

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

August 15, 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 15th day of August, 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 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. of Jones & Carter, Inc., the District's Engineer; Mr. Jim Sheffield, the District's General Manager; Ms. Lisa June, an employee of the District; Mr. Steve Eustis of Robert W. Baird & Co., the District's Financial Advisor; Mr. Greg Kachnovitz, Mr. Ken English and Ms. Patricia Van Horn, residents of the District; Mr. Richard Giesche, a property owner in 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

Greg Kachnovitz addressed the Board and stated he was concerned with the condition of the front pond. Director Thomas stated that the pond was aerated, the flora and fauna were healthy, and that there had never been a fish kill related to the pond. Mr. Kachnovitz said he felt the pond was not attractive. Patricia Van Horn raised the issue of constructing a 50 meter pool. Director Thomas stated it was not on the agenda for discussion at the meeting. Ken English then inquired about possible plans for the old constable's building. Director Thomas stated that the Board was unaware of any plans, but stated he felt the building should have a public use. He noted that the Board had not been approached by the local EMS. These matters were then tabled.

## APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors held on July 11, July 18 and August 1, 2016 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the minutes of the July 11 and July 18, 2016 meetings as presented, and to approve the minutes of the August 1, 2016 meeting as revised.

## TAX ASSESSOR/COLLECTOR'S REPORT

Esther Flores presented the Tax Assessor/Collector's Report, a copy of which is attached hereto as an exhibit. Ms. Flores informed the Board that 98.82% of the District's 2015 tax levy had been collected as of the prior month. She also noted that the Delinquent Tax Attorney was working on collecting delinquent accounts. Ms. Flores then informed the Board that she had not yet received the District's certified values from HCAD, and discussion of the 2016 tax rate recommendation would be on the agenda for the next meeting. 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 informed the Board that she was compiling documents in response to an open records request. She then presented and reviewed the Bookkeeper's Report, the Investment Report, and the seventh month of the year-to-date budget, copies of which are attached hereto as exhibits.

Ms. Schmidt next reported that she had not received the final pay estimate relating to the Wastewater Treatment Plant ("WTP") project, and so had not been able to reconcile expenses yet. She also noted she would begin working on the proposed budget in November. Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report, the Investment Report, and to authorize payment of the checks presented for approval.

## OPERATOR'S REPORT

Robb Clark then presented the Operator's Report, a copy of which is attached hereto as an exhibit. Mr. Clark stated the District's water accountability rate for the previous month was 96.69% and that the WTP was in compliance. He then informed the Board that the lift station flow recorder had been repaired and that five new taps had been installed during the previous month. Mr. Clark next reviewed bleach prices with the Board and stated he had found a source which would save the District \$1,800 per month. Upon motion duly made and seconded, the Board voted unanimously to authorize the Operator to implement the change in bleach suppliers.

With regard to the repair of the motor control for the lift station, Josh Lee noted that the Board had not authorized any action thus far. He proposed that the matter be addressed next year, and the Board agreed.

Mr. Clark stated that his firm would begin the fire hydrant survey and painting in September, and that he would have updated maintenance rates and insurance information relating to the generator for the Board's review at the next meeting.

With regard to the collection of donations for the Homeowners Association ("HOA") from District residents, Mr. Clark stated that the Operator had been deducting 40% of the donations for a two month period. Mr. Clark stated it had been an oversight and that he would reconcile the donations and reimburse the HOA. Upon motion duly made and seconded, the Board voted unanimously to approve the Operator's Report as presented.

#### SALE OF SERIES 2016 DEFINED AREA UNLIMITED TAX BONDS

Steve Eustis next discussed the sale of the District's \$6,490,000 Defined Area Unlimited Tax Bonds ("Bonds"). He then presented a pricing sheet, a copy of which is attached hereto as an exhibit. He stated three bids had been received, and noted the Bonds were not rated or insured. He stated the low bidder was the GMS Group, LLC ("GMS") at a net interest rate of 3.38824% and recommended awarding the sale to GMS. Upon motion duly made and seconded, the Board voted unanimously to award the sale of the Bonds to GMS. It was noted the closing was scheduled for September 13, 2016.

