

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

July 16, 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 16th day of July, 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, 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, Michelle Blevins, and Rich Rankin 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; Ms. Sarah Burson of Accurate Meter and Supply; Mr. Bill Gause and Ms. Chris Gause, residents in the District; Mr. Tracey and Ms. Valerie Tucker, residents 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

There were no comments from the public.

APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors held on June 18, 2018 and July 2, 2018 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the June 18, 2018 minutes as amended and the July 2, 2018 minutes as presented.

DEFINED AREA ROAD BONDS

Mr. Eustis presented a Summary of the \$3,020,000 Defined Area Unlimited Tax Road Bonds, Series 2018, a copy of which is attached hereto as an exhibit. He stated he did not pursue a rating and that he had obtained insurance on the bonds with Assured Guaranty Municipal Corp. who was qualified by Standard & Poors. He stated he had received three bids, a copy of the Bid Form is attached hereto as an exhibit. He said SAMCO Capital Markets ("SAMCO") was the low bidder at 3.765146% and recommended award of the sale to SAMCO. Upon motion duly made and seconded, the Board voted unanimously to award the sale to SAMCO, and to execute the Bid Form. Mr. Eustis reported receipt of the good faith check from SAMCO.

Mr. Wallace reviewed the bond documents with the Board, including the Bond Order, Paying Agent Registrar Agreement with Regions Bank, Signature Identification/No Litigation Certificate, Rule C2-12 Form, and letters to the Attorney General and the Comptroller of Texas.

Upon motion duly made and seconded, the Board voted unanimously to adopt all bond documents and to authorize completion of the Official Statement.

TAX ASSESSOR/COLLECTOR'S REPORT

Esther Flores presented the Tax Assessor/Collector's Reports for May and June 2018, copies of which are attached hereto as exhibits. She reported the District had collected 96.93% of the District's 2017 tax levy as of June 30, 2018. Ms. Flores stated she had turned over the delinquent account information to Purdue Brandon Fielder Collins and Mott, LLP.

Ms. Flores reported the District's 2017 certified assessed tax value was \$620,998,999 and the 2018 preliminary tax value was \$640,486,920 which includes 2017 personal property. She noted she expects the final value at the end of August. She stated the Defined Area's 2017 certified assessed tax value was \$97,691,250. She reported the preliminary tax value of the Defined Area as of January 1, 2018 was \$104,043,051.

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. A discussion ensued regarding the operating budget. Ms. Schmidt stated the District has a 10% mark up on Regional Water Authority ("RWA") fees to account for water loss and she attempted to equalize the amount collected with the amount paid. Director Flood stated an adjustment needed to be made to the budget in this regard. Ms. Schmidt stated the RWA fee mark up may not be covering the difference, and this could be reviewed at the end of the year. Mr. Sheffield stated that water theft is also a problem.

Ms. Schmidt stated she would bill Terra Gosling, LLC for the balance of their annexation costs. Ms. