

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

May 21, 2018

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 May, 2018 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, with the exception of Directors Thomas and Schneider, 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. Robb Clark and Ms. Michelle Blevins of Hays Utility South Corporation, the District’s Operator; Mr. Jim Sheffield, the District’s General Manager; Mr. Joshua Lee, P.E. and Ms. Kendall Chattman, D.E., of Jones & Carter, Inc., the District’s Engineer; Mr. Danny Pereyra of Environmental Allies, the District’s Mowing/Detention Contractor; Ms. Amanda White of D.R. Horton; Mr. Steve Eustis of Robert W. Baird & Co., the District’s Financial Advisor; Ms. Mary Malek, President, and Ms. Teresa Sims, Vice President, of the Northampton Homeowners Association; 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 Bennett, who then presided over the meeting.

OATHS OF OFFICE AND STATEMENTS OF OFFICER

Acceptance of Oaths and Statements of Officer were tabled until the June Board meeting.

COMMENTS FROM THE PUBLIC

Ms. White reported on matters related to D.R. Horton. She stated closings have occurred on 260 homes over a six month period and there were 24 home starts. She stated work was progressing on making the detention pond ready for acceptance by the District.

Mr. Sheffield stated the sidewalk had been reinstalled where the submain had been

constructed. He said the reinstalled sidewalk had collapsed and D. R. Horton was complaining about the issue. Mr. Sheffield stated the District does not perform soil preparation for developers to build sidewalks and suggested the soil was not allowed to settle properly before the builder installed sidewalks. Ms. White agreed to follow up on the issue.

FINANCIAL ADVISOR'S REPORT

Mr. Eustis presented to the Board a cash flow study of the Defined Area of the District. He proposed a final paving bond issue of \$3,020,000 based upon a March 1, 2018 estimated assessed value of the Defined Area in the amount of \$118,000,000. He said all paving projects were complete. He planned to present a Preliminary Official Statement ("POS") at the next meeting, sell the bonds in July, and close in August. Upon motion duly made and seconded, the Board voted unanimously to authorize the Financial Advisor to begin preparation of the POS and Notice of Sale.

Mr. Eustis discussed a proposed District bond issue based on a District assessed value of \$662,000,000. He reviewed the District's cash flow, based on \$0.33 debt rate, the analysis reflected \$4,125,000 in bonding capacity. Mr. Eustis said Mr. Lee would review specific projects for financing in his report.

HOMEOWNERS ASSOCIATION

Mary Malek said she handles social functions for the Northampton Homeowners Association. She stated the \$1 per month voluntary contribution funds were declining and that Hays Utility was not including voluntary donation verbiage on the bills for new customer accounts. She requested that Hays Utility reinstate the contribution verbiage on all water bills. Mr. Sheffield said a \$0.20 processing fee was charged. Director Kirkpatrick asked if the \$1 voluntary donation should be increased.

A discussion ensued whereby the Board favored going to a system that would include the voluntary contribution on all water bills. Mr. Sheffield stated that January 1, 2019 would be the best time to re-start the \$1 voluntary fee on billing statements. Mr. Sheffield stated he would pursue the issue and propose a plan to the Board for implementation.

APPROVAL OF MINUTES

Minutes of the meeting of the Board of Directors held on May 7, 2018 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to table the minutes. The Certified Agenda of Executive Session held on April 16, 2018 was presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the Certified Agenda of Executive Session 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 95.16% of the District's 2017 tax levy as of April 30, 2018 and 96.27% to date. She reviewed wire transfers made to various funds. Ms. Flores stated delinquent statements including a 20% penalty had been mailed to customers. She stated the deadline to protest values was May 15, 2018 instead of May 31, 2018.

Mr. Sheffield stated the Absey Press property was under a lawsuit during 2017 for delinquent taxes. He suggested the District make an offer on the property.

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 said she had received a memo from the Subsidence District Water Smart Program suggesting elementary schools for the District to sponsor. As none of these schools were in the District, she suggested the District not participate, to which the Board agreed.

