

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

June 18, 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 18th day of June, 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 Bennett and Flood, thus constituting a quorum.

Also present were Ms. Cindy Schmidt of L&S District Services, LLC, the District's Bookkeeper; Mr. Robb Clark of Hays Utility South Corporation, the District's Operator; Mr. Jim Sheffield, the District's General Manager; Ms. Lisa June, employee of the District; Mr. Joshua Lee, P.E. and Ms. Kendall Chattman of Jones & Carter, Inc., the District's Engineer; Mr. Danny Pereyra of Environmental Allies, the District's Mowing/Detention Contractor; Mr. Steve Eustis of Robert W. Baird & Co., the District's Financial Advisor; 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.

OATHS OF OFFICE AND STATEMENTS OF ELECTED OFFICER

Directors Thomas and Schneider executed their Statements of Elected Officer and took their Oaths of Office, copies of which are attached hereto as exhibits. Upon motion duly made and seconded, the Board voted unanimously to approve the Oaths and Statements.

RECONSTITUTION OF BOARD

Upon motion duly made and seconded, the Board voted unanimously to reconstitute the Board of Directors as follows:

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

COMMENTS FROM THE PUBLIC

There were no comments from the public.

APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors held on May 21, 2018 and June 4, 2018 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the minutes as presented.

TAX ASSESSOR/COLLECTOR'S REPORT

The Tax Assessor/Collector's Report was tabled at this time.

BOOKKEEPER'S REPORT

Cindy Schmidt presented and reviewed the Bookkeeper's Report, a copy of which is attached hereto as an exhibit. Director Kirkpatrick stated the District appeared to be losing money on Regional Water Authority fees and said the District needed to have better water accountability. He asked if well meters need to be tested and calibrated to which Mr. Clark replied there is a $\pm 3\%$ variance when meters are tested. Mr. Clark further stated a small leak is the main culprit and that construction also contributes to the problem.

Ms. Schmidt reviewed the fifth month of the year-to-date budget and the Investment Report, copies of which are attached hereto as exhibits.

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 94.09% and there were no excursions at the Wastewater Treatment Plant ("WTP") in May. He reported there were 14 tap applications in May and biomonitoring began two weeks ago. He said a failure had been reported and that repeat testing would be needed for the next cycle. Mr. Clark said there was a problem due to failure of a flow-paced chlorinator.

Mr. Lee stated he has been working with Harris County regarding utility adjustments near Dovershire Drive and Gosling Road to facilitate the expansion of Gosling Road. He said there is a conflict with the Harris County's proposed storm sewer design and Northampton's existing 12-inch public waterline. He said the District's water line is located within the Gosling Road right-of-way at the location of the conflict and the District may have to pay to relocate the water line. Harris County is re-evaluating the proposed storm sewer design to see what adjustments can be made. Mr. Lee said he was still trying to work out a solution and was waiting for additional information from Harris County. He stated, once Harris County completed their re-evaluation of the proposed storm sewer design and provided elevations on the existing and proposed infrastructure, he will prepare options for relocation and/or adjustments to the existing waterline.

Mr. Clark stated he was almost complete with needed repairs which were reflected on the Annual Inspection Report. He stated 1,074 Smart Meters, including 128 new taps, had been installed to date. He discussed holding public meetings for Smart Meter training.

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

DEFINED AREA ROAD BONDS

Mr. Eustis presented a Preliminary Official Statement ("POS") and Notice of Sale ("NOS"). He reviewed the draft documents and said this was the final Road Bond issue for D.R. Horton. He noted the sale date of July 16, 2018 and expects to close on the bonds in August.

Upon motion duly made and seconded, the Board voted unanimously to approve the POS, NOS, and sale date.

ENGINEER'S REPORT

Mr. Lee presented the Engineer's Report, a copy of which is attached hereto.

