

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

June 5, 2017

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 special session, open to the public, at 7:00 p.m., on the 5th day of June 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
Vacant	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 Messrs. Robb Clark and Don Hays of Hays Utility South Corporation, the District's Operators; 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 Engineers; Ms. Lisa June and Mr. Al Peters, employees of the District; Mr. Adam Cohen of Robert W. Baird & Co., the District's Financial Advisor; Caleb and Sara Burson of Accurate Meter & Supply; 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.

SMART METER PROPOSAL

Caleb and Sara Burson answered questions from the Board regarding the evaluation of the 10-home trial smart meters. They informed the Board that the meters had been in use for approximately four months. Jim Sheffield asked about the reliability rate of the meters and the number of Districts that had installed the meters. Don Hays stated Hays Utilities had installed roughly 1,000 smart meters since 2015, and he noted the failure rate was only three to four percent. Mr. Burson suggested the Board consider extending the evaluation period to six months. He informed the Board that in the event of a communication failure the meter could retain data for 120 days. Mr. Hays stated other districts had included a tampering fee in its rate order if a resident were to damage the meter's communications wiring. A discussion ensued among the Board regarding the evaluation timeframe. Upon motion duly made and seconded, the Board voted unanimously to continue the evaluation period for the smart meter program until September 5, 2017.

FINANCIAL ADVISORS REPORT

Adam Cohen presented an analysis of a proposed Defined Area Road Bond issue. He stated the most recent Certified Estimate of Value for the Defined Area was \$110,159,421. He then informed the Board that if the District assumed no growth in value over the life of the bonds, then the District could issue up to \$2,380,000 in road bonds which would result in a road debt service tax rate of \$0.29 per \$100 of assessed valuation. John Wallace asked how the tax rate would affect the Defined Area maintenance tax. Mr. Cohen informed the Board that the 2016 maintenance tax levy of \$0.04 would be reduced to zero and the \$.04 would be picked up in the road debt service rate. Mr. Cohen explained that the plan assumed no Defined Area maintenance tax be levied for the 2017 tax year and subsequent tax years.

Mr. Cohen next reviewed the cash flow summary for the Defined Area water, sewer, and drainage bonds. He stated the outstanding debt could support a debt service tax rate of \$0.35 per \$100 per assessed value with an estimated value of \$110,159,421 in the future.

Joshua Lee informed the Board that only Hampton Creek Section 7 paving was currently eligible for the reimbursement to D.R. Horton; however, Hampton Creek Section 9 paving was expected to be completed shortly. Mr. Lee said that the construction costs for both projects were approximately \$900,000, which could produce a bond issuance of \$1,000,000 or more. He then reported that three water, sewer, and drainage projects were currently complete with a total cost of \$1,500,000. A discussion ensued among the Board, and they requested additional information from the Developer about other eligible costs. The Board also noted it would prefer sizing a larger bond issue that would be more cost efficient for the District. Director Flood requested a workshop meeting among the Directors, the Financial Advisor, Attorney, and Engineer to discuss the background and different variables involved to aide in the decision making on the bond financing. Director Kirkpatrick agreed to attend the workshop.

PARK BOND ELECTION

Mr. Wallace discussed the prerequisites for conducting a second Park Bond Election for the District. Mr. Sheffield stated the District was close to expending the remaining funds from the Series 2007 Park Bonds. Mr. Sheffield informed the Board that more information was needed from D.R. Horton regarding its plans on the expanded trail project and whether there was land available for additional recreational projects. Mr. Lee and Mr. Sheffield agreed that the District needed to prepare a long-term plan for its parks and recreational improvements before approaching voters for another park bond authorization election.

Mr. Wallace informed the Board that the next Uniform Election Date was the General Election on the first Tuesday in November 2017. Mr. Wallace stated he doubted if the planning work could be completed in time to call the election in August. He then reported that the next Uniform Election Date would be in May 2018, which he noted would coincide with the biannual Director's election. Mr. Wallace stated the November 2018 election date would coincide with the Federal mid-term elections. A discussion ensued among the Board, and the Board did not reach a consensus on when to call the park bond election; however, they agreed to start working on a long-term plan for park improvements and to proceed with the neighborhood survey regarding the facilities and the District's future improvements. Mr. Sheffield agreed to contact

Harris County regarding the long-term trail construction plans and the possible points of connection.

