

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

December 19, 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 19th day of December, 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 Director Schneider, thus constituting a quorum.

Also present were Ms. Cindy Schmidt of L&S District Services, LLC, 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. Jim Sheffield, the District's General Manager; Mr. Joshua Lee, P.E. and Ms. Sherry Grant, EIT of Jones & Carter, Inc., the District's Engineer; Ms. Marsha Jan of McCall Gibson Swedlund Barfoot, PLLC, the District's Auditor; Ms. Lisa June, an employee of the District; Mr. Daniel Pereyra of Environmental Allies, the District's mowing/detention pond contractor; Mr. Matthew Dunn, Mr. Andrew Dunn, and Mr. Terry Starkey of On-Site Protection; 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 meetings of the Board of Directors held on November 7, 2016, November 14, 2016, and December 5, 2016 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the November 7, 2016 and November 14, 2016 minutes as presented and to approve the December 5, 2016 minutes as amended.

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 \$123,161 of Maintenance and Operations taxes had been transferred to the Operating Fund and the District had collected 3.27% of the District's 2016 tax levy as of November 30, 2016. She then presented the delinquent tax report, a copy of which is attached hereto as an exhibit.

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

DEVELOPER REIMBURSEMENT AUDIT

Marsha Jan presented the Report on Applying Agreed-Upon Procedures to Construction, Engineering and Related Costs Reimbursable to Houston Gosling Woodlands, LP, SC Waterford Springs, LLC, D.R. Horton-Texas, Ltd. and Maple Multi-Family Land TX, L.P. (Developers) From Proceeds of the \$10,300,000 Series 2016 Unlimited Tax Bond Sale. She reported there were four developers which held Wastewater Treatment Plant ("WTP") capacity shares that were eligible for reimbursement. She further reported reimbursement checks were issued to Houston Gosling Woodlands, LP in the amount of \$393,465.70; SC Waterford Springs in the amount of \$872,613.02; D.R. Horton-Texas, Ltd. in the amount of \$1,586,693.90; and Maple Multi-Family Land TX, L.P. in the amount of \$776,518.40. Ms. Jan noted the Bond issued produced \$429,012 is surplus funds.

Mr. Wallace stated he prepared Receipt and Releases for all four developers of which two had been signed. He stated he would hold the D.R. Horton-Texas, Ltd. check and the Maple Multi-Family Land TX, L.P. check until the signed releases had been received. Upon motion duly made and seconded, the Board voted unanimously to approve the Report on Applying Agreed-Upon Procedures to Construction, Engineering and Related Costs Reimbursable to Houston Gosling Woodlands, LP, SC Waterford Springs, LLC, D.R. Horton-Texas, Ltd. and Maple Multi-Family Land TX, L.P. (Developers) From Proceeds of the \$10,300,000 Series 2016 Unlimited Tax Bond Sale as presented.

A discussion ensued among the Board wherein they determined they wanted to expend surplus funds on a Water Plant generator which would replace a unit that was paid for with prior Bond proceeds; and that if any surplus funds still remained, the Board wanted to pursue funding of smart meters.

ENGAGE AUDITOR

Marsha Jan proposed an evergreen contract for auditing services which covered developer reimbursement audits in addition to annual audit services with a 30 day cancellation clause. Ms. Jan stated her firm would provide an annual estimate of the fees for audit services. She noted the District had conducted four new Bond issues during the fiscal year ended December 31, 2016 ("FYE") and stated the audit fees for FYE would range from \$25,000 to \$27,000. She further stated fees for the FYE audit of the Joint WTP operations would range from \$2,000 to \$2,500. Upon motion duly made and seconded, the Board voted unanimously to approve engagement of the auditor for fiscal year ending December 31, 2016.

BOOKKEEPER'S REPORT

Cindy Schmidt presented and reviewed the Bookkeeper's Report and the Investment Report, copies of which are attached hereto as exhibits. Ms. Schmidt stated that some items for park improvements had been purchased using a credit card and the expenses were being tracked and reimbursed to the Operating Account each month. She then stated the costs of issuance for the Series 2016 Refunding Bonds were being refunded to the Operating Fund. Ms. Schmidt next said that Oakmont Public Utility District ("Oakmont") had paid for Ditch M-102 repairs, and the matter was complete.

