

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

August 21, 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 regular session, open to the public, at 7:00 p.m., on the 21st day of August, 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
W. Paul Schneider	1st Vice President
Ryan Bennett	2nd Vice President
Scott Kirkpatrick	Secretary
Roger A. Flood, III	Treasurer/Investment Officer

All members of the Board were present excluding Director Thomas, 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, P.E. of Jones & Carter, Inc., the District's Engineer; Mr. Danny Pereyra of Environmental Allies, the District's Mowing/Detention Contractor; Ms. Chris Gause and Ms. Patricia Van Horn, residents of the District; Mr. Taysir Yassien of D.R. Horton; Mr. John Elder of Acclaim Energy Advisors; 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 with Director Schneider acting as Chair. At this time, the pledge of allegiance and an invocation were led by Director Schneider.

COMMENTS FROM THE PUBLIC

Patricia Van Horn stated she lives near Water Plant 2 and requested additional landscape maintenance at the pocket park which has become neglected. Mr. Sheffield stated a tank installation had destroyed the irrigation system, a new face lift was forthcoming and the trail might be removed. Ms. Van Horn also complained about air in the water system. Mr. Clark stated he was not aware of this and promised to follow up on the issue.

Chris Gause reported a water leak on Northcrest at the golf course. She said she had tried to contact everyone. Mr. Clark stated the water had been tested and there was no chlorine residual. He therefore didn't think this was a water distribution line and was, perhaps, ground

water. Mr. Clark agreed to follow up on the source of the water.

Ms. Gause next discussed the Absey & Company building on Northcrest. She stated the building looks very bad, there is now an abandoned vehicle parked on site, and the residents want it removed. Director Schneider stated the matter was not under the District's jurisdiction, but agreed to follow up on the matter with the owners.

APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors held on July 10, 2017 and July 17, 2017 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the minutes as presented.

ACCLAIM ENERGY ADVISORS

John Elder presented a pricing report for a forward electricity contract, a copy of which is attached hereto as an exhibit. He reported an anomaly in the energy markets that allows consumers to buy power for less than the cost to generate. He noted there had been lots of restructuring in the power industry and the price of power was down dramatically. He noted prices were locked through 2022 and the District could purchase power out to 48 months past this date (2026) at 15% to 20% less.

Mr. Elder stated the District was currently buying power through the General Land Office (Cavallo). He stated he thought this was the more secure deal compared with other companies, but was not the cheapest. Upon motion duly made and seconded, the Board voted unanimously to approve extending the contract with Cavallo by 48 months, with Director Kirkpatrick authorized to sign the pricing agreement.

Mr. Elder suggested the District consider another generator option. He stated there is presently a gas powered company available to buy and own and lease to the District. The District would pay a fee for reliability (15 years) for about 20% to 30% of the cost to purchase the generator. He proposed running the numbers on a potential new generator for Water Plant No. 3 when the time comes.

Mr. Wallace reported receiving correspondence from the Texas Commission on Environmental Quality ("TCEQ") stating they needed additional information to process an air quality permit for Wastewater Treatment Plant No. 1. Mr. Elder stated the District should receive an air quality permit within a couple of weeks.

TAX ASSESSOR/COLLECTOR'S REPORT

Esther Flores presented the Tax Assessor/Collector's Report, a copy of which is attached hereto as an exhibit. She reported the District had collected 98.91% of the District's 2016 tax levy as of July 31, 2017. She stated she should be ready to discuss the 2017 tax rate at the next Board 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 presented and reviewed the Bookkeeper's Report, a copy of which is attached hereto as an exhibit. She reviewed the seventh month of the year-to-date budget. Ms. Schmidt stated she continues to track park expenditures and would make a transfer to the Reimbursement Operating Fund.

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 89% due to leaks and many repairs.

Mr. Clark reported there had been a diesel fuel spill at the Water Plant resulting from a tractor hitting the fill line to the tank. He stated the mowing contractor was insured, the fuel spill was successfully cleaned up, and remediation was complete. Mr. Clark stated the tank had been drained and would be sold along with the old generator.

Mr. Clark reported there had been a house fire on July 31, 2017 in the District. He stated a fire hydrant was in use for nine hours and he was seeking a credit from North Harris County Regional Water Authority. He noted he would prepare a water use reconciliation.

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

GENERATOR AT WATER PLANT NO. 1

Mr. Sheffield stated the generator at Water Plant No. 1 had not been approved to start up. He noted he was not happy with the performance testing which took place for three days last week and there was not an air quality permit. He stated he continues to follow up and October 1, 2017 was the target date for start-up.

ENGINEER'S REPORT

Josh Lee reviewed the Engineer's Report, a copy of which is attached hereto as an exhibit. Mr. Lee stated all approvals were in and the plat was almost complete for Water Plant No. 3. He stated a permit needed to be pulled and then bidding could begin prior to the District's September Board meeting.

Mr. Lee reported the pre-construction meeting with Black Castle General Contractor for the Root Road, Kingscrest, and Bridgeway Lift Station Rehabilitations project was held earlier today. He stated the project should begin in a couple of weeks which consists of mostly electrical work.

