

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

January 16, 2017

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 16<sup>th</sup> day of January, 2017 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 and Mr. Don Hays 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. Lisa June and Mr. Al Peters, employees of the District; Mr. Tom Hargrove of Harrigan Development Partners, LLC, Mr. Jerrell Wolff and Mr. Russell Wolff of Residential Recycling & Refuse of Texas; 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 December 19, 2016 and January 3, 2017 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the December 19, 2016 minutes as presented and to approve the January 3, 2017 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 tax receipts in the amount of \$420,000 had been transferred to the Debt Service Fund, \$16,426.43 was transferred to the Defined Area-Road Debt Service Fund, \$4,174.78 was transferred to the Defined Area-Operations Fund, and \$181,625.18 was transferred to the Operating Fund. She stated that she would follow up on the transfer of funds to the Defined Area Debt Service Fund. Ms. Flores reported the District had collected 20.94% of the District's 2016 tax levy as of December 31, 2016.

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, a copy of which is attached hereto as an exhibit. Ms. Schmidt stated that \$300,000 had been transferred to a money market account. Ms. Schmidt stated that she and Mr. Sheffield would probably complete the end-of-year Oakmont reconciliation within the next week.

Ms. Schmidt reviewed the year-to-date budget. She then reported on the Surplus Funds reconciliation. She stated the summary, a copy of which is attached hereto as an exhibit, was sent out on December 22, 2016 and reflects a surplus Capital Projects Fund balance of \$856,608. She also noted this amount did not include Park Bond or Defined Area Bond proceeds. She stated the proposed uses for these surplus funds included \$500,000 for water meters, \$330,160 to reimburse the Operating Account for the replacement of the Water Plant No. 1 generator, and \$350,900 for Lift Station improvements, which totaled \$1,181,060.

Director Black recalled that the Board had committed to a 10 meter pilot program with Badger Smart Meters for \$4,000 wherein each Director and their neighbor would get their meters replaced. Upon motion duly made and seconded, the Board voted unanimously to proceed with the pilot program as discussed.

The Board authorized the Bookkeeper to transfer \$330,160 to the Operating Account for Water Plant generator replacement costs and to utilize oldest funds first. The Board also authorized the Engineer to proceed with Lift Station improvements.

Ms. Schmidt stated she had re-opened the Defined Area Operating Fund to hold maintenance tax income from the Defined Area, which was proposed to be used for detention maintenance. Ms. Schmidt next presented the Investment Report, a copy of which is attached hereto as an exhibit.

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.

## 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 94.27% and there were no excursions at the Wastewater Treatment Plant.

He stated the Gosling extension project had been completed, he was working on punchlist items from the Plant inspection, and the fire hydrant survey and repairs had been completed. He noted no fire hydrants had to be replaced.

Josh Lee presented an analysis of the North Harris County Regional Water Authority ("RWA") ground water fees, a copy of which is attached hereto as an exhibit, which indicated that current RWA fees were \$2.40 per 1,000 gallons and the fees were to increase roughly 20% to \$2.90 per 1,000 gallons effective April 1, 2017. He explained the increase represented a surcharge to cover system water losses and District usage. He further explained that a 13.7% markup would have been a break even markup. Director Black stated he thought Smart Meters would help the water accountability for the District and stated a need for the Operator to notify District residents of the increase in RWA fees as of April 1, 2017.

A discussion ensued among the Board wherein it was decided the Rate Order would need to be amended. The amendments would include reducing the RWA markup from 20% to 15%, new tap fees, require installation of Smart Meters, and implement the new rate for RWA on April 1, 2017.

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 informed the Board he had received an annexation service feasibility study request from Tom Hargrove with Harrigan Development Partners, LLC. He stated the study was for a proposed approximately ten acre residential development at the northeast corner of Auburn Lakes Drive and Dovershire Drive. He said the developer was proposing 30 lots (50' X 125') at about \$300,000 per home. Mr. Lee stated he was requesting a \$15,000 advance from the developer to prepare the feasibility study and for legal fees for the annexation. Upon motion duly made and seconded, the Board voted unanimously to allow the Engineer to proceed with the feasibility study upon receipt of the deposit.

Mr. Lee discussed Water Plant No. 3. He reported that he was attempting to secure a sanitary control easement with Candy Hendricks for the proposed water well. He stated there was a need to investigate the existence of a septic system. Mr. Lee said he was also coordinating with Bryan Frenchak and Mr. Frenchak's lender to obtain an executed Lienholder's Subordination to Dedication for a 60-foot access easement.

Mr. Lee stated he had received a request from Klein Independent School District ("KISD") requesting water capacity to serve the proposed 6.70 acre Northcrest Agriscience Facility which would require about 450 gallons of water per day. He said the Engineer could tie into their existing internal system and noted the existing Utility Service Agreement between

KISD and the District would need to be amended.

Mr. Lee reported he and Robb Clark were still working on the Facilities Inspection Report. Mr. Lee then presented Pay Estimate No. 2 from LG & G Construction, Inc. for a water and sanitary sewer extension along Gosling Road to serve the 7.965 acre Terra-Gosling, LLC Development in the amount of \$135,628.42; and Pay Estimate No. 5 in the amount of \$100,281.60 to Monarch Civil Constructors, LLC for water, sanitary, drainage, detention, and floodplain mitigation in Dovershire Place Section 1. Upon motion duly made and seconded, the Board voted unanimously to approve the Pay Estimates as presented.

Mr. Lee reported he would be meeting next Tuesday with Harris County Flood Control representatives to establish drainage maintenance responsibilities for the area. Upon motion duly made and seconded, the Board voted unanimously to approve the CenterPoint Energy Connection Agreement.

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

#### DEVELOPERS

Mr. Wallace reported the developers for Dovershire Place were looking for a buyer for the project.

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

#### LEASE AGREEMENT

Upon motion duly made and seconded, the Board voted unanimously to ratify the Lease Agreement with State Representative Valoree Swanson for the office space in the building located at 23008 Northcrest Dr.

#### GENERAL MANAGER'S REPORT

Mr. Sheffield informed the Board that a new pick-up truck had been purchased for the District's use. He said the old truck was worth about \$3,500 and he would attempt to sell it to a District employee.

Mr. Sheffield stated that pressure washing would begin tomorrow, followed by painting of bathrooms and other various spring cleaning items. He said he was still looking for an Ironwood tree and has been unable to locate one yet and that his team is prepared to start plantings when the weather warms up. He stated the deck resurfacing at West Park has been completed.

Mr. Sheffield reported the tennis court contractor inspected the site and will stake a new location. He said the contractor was selected from Texas Buyboard and Trans Texas Tennis had constructed two new tennis courts at Northcrest. He stated he would obtain pricing for a separate tennis backboard facility.

GARBAGE CONTRACT

Mr. Wallace stated he had reviewed and made changes to the Agreement for Recycle and Solid Waste Collection and Disposal Services with Residential Recycling and Refuse of Texas, Inc. It was mentioned the agreement should specify Tuesday/Friday collection times and that the Operator needed to change the prevailing garbage charge to \$17.00 as of April 1, 2017. Upon motion duly made and seconded, the Board voted unanimously to approve the Notice of Termination to Waste Corporation of Texas, L.P. effective March 31, 2017. Upon motion duly made and seconded, the Board voted unanimously to approve the contract with Residential Recycling and Refuse of Texas, Inc., subject to final revisions, effective April 1, 2017. It was noted that Mr. Sheffield would coordinate the transition of providers.

OTHER MATTERS

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

(SEAL)



  
Secretary, Board of Directors