Ms. Schmidt next reported on the Capital Projects Fund. She stated checks had been written for expenses related to the Series 2016 Bond sale, for four developer reimbursements and for the Texas Commission on Environmental Quality Bond issue fee. She stated the WTP expansion construction reconciliation was complete with \$71,474 remaining for the District's share which would be counted as surplus funds. She noted BLD Gosling paid what they owed for WTP capacity and the account was closed. Ms. Schmidt stated the Oakmont reconciliation would be performed with the General Manager after the end of the year.

Ms. Schmidt presented the Operating Budget for fiscal year ending December 31, 2017, a copy of which is attached hereto as an exhibit. She said she did not budget in much growth, adding tap fees for 115 new units, but expensed those related costs as well.

She informed the Board that North Harris County Regional Water Authority ("RWA") fees were going up effective April 1, 2017. The Board discussed the District mark-up on this fee charged to customers. Director Flood stated the mark up would be \$3.48 if the District kept the existing 20% mark-up. He stated the need to get information out to the residents and wanted the Board to consider rolling this back. Josh Lee stated the fee was established to cover costs this year, that the District had netted about \$40,000 in Regional Water Authority fees, and that pumped vs. billed figures needed to be used. Cindy Schmidt stated water sold to Oakmont was charged at RWA rates with no mark-up. It was determined that the Engineer and the Bookkeeper would run an analysis to determine what the proper mark-up should be.

A discussion ensued regarding miscellaneous facility user fees. Ms. Schmidt agreed to research and Director Black would prepare a list of questions to research on the matter. Director Kirkpatrick expressed that he would like to see a full breakdown of recreational fees for a budget comparison. Upon motion duly made and seconded, the Board voted unanimously to adopt the budget.

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

BOOKKEEPER'S CONTRACT

Cindy Schmidt presented a new District Bookkeeping Agreement for consideration by the Board. She stated the last fee increase for bookkeeping services was in 2014 and that four Bond issues had been sold and four new funds had been created since then. She proposed a base fee increase from \$1,825 to \$2,100 per month and an increase from \$225 to \$300 per month for

the Joint WTP. Upon motion duly made and seconded, the Board voted unanimously to approve the agreement as presented.

OPERATOR'S REPORT

Robb Clark presented the Operator's Report, a copy of which is attached hereto as an exhibit. Mr. Clark stated there had been five new connections over the past month, the District's water accountability rate for the previous month was 92.76%, and there were no permit excursions at the WTP.

Mr. Clark reported the Operator had resolved the issue with Mr. Pratt regarding a leak at his property. He said an 8" abandoned line was discovered and repaired. Mr. Clark reported he was working with Gosling Road contractors on a road crossing near the Waterford Springs Apartments.

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

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 nearing completion. He stated that he was still attempting to secure a sanitary control easement. Mr. Lee stated the Application for a Change in Scope, Release of Escrow, and Use of Surplus Funds for park improvements was approved by the Texas Commission on Environmental Quality ("TCEQ"). He requested approval to begin the annual facilities inspection. The Board approved his request.

Mr. Lee stated he had received a capacity request of 220 ESFCs from SC Waterford Springs for development of Phase II. Phase II capacity has been deferred until completion of the WTP. Now that the WTP was complete, he would issue a letter to SC Waterford Springs to confirm capacity for Phase II.