Mr. Lee stated that the Wastewater Treatment Plant TPDES discharge permit application was ready to file with the TCEQ. Upon motion duly made and seconded, the Board voted unanimously to approve filing of the renewal permit. Mr. Lee stated the Surplus Funds Application remained on hold pending the Board's decision regarding smart meters. Mr. Lee next discussed the status of the proposed Defined Area Road bond issue and the proposed schedule to sell the bonds at the October meeting.

Mr. Lee reported he was pursuing Harris County Precinct 4 and Harris County Flood Control District regarding an Interlocal Agreement for storm and surface water issues. He stated he plans to speak with Commissioner Cagle, four repairs had been approved, and he had visited with Representative Valoree Swanson's assistant.

Mr. Lee stated repairs were needed to the Inway Oaks Estates detention pond and Environmental Allies had made a proposal to perform work which would bring the pond up to a condition the District would accept. He stated the developer would like to convey the pond early.

Mr. Lee stated he had received notification from Zulfiqar Ali, the owner of Dave's Express Gas Station, that he plans to demolish the existing gas station and retail center, and rebuild a new gas station and retail center that faces Gosling Road.

Mr. Lee discussed an inquiry to the District regarding capacity to serve two tracts on Gosling Road at the Grand Parkway. The property has a railroad and channel crossing and requires a lift station, water line, and a forcemain. The consensus was it was not feasible as it would be too expensive to serve these tracts.

Mr. Lee then presented Pay Estimate No. 3 in the amount of \$39,439.71 to McDonald Municipal and Industrial, Inc. for the Hampton Creek Lift Station project. He presented Pay Estimate No. 5 in the amount of \$36,167.53 to Lischka Utilities, LLC for water, sanitary, and drainage facilities for Hampton Creek Section 9. Upon motion duly made and seconded, the Board voted unanimously to approve the Pay Estimates as presented.

Mr. Lee reported the piles and caps of the sanitary sewer crossing over Willow Creek had been reviewed by the structural engineer. The engineer's review indicated the existing piles were good if the ditch scours another five feet down and the caps have wear and exposure and it was recommended the caps be repaired. Mr. Lee stated if this project moves forward, then the pipe should also be blasted and recoated. The Board authorized the Engineer to obtain pricing on cap repair, pipe blasting, and recoating. The Board noted it wanted to inspect the pipe prior to committing funds to recoat the pipe.

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

ANNEXATION

Mr. Wallace presented the Petition for Addition of Certain Lands, Petition For Consent to Annex Land, and the Order Annexing Land to District Subject to Certain Conditions for 2.690 acres being developed by Ricegrass Developments, LLC for approval by the Board. Upon motion duly made and seconded, the Board voted unanimously to approve the annexation

documents as presented.

D.R. HORTON DETENTION POND MATTERS

Mr. Wallace presented a 8.22 acre Special Warranty Deed, a 6.92 acre Special Warranty Deed, an Amended and Restated Detention Pond Maintenance Agreement, and a Parking and Access Easement for approval by the Board. Upon motion duly made and seconded, the Board voted unanimously to approve the documents as presented.

D.R. HORTON

Taysir Yassien stated that Hampton Creek Section 8 was still in progress and home paving should begin in about three weeks.

ATTORNEY'S REPORT

Mr. Wallace stated the KAC Properties, LLC annexation was on hold at the request of the developer.

GENERAL MANAGER'S REPORT

Mr. Sheffield stated he would discuss all parks matters at the next Recreational Board meeting. He said construction was ongoing at the water park and the shade cover was being installed. A discussion ensued regarding the use of tennis courts by non-residents. Mr. Sheffield stated he felt that residents should have priority all the time. He said the situation has become untenable and the Board needs to revisit the rules.

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

OTHER MATTERS

Mr. Lee stated that Sterling Ridge at Northampton Homeowners Association ("HOA") submitted an inquiry to the District regarding fire hydrants, a copy of which is attached hereto as an exhibit. Due to a recent house fire in which a fire hydrant on Jadecrest in the District was used to fight the fire, the HOA wants to extend a waterline down the street with three hydrants. Mr. Lee shared three basic options:

1. agree to install a public waterline at their expense and the District maintains;
2. install a private waterline at their expense and the HOA maintains;
3. require annexation of the subdivision, currently on private wells and septic systems.

Mr. Wallace commented none of these are good options. Mr. Wallace stated this development decided to forego District service and annexation when it was developed. He further stated the District should require annexation to be consistent with established policies. Director Kirkpatrick said this was just a preliminary inquiry and he would visit with them further.

GENERATOR AT WATER PLANT NO. 1

Mr. Sheffield reported he was displeased with Power Secure and efforts to get the new generator online. He gave Mr. Wallace letters from the TCEQ, copies of which are attached hereto as exhibits, regarding the air quality permit. Mr. Wallace agreed to follow up with the TCEQ and John Elder.

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




Secretary, Board of Directors