

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

December 18, 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 18th day of December, 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. Laura Flores of Tax Tech, Inc., the District's Tax Assessor/Collector; Mr. Don Hays and Ms. Michelle Blevins of Hays Utility South Corporation, the District's Operator; Mr. Jim Sheffield, the District's General Manager; Mr. Al Peters and Ms. Lisa June, employees of the District; Mr. Joshua Lee, P.E. and Ms. Sherry Grant, P.E. of Jones & Carter, Inc., the District's Engineer; Mr. Danny Pereyra and Mr. Travis Benes of Environmental Allies, the District's Mowing/Detention Contractor; Mr. David James, a real estate broker; Mr. Tim West, a resident in the District; 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.

COMMENTS FROM THE PUBLIC

Tim West spoke to the Board regarding a problem with his neighbor's, Ms. Jacobs, yard. He reported the yard was inundated with what he assumed to be sewage. He stated Hays Utility had investigated the main sewer in his yard in 2010 and 2011 and had replaced the line. He stated he hasn't had problems, but his neighbor had.

Mr. Hays said Hays Utility plans to make repairs. Mr. West would like to avoid having his yard dug up until after a camera survey could be performed. Mr. Sheffield said he suspected Ms. Jacob's sewer lead is the source of the problem. Mr. Hays stated that if sewage is reaching the surface of the yard, then there is a blockage somewhere. Mr. Hays offered to review the issue.

## APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors held on November 6, 2017 and November 20, 2017 were presented for review and approval. The November 6, 2017 minutes were tabled as some Board members had not received them for prior review. Upon motion duly made and seconded, the Board voted unanimously to approve the November 20, 2017 minutes as presented.

## TAX ASSESSOR/COLLECTOR'S REPORT

Laura Flores presented the Tax Assessor/Collector's Report, a copy of which is attached hereto as an exhibit. She reported the District had collected 1.9% of the District's 2017 tax levy as of November 30, 2017 and her firm had transferred \$50,000 to the District's Operating Fund account. 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 eleventh month of the year-to-date budget. Ms. Schmidt presented the Operating Budget and the Wastewater Treatment Plant ("WTP") budget for fiscal year ending December 31, 2017. She stated she had assumed 75 new taps in 2018, there had been an increase in Regional Water Authority fees, and the engineering fees had been reviewed by Jones & Carter, Inc. Mr. Sheffield stated there would be a special meeting to review capital expenses.

Ms. Schmidt reported there was \$776,000 budgeted for Smart Meter replacement and noted the Texas Commission on Environmental Quality ("TCEQ") had approved use of surplus funds to fund a portion of this project. She stated the draft budget reflected net revenues of \$142,132.00 and noted the FEMA claim for hurricane damages and expenses was still pending.

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 adopt the operating and WTP budgets. 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.

## ENGAGE AUDITOR

Mr. Wallace reviewed a continuance letter for auditing services from McCall Gibson Swedlund Barfoot, PLLC which stated the audit fees for FYE would range from \$25,000 to \$27,000. The letter 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 continuation of the engagement of the auditor for fiscal year ending December 31, 2017.

## OPERATOR'S REPORT

Don Hays 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 91.33%, and there were no excursions at the WTP in November. However, in December, there was an electronic problem with the chlorine system at Water Plant No. 2 and Harris County issued a citation to the District. He stated a control panel piece was on order and he wasn't sure when it was expected to arrive. Mr. Clark stated he had worked around the problem to remain in compliance. He stated 26 taps had been installed last month.

Michelle Blevins stated 49 work orders to install Smart Meters had been completed in the District. She reported that all new taps had been installed using the new Smart Meters. Director Kirkpatrick stated he wanted an estimate of time to complete the job of replacing all existing meters. Ms. Blevins stated the Operator had met with the builders in Hampton Creek to show them the new meters. Upon motion duly made and seconded, the Board voted unanimously to approve the Operator's Report as presented.

## GENERATOR AT WATER PLANT NO. 1

Jim Sheffield reported he had visited with the service technicians regarding the generator at Water Plant No. 1 and the generator was working fine. He stated John Elder had expected the air quality permit by the end of the year. Mr. Wallace stated he would follow up on the status of the permit.

## INWAY OAKS ESTATES

David James proposed to the Board that the District purchase 3.2 acres owned by Randy Nerrennext to Inway Oaks to use as a future park. He stated he had spoken with Mike Wilkinson, the adjacent developer of Inway Oaks, about the suggestion and he supported the deal.

Mr. James proposed a 1% contribution from the sale of each home in Inway Oaks to pay for the park, an option for a 60 day "free look," a ground lease for two years at a cost of \$1.00 per year, and then for the District to purchase the property for \$357,000. He submitted an earnest money contract for the District's review.

Director Schneider stated he didn't think the sale of homes would contribute much toward park costs. Director Thomas stated the tax effects of a donation of the land should be considered. Director Flood stated the District could deduct the fair market value of property up to 30% of the Adjusted Gross Income. Mr. James stated he could speak for Mr. Nerren regarding this.

Mr. Sheffield stated that if the District was just considering purchasing the land for more trails, there are other good options of the property in the area of the District. He stated all of the parking would have to be in the existing Inway clubhouse parking lot. He said he thought it would be best if plans were to build another building. He noted an appraisal would be needed. Mr. Sheffield stated he wanted to focus on the Parks Master Plan before committing to acquire this tract.

Mr. Wallace suggested the District could finance the purchase with future park bonds, but the District would need to hold a bond election in May. Mr. James said the proposed deal would give the District two years to make plans. The Board took this matter under advisement and asked Mr. Wallace to review the contract.

