

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

November 14, 2016

THE STATE OF TEXAS §
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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 14th day of November, 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, with the exception of Directors Thomas and Flood, thus constituting a quorum. In the absence of the President, 1st Vice President Black took the chair and presided over the meeting.

Also present were Ms. Cindy Schmidt, the District's Bookkeeper; Mr. Robb Clark of Hays Utility South Corporation, the District's Operator; Mr. Jim Sheffield, the District's General Manager; Mr. Joshua Lee, P.E. of Jones & Carter, Inc., the District's Engineer; Mr. Steve Eustis of Robert W. Baird & Co., the District's Financial Advisor; Ms. Lisa June, an employee 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. At this time, the pledge of allegiance and an invocation were held.

COMMENTS FROM THE PUBLIC

There were no comments from the public at this time.

APPROVAL OF MINUTES

Minutes of the meeting of the Board of Directors held on November 7, 2016 were tabled.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board of Directors reviewed the Tax Assessor/Collector's Report and the Delinquent Tax Roll, copies of which are attached hereto as exhibits. There were no current collections.

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 the Bookkeeper's Report, a copy of which is attached hereto as an exhibit. She discussed the final reconciliation for the Wastewater Treatment Plant ("WTP") construction, noting the District would be returning remaining funds to developers which would close out the WTP expansion fund account. She stated a spreadsheet had been given to the auditor for purposes of performing a developer reimbursement audit. Josh Lee stated the upcoming bond issue would generate surplus funds.

Ms. Schmidt next reported there had been attempted fraud on a District account using handwritten duplicate checks. She stated that Compass Bank had noticed the issue and had opened a new account for the District.

Ms. Schmidt noted the bookkeeper was in the process of reconciling the Oakmont Joint Management Agreement funds. She stated this should be complete in January. Ms. Schmidt next stated the bookkeeper would work with Director Flood on a draft budget for 2017.

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.

Upon motion duly made and seconded, the Board voted unanimously to engage McCall Gibson Swedlund Barfoot, PLLC to audit developer reimbursements for WTP shares.

Upon motion duly made and seconded, the Board voted unanimously not to pass through credit card charges for recreational fees.

CONSULTANT CONTRACTS

Mr. Wallace reminded consultants to submit annual contract renewals for consideration at the next Board meeting.

OPERATOR'S REPORT

Robb Clark 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 92.75% and there were no permit excursions at the WTP.

Mr. Clark reported that the fire hydrant painting survey was complete, and the project could now begin. He noted that about 42 hydrants need to be repaired. Mr. Clark next discussed the cost of production, stating the Operator was in the process of finalizing costs of wastewater treatment. Mr. Lee stated that apartments, commercial customers, schools, and Oakmont Public Utility District costs should be included in the cost as well.

Mr. Clark reported the Operator continues to work with Mr. Pratt regarding a leak at his property, and the Operator would try to locate a valve across the street to determine if there was a potential leak on a dormant line.

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

BOND SALE

Mr. Eustis then discussed the \$10,300,000 Series 2016 Bond issue. He stated the rating had been affirmed and that Assurance Guaranty Municipal Corp. would provide bond insurance. Mr. Eustis stated rates had gone up after the election, noting that 10 year treasuries were up 50 basis points in one week with a glut of supply.

Mr. Eustis reported receiving four bids. He stated the winning bid was Bernardi Securities, Inc. at 3.711953% and the good faith check was forthcoming.

Upon motion duly made and seconded, the Board voted unanimously to approve the sale to Bernardi Securities, Inc., including the following documents:

- (a) Order Authorizing Issuance of Series 2016 Bonds;
- (b) Official Statement;
- (c) General Certificate;
- (d) Signature Identification and No-Litigation Certificate;
- (e) Paying Agent/Registrar Agreement with Regions Bank; and
- (f) Letters to the Attorney General and Comptroller.

The Board also voted to authorize the Attorney and Financial Advisor to do all things necessary to complete the issuance and delivery of the Series 2016 Bonds.

ENGINEER'S REPORT

Josh Lee reviewed the Engineer's Report, a copy of which is attached hereto as an exhibit. Mr. Lee reported that Water Plant No. 3 design plans were still in process. He stated that he was attempting to secure a sanitary control easement. He presented the renderings of the Water Plant and the elevated storage tank. He said he estimated 1.5 to 2 years of construction.

Mr. Lee stated the M-102 ditch repair photos had been reviewed and recommended closing out the contract and to let Stormwater Solutions begin maintenance. Upon motion duly made and seconded, the Board voted unanimously to approve the Final Pay Estimate. It was noted that Stormwater Solutions would handle shares from Oakmont Public Utility District and the Church.

Mr. Lee stated the Release of Escrow Application for park improvements was still pending at the Texas Commission on Environmental Quality ("TCEQ"). He next stated the Engineer had just received revised plans from Harris County for the Gosling Road widening project. He said the revisions involved relocation of utilities as a storm sewer was in direct conflict with the District's utilities under construction for Terra-Gosling, LLC.

Mr. Lee next reported that bids for the Hampton Creek Lift Station would be taken in December. He stated the District had a share in the facility. He also stated the facility would serve about 100 homes south of Willow Creek, but could be expanded to serve future development.

Mr. Lee reported that he and Mr. Wallace would follow up on the Notice of Violation from the TCEQ. Upon motion duly made and seconded, the Board voted unanimously to approve the Pay Estimates and change orders as presented.

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

DEVELOPERS

Mr. Wallace stated the AGG Box Solutions annexation was pending review by the City of Houston.

Director Black stated he wanted to get information from Bryan Frenchak regarding outfall pipe to bring up to grade. Mr. Lee stated the pond needed attention.

PROPOSED ESCROW AGREEMENT

The attorneys spoke to Joe Goggans regarding the proposed Escrow Agreement with UDF-IV for completion of Dovershire Place by BLD Gosling and Monarch Civil Constructors. Mr. Wallace reported that Mr. Goggans had worked out a solution with Monarch Civil Constructors that would allow Monarch Civil Constructors to proceed with construction without involving the District.

GENERAL MANAGER'S REPORT

Mr. Sheffield stated the scooter needed repair at a cost of \$1,000 to \$1,200. He proposed scrapping it and not replacing it. He then mentioned there was a busy holiday schedule coming up.

Mr. Sheffield next reported there was potential for a lease agreement to develop a park/tree farm on the tract to the west of the WTP. Director Black said the Board needed to make a decision on whether or not to move forward; if not, he wanted the Board to develop an alternate plan for the property. Director Schneider said he thought the tract had potential as a park. He said that Director Flood asked him to express that his view was the same. Upon motion duly made and seconded, the Board voted unanimously to decline the proposal by Jim Giesecke. Mr. Sheffield stated he would work on some preliminary ideas for development of this area. The Board determined they would meet on site after the first of the year and walk the site.

Mr. Sheffield reported the splash pad design was progressing, but looked like one large pad would be built rather than two smaller ones. He noted it would be hard to have a Spring opening. He said he wanted to proceed with planning so the Board may review.

OTHER MATTERS

Director Black reported that he was impressed with the recent presentation regarding smart meters and wanted to move forward with the project. He noted the Operator could stop meter replacements until the program is implemented, the Rate Order could be changed to reflect an increase in tap fees and require all new taps have to use a smart meter, surplus funds from prior Bond issues could be used to retrofit systems, and the use of smart meters could be phased in over time. Mr. Sheffield stated he would like to put ten meters offered on a trial basis at the parks. Upon motion duly made and seconded, the Board voted unanimously to undertake the ten meter trial program at a cost of \$3,500.00

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




Secretary, Board of Directors