ANNUAL FACILITIES INSPECTION REPORT

Josh Lee presented the Annual Facilities Inspection Report, a copy of which is attached hereto as an exhibit. The report contained information on Water Plant No. 1 and 2, Northcrest Lift Station, Ditch M-102 (north of West Rayford), and Willow Creek Sanitary Sewer Crossing. Mr. Lee recommended removing each booster pump at both water plants from service over the next year to perform an inspection and performance test of the pumps. He stated the project should commence by pulling one pump at a time until all pumps had been inspected, tested, and repaired as necessary.

Mr. Lee next reported on the rust and corrosion on equipment at the water plant. He stated the Board had placed emphasis on addressing the repairs with a touch-up coating on an annual basis. The Board then discussed the advantages of touching up the equipment versus recoating the entire structure. Upon a motion duly made and seconded, the Board authorized the Engineer to prepare a bid package for the water plant repairs as recommend in the inspection report. The Board next requested bid proposals be presented by October 2017 to allow for the construction to commence over the winter months when the water demand decreased.

Mr. Lee informed the Board that the Ditch M-102 channel needed to be desilted and two corrugated metal pipes that outfall into the channel needed to be replaced as well. He then presented proposals from Storm Water Solutions, LLC for the work; however, he stated a portion of M-102 south of West Rayford Road was also holding water and needed to be addressed by Harris County Flood Control District (HCFCD). Mr. Lee recommended waiting on any repairs until HCFCD desilts their portion of the channel. He informed the Board that Oakmont PUD was responsible for 50 percent of the cost on any repairs per the existing maintenance agreement between each entity.

Mr. Lee next discussed the condition of the sanitary sewer crossing over Willow Creek. He recommended the Board consider Radarview, LLC to inspect the structure in an effort to obtain an as-built survey of select concrete elements, bent caps, and piles, which he noted would aid in determining the condition of the pipe supports and necessary repairs. Upon motion duly made and seconded the Board voted unanimously to engage Stanley Spurling & Hamilton, Inc. and Radarview, LLC to analyze the structure.

GENERAL MANAGER'S REPORT

Mr. Sheffield reported on ongoing projects in the District. Mr. Sheffield stated he expected the materials for the gazebo at the Northcrest pool to be delivered June 8, 2017. He then informed the Board that the resurfacing of the tennis courts was scheduled to commence in August, and the splash pads at Inway construction was scheduled for July. Mr. Sheffield reported that the pool would be closed during construction and it should reopen in early August. He informed the Board that a shade cover would be built over the wooden deck, and he noted that the pool decking would be replaced at the same time. Mr. Sheffield stated the tennis court backboard project was progressing. He informed the Board that due to the sizeable number of current projects the construction of the restrooms at West Park had been put on hold.

Mr. Sheffield then reported he and Mr. Lee had been working with the Bookkeeper to determine which funds had been used for specific projects. He stated there should be some determination regarding funding the new restrooms at the Northcrest Pool.

Mr. Sheffield informed the Board of requests that had been made by the residents to set early morning swimming pool hours at the Inway pool for the younger children. Mr. Sheffield stated the 2017 pool rules prohibited opening early just for young children.

The Board next discussed the possibility of erecting appropriate memorials to remember John Braden and Bill Black.

APPROVAL OF MINUTES


Minutes of the meetings of the Board of Directors held on May 15, 2017, were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the minutes as presented.

SUCH OTHER MATTERS

Lisa June presented both digital and printed materials to serve as a communication plan for the Northampton residents. Ms. June stated the plan consisted of news articles for the website, email bulletins, use of the Northampton Newsletter, marque, and a quarterly mailing. She will begin implementing the plan this month.

There being no other matters to come before the board, the meeting was adjourned.





Secretary, Board of Directors