John Wallace next presented the Order Authorizing Issuance of the Series 2016 Bonds, Official Statement, General Certificate, Rule 15c2-12 Certificate, Signature Identification and No-Litigation Certificate, Paying Agent/Registrar Agreement, and letters to the Comptroller and Attorney General for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the documents as presented and to authorize the Attorney and Financial Advisor to do all things necessary to complete the sale and delivery of the Bonds.

#### FINANCIAL ADVISOR'S REPORT

Steve Eustis then presented and reviewed the Preliminary Official Statement ("POS") and Notice of Sale ("NOS") for the proposed \$2,700,000 Defined Area Road Unlimited Tax Bonds, Series 2016 ("Road Bonds"). He stated that the Road Bonds would be sold at a special meeting to be held on August 31, 2016, and the closing was projected for September 29. Upon motion duly made and seconded, the Board voted unanimously to approve the POS and NOS as presented, and to hold a special meeting on August 31, 2016 at 7:00 p.m.

Mr. Eustis then stated that the District could refund certain of its outstanding bonds and noted he planned to propose a parameter refunding bond sale at the August 31 meeting. The Board agreed to discuss the matter at the special meeting.

#### SPRING GARDENS NURSERY

Richard Giesche addressed the Board at this time and stated he wanted to approach the Board about purchasing an 8 acre tract on Dovershire. He stated that property restrictions existed which limited the land to recreational use. Mr. Giesche stated he intended to grow trees on the property. The Board agreed to discuss the matter at the next recreational meeting.

#### ENGINEER'S REPORT

Josh Lee presented and reviewed the Engineer's Report, a copy of which is attached hereto as an exhibit. With regard to the expansion of Wastewater Treatment Plant No. 2, Mr. Lee stated he hoped to receive the final pay estimate next month and noted that the Plant was

fine. Mr. Lee then reviewed the updated schedule for Water Plant No. 3 and stated the Board needed to decide on a tank color.

With regard to the M102 ditch repair, Mr. Lee noted that Stormwater Solutions had presented a proposal for \$51,579.20 plus a change order in the amount of \$8,295.00. He stated Oakmont PUD had approved the proposal and change order and that the cost was to be shared between the District, Oakmont and Woodsedge Church.

Mr. Lee then informed the Board that Bond Application No. 17 had been at the TCEQ for approximately a month. It was noted that the pre-purchase inspection for DR Horton - Hampton Creek had been scheduled and that the District's Auditor was working on the Developer Reimbursement Audit. Mr. Lee then stated that the Application for Release of Funds from Escrow for park improvements would need to be revised to release only \$129,000, as the remaining amount was not subject to escrow.

Mr. Lee stated construction of the Gosling Road widening project was set to begin the first quarter of 2017. He then reported that he had been reviewing possible improvements for the Hampton Creek detention ponds, including fencing and trails. He said the preliminary cost was \$140,000. He then presented a diagram, a copy of which is attached hereto as an exhibit. Mr. Lee stated he would meet with DR Horton on the matter and that a Detention Pond Maintenance Agreement would be required.

Mr. Lee then presented Pay Estimate No. 3 from Jaho, Inc. for paving at Hampton Creek, Section 7 in the amount of \$1,643.31. Upon motion duly made and seconded, the Board voted unanimously to approve Pay Estimate No.3 as presented.

Mr. Lee next informed the Board that a Water Line Easement and Sewer Line Easement would be required to extend service lines to the Terra Gosling annexation tract. Mr. Wallace then presented the Easement documents. Upon motion duly made and seconded, the Board voted unanimously to approve the Easements. Further, upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to advertise for bids for the project.

The Board next entered into a discussion regarding the Acclaim Gen Max program for Water Plant No. 1. Mr. Wallace stated he was still waiting on final documentation. Mr. Lee said he had reviewed the plans and stated he had received a proposed change order from Power Secure, Inc. adding a sidewalk (\$12,000), bollards (\$3,500) and an encased duct bank (\$3,000). It was noted that another contractor could install these items, or that Jim Sheffield could handle the sidewalk and bollards. Upon motion duly made and seconded, the Board voted unanimously to approve a change order for the addition of an encased duct bank.

With regard to Jorge Canavati's annexation request, it was noted that the original request had been for 22 acres, but it had been revised to 12 acres. Mr. Lee stated that lines were available to serve the tract, that it would provide between \$8,000,000 to \$10,000,000 in taxable value and it would be constructed at no cost to the District. Mr. Lee confirmed that Mr. Canavati had paid a \$15,000 deposit. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer and Attorney to proceed with the annexation.

Mr. Lee then reported that MRE, LLC had built a public cul-de-sac in front of Inway Oaks and Harris County was requiring the removal of decorative columns and approximately 5

feet of decorative stamped concrete from the right of way. He stated that MRE, LLC requested the District to accept maintenance liability for the cul-de-sac. The Board declined and the matter was tabled.

The Board requested an aerial photo for use on the District's website. Mr. Lee noted the price for the photo would be \$3,450.00.

Mr. Wallace then reported that he had been approached by Joe Goggans of United Development Funding regarding the BLD Gosling development. Mr. Wallace stated that the contractor, Monarch Civil Construction, was finished with approximately 80% of the project and Mr. Goggans proposed to escrow funds with the District to accommodate the contractor. Mr. Wallace stated that the amount of funds to be escrowed was approximately \$280,000. Upon motion duly made and seconded, the Board voted unanimously for the Attorney to proceed with the preparation of an escrow agreement with United Funding Development. Mr. Wallace next informed the Board his office was still attempting to obtain the correct legal description for the AGM Box Offices annexation tract. Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer's Report as presented.

#### GENERAL MANAGER'S REPORT

Jim Sheffield next presented the General Manager's report, a copy of which is attached hereto as an exhibit. Mr. Sheffield noted that many construction projects had been delayed due to rain. He next informed the Board that the bill for Klein I.S.D. had been mailed to the wrong District and a penalty of \$1,500 had been assessed when the bill became delinquent. Upon motion duly made and seconded, the Board voted unanimously to waive the penalty. Further, upon motion duly made and seconded, the Board voted unanimously to approve the General Manager's Report as presented.

#### AMENDED AND RESTATED JOINT USE AGREEMENT WITH OAKMONT PUD

Mr. Wallace next reviewed the Amended and Restated Joint Use Agreement with Oakmont PUD ("Agreement"). He noted the original Agreement was signed in 2006 and renewed annually. He informed the Board the Agreement could be terminated upon sixty days' written notice prior to the anniversary date of December 14, 2016. After discussion, and upon motion duly made and seconded, the Board voted unanimously to authorize the Attorney to prepare the notice of termination. It was noted that the Board will discuss the matter further at the recreational meeting.

#### NORTHAMPTON M.U.D DIRECTORY

Director Black stated that 905 responses had been received, representing approximately 50% of the District's residents. He also said that 115 residents had opted out, and that it was time to proceed with completing the registration forms for Associated Voice.

#### DISCUSSION REGARDING RATE ORDER

The Board then entered into a discussion regarding the District's Rate Order and the North Harris County Regional Water Authority's ("RWA") fees. It was noted that the current Rate Order called for a 20% surcharge to be added to the RWA fees billed to District customers,

but the District was still losing money according to the budget. Mr. Lee stated that the District was not recovering approximately \$84,000 in RWA fees, but that it could be related to a timing issue with billing. The matter was then tabled.

DISCLOSURE COUNSEL FEE AGREEMENT

Director Flood requested more time to review the Disclosure Counsel Fee Agreement for McCall, Parkhurst and Horton. The matter was then tabled.

ATTORNEY'S REPORT

Mr. Wallace then presented the Association Voice Agreement relating to the production of a District directory, a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the Agreement.

Mr. Wallace then presented the Service Agreement with Off Cinco for the management of the District's website, a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the Service Agreement.

OTHER BUSINESS

The Board then entered into a general discussion regarding the possible use of tablets and a cloud based document storage system, such as Dropbox, to access documents for meetings. Lisa June agreed to research the matter.

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



  
Secretary, Board of Directors