Ms. Schmidt said she had collected developer annexation deposits from Texas Land Investments for a 4.6 acre annexation, Rye Street Development for a 4.133 acre annexation, and AptCon LLC for a 28 acre annexation. She reviewed the fourth month of the year-to-date budget. Ms. Schmidt next reviewed 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, 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 93%, there were no issues with sampling, and no excursions at the Wastewater Treatment Plant ("WTP") in April. He reported there were 45 tap applications in April, mostly from Hampton Creek subdivision and biomonitoring was scheduled to begin June 1, 2018.

Mr. Clark stated 977 Smart Meters had been installed to date. He said the Consumer Confidence Report would be sent out to customers in their next water bills.

Mr. Clark stated construction of the Hampton Creek sub-main had been completed and D. R. Horton installed a sidewalk two days later. He pointed out they were building sidewalks on top of water lines which cause the Operator to break out these sidewalks in order to make repairs to water lines. Mr. Sheffield stated he would write a letter to D. R. Horton regarding the issue.

Mr. Clark stated there was a need to update the flushing plan to include new areas, uni-directional, one to two times per year. He said the plan moves sediment in one direction out of the system.

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

ENGINEER'S REPORT

Mr. Lee reviewed the GM Services Report which stated the specific capacity for Water Well No. 1 had declined by 29% over the last year likely due to a downhole issue. He stated the last rework of this well was in 2006. Mr. Lee recommended reworking the well, likely plugging in screens. He estimated the worst-case scenario cost to be about \$300,000. He stated this was a winter project and would mobilize in October. He stated this project would need to be funded out of operating revenue and reimburse the District out of a future bond issue. The Board resolved to fund this capital project with bonds to be issued in the future to reimburse the operating account. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to begin design and bids for the project.

Mr. Lee stated construction was proceeding on Water Plant No. 3. He said there was a well driller on site which has drilled a test hole to 1,800 feet and he would continue to evaluate water bearing sands and water samples.

Mr. Lee stated the steel booster pump building had been removed and a Change Order had been negotiated for a \$91,800 credit for eliminating the steel building. He said the Water Plant contract was somewhat over the amount in the bond issue and plans to add the difference to a future bond issue.

Mr. Lee reported he sent Black Castle General Contractor a letter regarding their past due status for completion of the 2017 Root Road, Kingscrest, and Bridgeway Lift Station rehabilitation project. He stated the auto dialers were not compatible with Verizon Wireless. He said 3G speed modems were being phased out, converting to 4G. He said Verizon won't accept any new 3G systems. Mr. Lee said that Black Castle had already purchased 3G modems. He suggested installing the old modems and obtaining new modems when Verizon makes them available. The Board agreed with this plan.

Mr. Lee reported the new TPDES Permit for the WTP was issued May 9, 2018 and noted it was only a three year permit.

Mr. Lee stated the Harris County Flood Control District still planned to conduct a dye test on the storm sewer line. They need a dry week with no rain. He said they were still waiting for the interlocal agreement and would get Mr. Wallace involved. Mr. Lee said there were three known repairs and the County had provided no update as to when they would pursue these repairs. Mr. Lee stated the need to get debris removal to the front of the line for FEMA issues.

Mr. Lee stated the Hampton Creek detention pond still needed work. He reported the maintenance berms were not sloped properly and D. R. Horton had been informed of all related pending issues.

Mr. Lee reported the Willow Creek Aerial Sanitary Sewer Crossing Rehabilitation Project had been completed. He praised CFG Industries, LLC for a job well done and recommended approval of Pay Estimate No. 1 and Final. Upon motion duly made and seconded, the Board voted unanimously to approve Pay Estimate No. 1 and Final.

Mr. Lee stated he had received six bids for the Water Plant Improvements Project and CFG Industries, LLC was the low bidder with a base bid of \$85,350. Upon motion duly made and seconded, the Board voted unanimously to award the contract to CFG Industries, LLC.

Mr. Lee said they will prepare a list of projects to be included in a future bond application project and present to the Board next month. Some of the projects discussed to be included were the Creekview Lift Station, Water Plant No. 3 over budget costs, water well no. 1 rework, CST water and sanitary sewer extension reimbursement, and Stratton Woods W,S&D and Detention reimbursement.

