

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

September 18, 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 18th day of September, 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, 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, Mr. Don Hays, and Ms. Michelle Blevins of Hays Utility South Corporation, the District's Operator; Mr. Jim Sheffield, the District's General Manager; Ms. Lisa June and Mr. Al Peters, employees of the District; Mr. Joshua Lee, P.E. and Ms. Sherry Grant, P.E. of Jones & Carter, Inc., the District's Engineer; Mr. Steve Eustis of Robert W. Baird & Co., the District's Financial Advisor; Mr. Danny Pereyra of Environmental Allies, the District's Mowing/Detention Contractor; Mr. Bill Gause, Ms. Chris Gause, Mr. Dennis Henderson, Ms. Jan Jansen and Ms. Amanda Vaughn, residents of the District; State Representative Valoree Swanson; Ms. Mary Lou Black and Mr. Alan Black, guests of the Board of Directors; 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. At this time, the pledge of allegiance and an invocation were led by Director Thomas.

SPECIAL BUSINESS

Lisa June introduced Mary Lou Black, Alan Black, and Representative Valoree Swanson. Representative Swanson presented to Mary Lou and Alan Black a proclamation which had been read on the floor of the House of Representatives and a flag which had flown over the Texas State Capitol to honor Director Bill Black's legacy and service to the Board.

COMMENTS FROM THE PUBLIC

Jan Jansen wanted to discuss rules for use of the tennis courts. She stated that tennis teams were currently limited to residents and requested that non-residents be allowed to join the teams and use the tennis courts. Mr. Sheffield stated he was working with tennis players to get through this season. The matter was deferred for discussion at the next recreational Board meeting.

Chris Gause thanked the Board for their assistance with debris pick up. Bill Gause inquired as to any plans to correct the drainage. He reported there were sinkholes next to the Northcrest bridge. Mr. Sheffield stated the sinkholes had been reported to Harris County. Director Thomas stated an engineer needed to look at the safety of the bridge.

Amanda Vaughn, a resident who lives on Creekview across from the Inway pool, asked about a wooden fence which had been removed. She said this has caused a loss of privacy for her home as well as a decrease in the value of her home. Mr. Sheffield stated a windscreen would be a good partial solution and tree growth would take care of the rest of the issue. The Board authorized Mr. Sheffield to install a windscreen.

APPROVAL OF MINUTES

Minutes of the meeting of the Board of Directors held on August 21, 2017 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the 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. She reported the District had collected 98.88% of the District's 2016 tax levy as of August 31, 2017. Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's Report as presented.

Upon motion duly made and seconded, the Board voted unanimously to delay installation of taps for BLD Gosling until their taxes have been paid.

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 eighth month of the year-to-date budget. Ms. Schmidt stated the September 1, 2017 debt service payments had been made. She reported that she had been rolling CDs into higher rate CDs, noting that CDARS was up to 1.2%. She stated that the District had paid approximately \$45,000 for picking up hurricane debris and she would add this to the budget.

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.

FINANCIAL ADVISOR'S REPORT

Steve Eustis presented tax rate recommendation letters for the District and Defined Area, copies of which are attached hereto as exhibits. He reported the Harris County Appraisal District ("HCAD") 2017 certified value was \$592,300,385 plus \$25,681,949 uncertified value which reflected a 7.53% increase over last year. He noted last year's tax rate was \$0.25 (maintenance and operation) and \$0.33 (debt service) for a total of \$0.58. He recommended keeping the same tax rate of \$0.58 for 2017.

Mr. Eustis stated 75% debt service coverages would decline to 50% over time. He stated the tax rate to avoid a rollback election was \$0.5975. He reported an increase of approximately 4.75% (\$70) for an average tax bill.

Mr. Eustis discussed the impact on home values due to flood issues. He expressed concerns with the valuation and its impact on the District's reserves. He also discussed the reappraisal process for disaster situations.

The Defined Area tax rate was discussed next. Mr. Eustis stated the assessed value of the Defined Area was \$88,590,346 certified plus \$8,088,611 uncertified, for a total of \$96,678,957. It was then recommended that \$0.34 would be the tax rate for water, sewer, and drainage debt service, \$0.30 would be the tax rate for road debt service (including new bonds), and no maintenance and operation tax rate, for a total of \$0.640. Upon motion duly made and seconded, the Board voted unanimously to set a public hearing and publish the recommended rates for the District and the Defined Area.

Josh Lee reported there was a delay in the schedule for the Road Bonds. Mr. Lee stated he was working to reconcile the cost summary and hoped to have it ready at the next recreational 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 92.8% and there were no excursions at the Wastewater Treatment Plant ("WTP"). He stated all other cutoffs were suspended until the next billing cycle.

Mr. Clark stated D.R. Horton had paid for eight taps in Section four. He stated they were all long taps. He stated the sidewalk was directly on top of the main and needed to be torn out and replaced at their cost.

Mr. Clark stated he continued to work on Hurricane Harvey recovery. He reported that WTP No. 2 blowers were tripping and were still under warranty. He stated several minor repairs were under way, the generator at Lift Station No. 1 had dried out and should be operational soon, and the fence at the WTP was set back up.

Mr. Clark stated he will follow up on the cost of water used for a house fire in the District on July 31, 2017 as he is seeking a credit from North Harris County Regional Water Authority. Mr. Sheffield stated he would coordinate this project. He stated about 400,000 gallons of water had been used at an approximate cost of \$1,100.00.

Mr. Dennis Henderson spoke to the Board regarding his home flooding on Creekview due to a water line break on his washing machine. Upon motion duly made and seconded, the Board voted unanimously to reduce his bill back to an average billing amount. Upon motion duly made and seconded, the Board voted unanimously to approve the Operator's Report.