Proposed District Bond Issue

Mr. Lee stated that the District's Financial Advisor had previously prepared a financial analysis memo, dated May 1, 2018, that identified the District could issue \$4,125,000 in District WS&D Bonds with no impact on the existing tax rate, based on the March 1, 2018 estimate of value from Harris County Appraisal District. He reviewed two cost summaries for a new Bond issue. Option 1 projected a \$2,905,000 Bond Issuance Requirement and Option 2 projected a \$5,370,000 Bond Issue Requirement. He stated the projects included in Option 1 were the 2020 Wastewater Treatment Plant Improvements, Water Well No. 1 Rework, developer reimbursement for the CST Water and Sanitary Sewer Extension, and additional funds to cover the overages on Water Plant No. 3. Option 2 included the same projects as Option 1 with the addition of the Creekview Lift Station. Mr. Eustis stated if the Board was interested in Option 2, it could still be supported with no change to the District's overall tax rate but the District would need to move approximately \$0.02 from the Maintenance and Operations Tax Rate to the Debt Service Tax Rate. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to begin preparation of a bond application report in the amount of approximately \$5,370,000. Mr. Lee stated they expected to be ready to submit the Bond Issue to the Texas Commission on Environmental Quality ("TCEQ") by early November 2018 and the Bond Issue should qualify for a 60-day expedited review through the TCEQ. Reimbursement to Stratton Woods for their public infrastructure was previously discussed, but based on the existing taxable value of Stratton Woods, approximately \$14,000,000, it falls short of the \$26,000,000 needed to receive reimbursement at this time.

Mr. Lee stated the proposed Creekview Lift Station would require acquisition of property and easements. The Board authorized Jones|Carter and Bacon & Wallace to proceed with the necessary property and easement acquisition.

28-Acre Landmark Feasibility Study

Mr. Lee reviewed the feasibility study for the proposed 28 acre annexation for Landmark Companies, a copy of which is attached hereto. The Engineer received a preliminary site plan including 408 multi-family units and a clubhouse. He said the main entrance to the proposed development would be located off Gosling Road.

He said there would be sufficient water capacity to serve the development with the

addition of Water Plant No. 3, currently in construction. He stated during the last wastewater treatment plant expansion the District included approximately 100,000 gpd of additional unallocated capacity to be allocated on a first come first serve basis. He stated this proposed development would utilize almost all the remaining unallocated capacity. He stated that with the remaining developable property in the area a future wastewater treatment plant expansion would likely be needed. He noted D.R. Horton will likely have some excess sewer capacity when their project is complete. Mr. Lee said an additional expansion was contemplated in the last expansion which would include an additional 450,000 gpd of treatment capacity which would take Northampton to their final phase of their TPDES permit with a total treatment capacity of 1.85 MGD. Mr. Lee stated the expected bond issuance requirement of \$163,000 to reimburse Landmark Companies for a proposed public sanitary sewer extension would be financially feasible based on a projected \$45,000,000 in assessed value.

Upon motion duly made and seconded, the Board voted unanimously to approve the feasibility study, begin preparing the Development Financing Agreement (“DFA”), Utility Commitment Letter, and annexation process. It was noted that Landmark Companies had paid their annexation deposit.

Water Well No. 1 Rework

Mr. Lee stated he would begin advertisement for bids for the Water Well No. 1 Rework project in August and construction should commence in late October.

Water Plant No. 3

Mr. Lee discussed the status of construction at Water Plant No. 3. He said they are waiting on the final results of the water sampling but the preliminary results from the test well shows good water quality in Evangeline Aquifer. He stated he had been speaking with the contractor regarding soil conditions for the elevated storage tank foundation and the foundation design may need to be changed which will result in a change order. He stated the estimated change order amount is unknown at this time but these additional funds will be included in the next bond issuance.

Lift Station Improvements

Mr. Lee reported the auto dialer issue for the 2017 Root Road, Kingscrest, and Bridgeway Lift Station rehabilitation project had been resolved and presented a Change Order in the amount of \$6,746.25 from Black Castle General Contractor. Upon motion duly made and seconded, the Board voted unanimously to approve the Change Order.

Storm Sewer Maintenance

Mr. Lee presented a draft Memorandum of Understanding (“Memo”) prepared by Harris County Flood Control District (“HCFCD”) for future storm sewer outfall repairs. He said the Memo addresses future repairs to thirty public storm sewer outfalls that extend between existing Harris County right of way to existing HCFCD right of way through existing residential or commercial property. He said three participants have a part, based on their jurisdiction, but only the District and HCFCD are parties to the Memo.