Mr. Lee said that Mr. Wallace had prepared the easements for the Root Road Lift Station/Dave's Express and that the Engineer had sent them to the developers. He noted Mr. Wallace was preparing the site deed for the property.

Mr. Lee stated that Klein Independent School District ("KISD") would need to pay capacity fees for the capacity request for Hildebrandt Intermediate School. He was working on a recalculation to include a new WTP, 4,750 GPD, and a new Water Plant, 5,940 GPD, for an estimated cost of \$175,000. Upon motion duly made and seconded, the Board voted unanimously to approve calculation of capacity fees for KISD.

Mr. Lee said he expected to present the WWTP inspection report and capital improvements plan at the next Recreational Board Meeting.

Mr. Lee presented Pay Estimate No. 2 in the amount of \$281,857.50 to Principal Plant Services, LLC for Water Plant No. 3; Pay Estimate No. 4 in the amount of \$23,143.50 to Black Castle General Contractor for construction of Root Road, Kingscrest, and Bridgeway Lift Station rehabilitations; Pay Estimate No. 1 and Final in the amount of \$31,795.00 to CFG Industries, LLC for Willow Creek Aerial Sewer Crossing Rehabilitation; Pay Estimate No. 5 in the amount of \$34,979.00 to Clearwater Utilities, Inc. for Hampton Creek Section 8 Water, Sanitary, Force Main, and Drainage; and Pay Estimate No. 4 in the amount of \$227,944.88 to Lobo Paving, Inc. for construction of paving in Hampton Creek Section 8. Upon motion duly made and seconded, the Board voted unanimously to approve the pay estimates as presented.

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

ANNEXATIONS

Mr. Wallace reported the District finally received approval from the City of Houston for the Terra-Gosling 2.69 acre annexation and expects the Order Adding Land and Redefining Boundaries of the District to be presented for approval at the next Board meeting.

Mr. Wallace reported the proposed 4.74 acre annexation was still pending developer's (Steve Schinzing) decision, the proposed 28 acre annexation for Landmark Companies needed WTP capacity evaluation, and the plans had been reviewed and capacity letter issued for the proposed 1.4 acre development for Woodlands Sportsplex.

Mr. Lee discussed the feasibility study of the proposed 4.6 acre annexation for Caldwell Companies. The tract is located on the left side of Gosling Road north of W. Rayford Road. He reported it consisted of four commercial pad sites and would require 18,000 GPD water and 16,000 GPD sewer. He said lines would need to be either run under Gosling Road or extended along the west side of Gosling Road. He stated the estimated cost of the project was \$300,000, it would serve multiple properties, would add an estimated \$4,000,000 assessed value to the District. The project appeared to be feasible with a 49% reimbursement.

Mr. Lee stated the 10 acre Rye Street Development feasibility study indicates extending public water and sewer lines at an estimated cost of \$304,000 and would add \$9,200,000 assessed value to the District. He stated this project would support 100% reimbursement. He noted 4.133 acres of the 10 acre development needed to be annexed.

Mr. Lee presented a Summary of Costs for the 2018 Defined Area Road Bonds. He stated the Hampton Creek Phase II detention pond was currently being evaluated for acceptance by the District. He said the large lift station for Hampton Creek was not operational yet as it had no power.

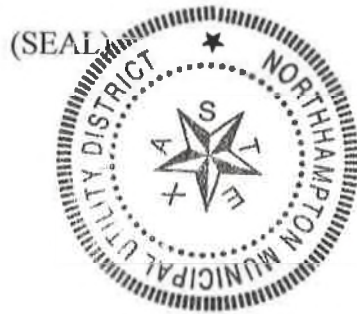
GENERAL MANAGER’S REPORT

Mr. Sheffield stated he would not be in attendance at the next recreational meeting. Mr. Sheffield stated he had been very busy with clubhouse bookings and other various work in the District. He stated he was also working on a memorial bench honoring Bill Black.

OTHER MATTERS

Director Kirkpatrick proposed offering a reward for information on vandalism to any District property.

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




Secretary, Board of Directors