engineer's Report, a copy of which is attached hereto as an exhibit. Mr. Lee reported that Liftwater Construction, contractor for the Wastewater Treatment Plant No. 2 expansion, was actively working to complete the project and had about five remaining punch list items.

Mr. Lee next reported that Water Plant No. 3 – Phase 1 Project (“WP3”) is under design. He said the Engineer was working with Harris County on detention pond options for the tract and would meet with Director Black on June 22, 2016 to discuss. He then reported that Harris County had approved the construction plans for the M-103 pedestrian crossing bridge.

Mr. Lee told the Board that Bond Application No. 15 and Defined Area Bond Application No. 1 were under review by the Texas Commission on Environmental Quality (“TCEQ”). He noted the Engineer expected to file Bond Application No. 16 in the amount of \$10,300,000 with the TCEQ in early July 2016 to construct WP3 and Elevated Storage Tank.

Mr. Lee said the Engineer was preparing Defined Area Paving Bond Application Report No. 1. Mr. Lee reminded the Board that the Park Bonds Release of Escrow and Change in Scope Application for \$242,478 which was filed on March 11, 2016 with the TCEQ had been declared administratively complete and was under review by the TCEQ.

Mr. Lee stated the Engineer was preparing a Release of Escrow Application to release the escrowed funds allocated for two new tennis courts at Inway Park, construction of the M-103 pedestrian crossing, and a bathroom at West Park. Mr. Lee stated the developer for a proposed Timewise service station had removed his request for a feasibility study.

Mr. Lee presented the following Pay Estimates for approval:

- (1) Inway Oaks Estates Onsite Lift Station - Pay Estimate No. 6 in the amount of \$74,768.08 to C. F. McDonald Electric, Inc.;
- (2) Water, Sanitary, and Drainage Facilities in Hampton Creek Section 7 – Pay Estimate No. 2 in the amount of \$79,153.81 to Bay Utilities, LLC;
- (3) Paving in Hampton Creek Section 7 - Pay Estimate No. 1 in the amount of \$41,875.89 to Jaho, Inc.;
- (4) Excavation, Grading, and Detention in Hampton Creek Phase 3 – Pay Estimate No. 4 in the amount of \$59,285.62 to Burnside Services, Inc.

Upon motion duly made and seconded, the Board voted unanimously to approve the Pay Estimates as presented;

Mr. Lee next stated the Engineer was planning to attend Harris County’s utility coordination meeting for the Gosling Road widening projects. He noted the utilities would need to be relocated.

Mr. Lee next requested approval to record three Abandonments of Easement which had been mistakenly recorded twice. Upon motion duly made and seconded, the Board voted unanimously to approve this request.

Mr. Lee stated the Engineer had reviewed plans for installation of the Water Plant generator and sent them back to Acclaim Energy. Mr. Wallace then stated the generator contracts from the General Land Office had not been received yet. Mr. Lee then reported that a portion of the Ditch M102 channel had been damaged resulting from sheet flow from an adjacent tract and noted the channel was maintained jointly by the District and Oakmont. He stated the cost would most likely exceed \$25,000. He said Stormwater Solutions had been contacted and two more proposals needed to be obtained. He went on to say improvements needed to be

investigated. Mr. Lee stated he had been contacted by Oakmont with a proposal to bring in Woods Edge Church. Mr. Wallace proposed the Board consider this as an emergency repair. After discussion among the Board, the Board agreed to allow the Engineer to obtain proposals and investigate modifications to Ditch M-102.

Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer's Report as presented.

#### ANNEXATIONS

Mr. Wallace presented an Order Annexing Land and Redefining Boundaries and an Amendment to Information Form pertaining to the 7.965 acre Terra-Gosling tract. Mr. Lee stated the Engineer would have the boundary map next month. Upon motion duly made and seconded, the Board voted unanimously to approve the Order Annexing Land and Redefining Boundaries and Amendment to Information Form. Mr. Wallace noted the AGM Box Office 1.613 acre tract to be annexed was in process.

#### GENERAL MANAGER'S REPORT

Jim Sheffield stated that West Park wanted more formal foliage. The Board agreed to proceeding with the project. He reported that he had still been in communication with Allison Marks of Copperhead Publishing regarding the request to lease the vacant former Constable's office for her business in exchange for printing services. A discussion ensued among the Board.

Mr. Sheffield next reported a pool pump motor at Northcrest Pool kept going out and a short was discovered in the wiring. He said new wiring was installed and the motor was being rebuilt.

Upon motion duly made and seconded, the Board voted unanimously to approve the General Manager's Report as presented.

#### MISCELLANEOUS MATTERS

Director Black reported he had cleaned up and reorganized the Operator's database. Director Thomas posted a notice on Next Door regarding the directory. He stated he had received 35 responses, all liking the idea of having a directory. He further noted steps were being taken to ensure compliance with laws on confidentiality of customer records.

Mr. Wallace stated an Amended and Restated Joint Use Agreement had been drafted and delivered to Mallory Craig. He stated he was waiting on her response. Mr. Wallace presented the Code of Ethics for Board approval. Upon motion duly made and seconded, the Board voted unanimously to approve the Code of Ethics. Director Black spoke with the developer regarding the sale of land to Spring Gardens and the developer wouldn't release the resolution. Director Black recommended the Board discontinue discussions.

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



Secretary, Board of Directors