Mr. Sheffield stated the Forester house on Creekview has sinkhole issues and he wasn't sure this agreement would help this homeowner. He said he thought he could get a crew to fill and stabilize the area. A discussion ensued among the Board. Mr. Lee said he wanted to dye test

to determine which manholes are in need of repair. Upon motion duly made and seconded, the Board voted unanimously to authorize the Operator and Mr. Sheffield to proceed with the dye testing, repairs to manholes, and repairs to sinkholes as discussed.

HCFCD Repairs

Mr. Lee said there were three HCFCD known repairs and HCFCD had provided no update within the last month as to when these repairs would be completed.

Harvey FEMA Claim

Mr. Lee updated the Board regarding their claim with FEMA related to expenses and damages from Hurricane Harvey. He presented cost estimates for repairs to the gabion baskets located within Willow Creek and said the District needed to decide in the near future whether to proceed with this project as the ultimate fix will be completed with the Creekview Lift Station project.

He noted D.R. Horton would have some excess capacity when their project is complete.

Hampton Creek Phase II Detention Pond Conveyance

Mr. Lee stated the Hampton Creek Phase II detention pond was close to completion. He said the pond needed to be re-inspected and the survey reviewed prior to acceptance by the District.

Water Plant Nos. 1 & 2 Improvements

Mr. Lee stated CFG Industries, LLC is working on recoating Water Plant No.1 Ground Storage Tank No. 2. He presented a \$36,900 change order to recoat the entire roof as it was determined the condition of the roof had significantly worsened due to additional corrosion. Upon motion duly made and seconded, the Board voted unanimously to accept the Change Order.

Root Road Lift Station

Mr. Lee discussed the Root Road Lift Station access easements and site acquisition. Upon motion duly made and seconded, the Board voted unanimously to accept conveyance of the access easements and site deed.

KISD Additional Capacity Request

Mr. Lee stated he had received a request for an additional 1,000 gpd of wastewater capacity from Klein Independent School District ("KISD") and their revised usage numbers. He noted that KISD has not exceeded the capacity it currently owns.

Water Distribution Flushing Plan Update

Mr. Lee discussed the update of the water distribution flushing plan and requested an update to the water model and report. He stated the scope of cost was about \$15,000 (based on hourly rates). Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to proceed on this project.

Pay Estimates and Change Orders

Mr. Lee presented Pay Estimate No. 3 in the amount of \$542,147.40 to Principal Plant Services, LLC for Water Plant No. 3; Pay Estimate No. 5 in the amount of \$11,705.40 and Change Order No. 2 to Black Castle General Contractor for construction of Root Road, Kingscrest, and Bridgeway Lift Station rehabilitations. 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 presented the Order Adding Land and Redefining Boundaries of the District, an Amendment to Information Form, and a new boundary map for approval for the Terra-Gosling 2.69 acre annexation.

Mr. Wallace reported the plans are in process for the proposed 1.4 acre Woodlands Sportsplex development. Mr. Wallace said the proposed 4.6 acre annexation for Caldwell Companies is on hold pending a developer decision to move forward.

Mr. Wallace presented the Annexation Letter Acknowledgement, Petition for Consent to Annex Land, Petition for Addition of Certain Lands, Order Annexing Land Subject to Conditions, and a Development Financing Agreement for the 10 acre Rye Street Development of which 4.133 acres of the 10 acre development needed to be annexed.

ATTORNEY REPORT

Mr. Wallace stated he had received the draft Air Quality Permit from the TCEQ and forwarded it to Power Secure. He said they already had the permit and they are processing notices. He said the District should receive the final permit soon.

Mr. Wallace contacted Bryan Frenchak to inquire about his reimbursement agreement and development plans. Mr. Frenchak said he was ready to proceed with construction of the detention pond, for which plans and permits had been previously secured.

GENERAL MANAGER'S REPORT

Mr. Sheffield stated all projects were on schedule.

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




Secretary, Board of Directors