Don Hays introduced Michelle Blevins who will assist Mr. Clark with District matters. Lisa June reported the 2018 Water Smart application was not yet available.

GENERATOR AT WATER PLANT NO. 1

Mr. Sheffield stated the generator at Water Plant No. 1 had kicked on several times during the Hurricane Harvey storm and Power Secure had been contacted. He stated there is a one hour minimum run time when it kicks on and will then shut down. He stated Power Secure was available during the entire storm and he was very satisfied with their performance. He reported the Air Quality Permit had not been received yet and this was the responsibility of Power Secure. Upon motion duly made and seconded, the Board voted unanimously to approve declaring the old generator and fuel tank as surplus property and selling them.

ORDER REGARDING ANNUAL REVIEW OF RULES, POLICIES AND CODE OF ETHICS FOR THE INVESTMENT OF DISTRICT FUNDS

Mr. Wallace presented for the Board's review and approval an Order Regarding Annual Review of Rules, Policies and Code of Ethics for the Investment of District Funds. Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Order Regarding Annual Review of Rules, Policies and Code of Ethics for the Investment of District Funds, a copy of which is attached hereto as an exhibit.

ENGINEER'S REPORT

Josh Lee reviewed the Engineer's Report, a copy of which is attached hereto as an exhibit. Mr. Lee presented photos of the Water Plant No. 3 site. He stated all plans had been approved and the ads for bidding were delayed due to the storm. He said there was about two feet of water on site. He noted the 100 year flood plain was 122.8 feet and the water rose about 3.5 feet above that. He stated this may change some of the plans.

Mr. Lee suggested raising all finished floors 12" over the flood line and perhaps look at raising equipment within the building. He stated that redesigning and obtaining reapprovals would probably cause about a 90 day delay or the District could proceed with bids as currently designed. Mr. Lee stated that most of the first floor units at Waterford Springs were flooded which might slow down the need for Water Plant No. 3.

A discussion ensued among the Board where a motion was made to authorize the Engineer to proceed with a redesign so that finished floors would be at 127 feet, to obtain bids on the larger metal building and to obtain a relocation bid as an alternate. Upon motion duly made and seconded, the Board voted unanimously to approve the motion. Director Kirkpatrick agreed to be liaison on this project.

Mr. Lee reported that Black Castle General Contractor for the Root Road, Kingscrest, and Bridgeway Lift Station Rehabilitations project would begin around October 16, 2017. He stated

the WTP TPDES permit renewal would be submitted soon. He stated he was working on a new cost summary for the Defined Area Road Bond issue.

Mr. Lee next discussed the water meter replacement project. He said it would cost approximately \$580,000 to replace all meters. Approximately \$175,000 in surplus funds would be used to start the project with the balance of funds to come from the District's Operating Fund.

Mr. Lee reported he heard from Carl Woodward with Harris County regarding an Interlocal Agreement for storm and surface water issues. Mr. Lee stated he continues to work on the interlocal agreement. He reported there was some M-102 damage which may fall into FEMA's claim for repairs. He further noted the filing deadline was October 4, 2017. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to proceed. Mr. Lee stated he would leave the area alone until FEMA could document the issue and said the trails needed to be blocked off for safety reasons.

Mr. Lee stated repairs were needed to the Inway Oaks Estates detention pond and the developer needed to bring the pond up to standards before the District would accept. There was no further action at this time.

Mr. Lee reported he had solicited four proposals for cleaning and televising of the sanitary sewer crossing over Willow Creek. He received three bids and the low bid was from CleanServe LLC in the amount of \$9,340.00. Upon motion duly made and seconded, the Board voted unanimously to award the contract to CleanServe LLC. Mr. Lee stated that bids were being prepared for cap repair, pipe blasting, and recoating.

Mr. Lee then presented Pay Estimate No. 1 in the amount of \$136,680.30 and Pay Estimate No. 2 in the amount of \$118,838.73 to Monarch Civil Constructors, LLC for water, sanitary, and drainage facilities in Hampton Creek, Section 4B. He presented Change Order No. 1 in the amount of \$36,584.00 for clearing, grubbing, and filling a formerly designated wetlands area. He presented Change Order No. 2 in the amount of \$98,722.40 for demucking and excavating inadequate material from fill area in Section 9, replacing with select fill from the borrow pit, and grading the Willow Creek outfall for the Harris County Flood Control District. 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.

ANNEXATION

Mr. Lee reported the annexation for 2.690 acres being developed by Ricegrass Developments, LLC was under review at the City of Houston and the KAC Properties, LLC annexation was on hold at the request of the developer.

ATTORNEY'S REPORT

Mr. Wallace stated there had been no action from Harris County regarding the repairs to the various drainage outfalls in the District.

GENERAL MANAGER'S REPORT

Mr. Sheffield reported the clean up of storm damage due to Hurricane Harvey was approximately \$60,000.00. He stated there was a very strong response from neighbors and Harris County officials were out visiting the District. He stated there still remains lots of work to be done. He said some houses were skipped and they will go back and pick up the last several houses as well. He estimated the debris removal project could be finished by Wednesday of this week. He noted there is a potential to get some of this cost reimbursed by Harris County. Upon motion duly made and seconded, the Board voted unanimously to authorize an additional expenditure of \$20,000.00 for debris removal for one time pick up at each affected residence.

Mr. Sheffield stated he planned to suspend In-Pipe service. Upon motion duly made and seconded, the Board voted unanimously to approve the General Manager's Report as presented.

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




Secretary, Board of Directors