Mr. Lee then presented Pay Estimate No. 4 from CE Barker, Ltd. for sanitary and drainage repairs and testing in Hampton Creek Section 3 in the amount of \$12,232.47; Pay Estimate No. 7 from Burnside Services, Inc. for excavation, grading, and detention in Hampton Creek Phase 3 in the amount of \$33,525.00; Change Order No. 2 in the amount of \$67,625.00 for additional groundwater dewatering of the detention pond bottom; Pay Estimate No. 4 and Final in the amount of \$13,981.71 to Jaho, Inc. for paving in Hampton Creek Section 7; Pay Estimate No. 4 and Final in the amount of \$5,947.60 to Bay Utilities, LLC for water, sanitary, and drainage facilities in Hampton Creek Section 7; Pay Estimate No. 1 in the amount of \$232,231.50 to Sonora SWQM Co. dba Sonora Construction for excavation, grading, and detention in Hampton Creek Section 4; Change Order No. 001 in the amount of \$36,931.62 for importing suitable backfill material for the retaining wall insulation, installing additional retaining wall blocks, and replacing pond outfall C.M.P. for wetlands boring/crossing construction; Pay Estimate No. 1 in the amount of \$34,058.70 to LG & G Construction, Inc. for water and sanitary sewer extension along Gosling Road to serve 7.965 acre Terra-Gosling, LLC Development; Pay Estimate No. 4 in the amount of \$63,853.99 to Monarch Civil Constructors, LLC for water, sanitary, drainage, detention, and floodplain mitigation in Dovershire Place Section 1; and Change Order No. 1 in the amount of \$61,123.03 for re-mobilizing to the site and

completing the project based on the re-negotiated terms between the Developer and Contractor. Upon motion duly made and seconded, the Board voted unanimously to approve the Pay Estimates as presented.

Upon motion duly made and seconded, the Board voted unanimously to approve advertising for bids on Water Plant No. 3. Director Black stated he wanted to talk with Acclaim Energy about installing the same generator at Water Plant No. 3.

Mr. Lee next reported that nine bids had been taken for the Hampton Creek Lift Station. He stated the low bid of \$523,469 was from McDonald Municipal & Industrial, Inc. Upon motion duly made and seconded, the Board voted unanimously to award the contract to the low bidder. The request for a feasibility study and annexation commitment letter for ten acres at the northeast corner of Auburn Lakes Drive and Dovershire Drive was tabled. He next stated the Engineer was still coordinating with Harris County for the Gosling Road widening project.

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

DEVELOPERS

Mr. Lee reported that the contractor for Dovershire Place, Monarch Civil Constructors, LLC, had remobilized to repair the pond and underground utilities. He stated that once the repairs had been completed, they would then look for a buyer.

Mr. Wallace stated the AGG Box Solutions development was on hold as the developer examines his options.

GENERAL MANAGER'S REPORT

Mr. Sheffield introduced Matthew Dunn, Andrew Dunn, and Terry Starkey representing On-Site Protection. The representatives stated they were available to discuss their service and Mr. Sheffield agreed to follow up with them. Director Black stated only seven of eleven cameras were working, there were some issues with weak call service, and some more work was needed to extend the antennae. The Board expressed its approval for the General Manager to coordinate with On-site Protection to resolve these issues.

Mr. Sheffield informed the Board that he was pricing out a new front door for the building. He next informed the Board that Residential Recycling of Texas was planning to present a proposal for garbage collection services at the next Recreational Board meeting.

Mr. Sheffield next discussed a proposal for a lease agreement for the District's property located at 23000 Northcrest to State Representative Valoree Swanson. Director Black recalled how the discussion came about. A question was raised regarding ethics. Mr. Wallace stated the District would not be restrained by any Texas Ethics Commission rulings for this proposed lease; however, some reporting requirements were the responsibility of the State Representative.

The Board determined it wanted to move forward with the lease agreement. Mr. Wallace prepared a draft based on an old Harris County lease and circulated it for discussion. Mr. Sheffield reported he had started renovation of the space with funds already in the District's

budget. Director Black proposed a six month lease.

OTHER MATTERS

Mr. Wallace presented the 2017 District meeting calendar, a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the calendar as amended.

Mr. Wallace next presented an Amendment to Information Form and a revised Notice to Purchaser of Property for Board approval, a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the Amendment to Information Form and the revised Notice to Purchaser of Property.

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




Secretary, Board of Directors