#### AMENDED AND RESTATED ORDER DESIGNATING INVESTMENT POLICY

Mr. Wallace presented for the Board's review and approval an Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments. Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments, 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 stated the plans for Water Plant No. 3 have been approved, advertising the project for bids will be during the first week in January, and he expects to award the contract at the District's February recreational Board meeting.

Mr. Lee stated the contractor has begun the 2017 Root Road, Kingscrest, and Bridgeway Lift Station rehabilitations project. He stated he expected to receive the WTP waste discharge permit soon.

Mr. Lee reported there had been a response from Harris County Flood Control District ("HCFCD") and Harris County Precinct 4 ("HCP4") regarding two sets of repairs of storm sewer drainage issues. He said HCFCD will add four repairs to their log:

- (1) sinkhole South of W. Rayford Rd., repair should start in February;
- (2) desilt channel South of W. Rayford Rd., in design, no schedule yet;
- (3) sinkhole near Ridgeway Lift Station, in design; and
- (4) sloughing off sheet flow from a homeowner's residence, not their responsibility, need to evaluate and communicate with the homeowner.

Mr. Lee stated he expected to have a proposal early next year from HCP4 for repairs in storm sewer easements between lots. He stated HCP4 had reviewed plans to repair the gabion feature at the pipeline crossing. He stated they haven't yet prepared a cost estimate. He stated an alternative is to lower the line below the creekbed and build a Lift Station. Mr. Lee stated the gabion problem presents a safety hazard and the Engineer needs to pursue a repair.

Mr. Lee discussed the Request for Public Assistance from FEMA for disaster assistance for repairs caused by Hurricane Harvey. He stated December 31, 2017 was the final filing date and he thought his firm had submitted all necessary documentation.

Mr. Lee stated a bid package for concrete cap repairs and pipe recoating of the sanitary sewer crossing over Willow Creek should be ready to review and advertise to solicit three bids by the January Board meeting. He stated a 2" water line should be capped.

Mr. Lee stated his firm was preparing a bid package for touch-up recoating at Water Plant Nos. 1 and 2 and replacing the interior ladder supports for Ground Storage Tank No. 2 at Water Plant No. 1 and will advertise for bids in January or February.

Mr. Lee next reported the Application for Approval of Use of Surplus Funds for water meter replacements had been approved by the TCEQ. A copy of the approval letter is attached hereto as an exhibit.

Mr. Lee stated the contractor completed rehabilitating the Inway Oaks Estates detention pond with the exception of grass growth.

Mr. Lee presented Pay Estimate No. 1 in the amount of \$26,100 to Black Castle General Contractor for Root Road, Kingscrest, and Bridgeway Lift Station rehabilitations; Pay Estimate No. 6 in the amount of \$54,405.00, Pay Estimate No. 7 in the amount of \$106,560.00, and Pay Estimate No. 8 in the amount of \$31,567.50 to McDonald Municipal and Industrial, Inc. for Hampton Creek Lift Station; Pay Estimate No. 1 in the amount of \$152,036.51 to Lobo Paving Inc. for paving in Hampton Creek Section 8; Pay Estimate No. 9 in the amount of \$35,036.76 to Jaho, Inc. for paving in Hampton Creek Section 9; and Change Order No. 1 in the amount of \$82,293.00 for performing required street excavation, adjusting subgrade stabilization quantities based on the geotechnical lab recommendation, and clearing and grubbing additional area.

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

#### DOVERSHIRE PLACE

Mr. Lee stated the paving was complete in Dovershire Place and the developer was close to delivering the first section of completed lots. He stated he was unsure of who the builders would be. He said designing of Section 2 will commence once home construction begins in Section 1.

#### ATTORNEY'S REPORT

Mr. Wallace reported the City of Houston failed to process the consent to annexation for 2.690 acres being developed by Ricegrass Developments, LLC because the City was re-evaluating their drainage rules. He stated the KAC Properties, LLC annexation remained on hold at the request of the developer.

Mr. Wallace reviewed the May 2018 Director Election requirements. Upon motion duly made and seconded, the Board voted unanimously to approve the Attorney's Report as presented.

#### CONSULTANT CONTRACTS

Mr. Wallace presented a legal fee increase request for consideration by the Board. He requested new hourly rates in the amount of \$260 for Michael Bacon, \$170 for Connie Wenske, and \$150 for Mary Bertrand. Upon motion duly made and seconded, the Board voted unanimously to approve the proposed rates for Bacon & Wallace, L.L.P.

Josh Lee stated there were no changes to their existing rates, but noted there were new rate categories for inspections and treatment facilities. Upon motion duly made and seconded, the Board voted unanimously to approve the proposed changes to the rate categories.

Don Hays proposed amendments to the Operator's Contract which included new tap rates, removal of meter costs from the charges, and a new labor charge of \$80 to install Smart Meters. The new proposed figures were \$424 for a 5/8" meter, \$482 for a 1" meter, \$77 for residential Smart Meter installation, and \$35 for removal of a Smart Meter. Mr. Hays said he did not advise changing the Rate Order. Upon motion duly made and seconded, the Board voted unanimously to approve the amendments as presented.

#### GENERAL MANAGER'S REPORT

Mr. Sheffield discussed Clubhouse rentals over Christmas weekend. Upon motion duly made and seconded, the Board voted unanimously to approve the General Manager's Report as presented.

#### OTHER MATTERS

The Board tabled the matter of the 2018 Board Meeting Calendar. Josh Lee stated he had inspected the Hampton Creek Phase II Pond again and substantial repairs remain to be made which continues to delay conveyance of the property.

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



  
Secretary, Board of Directors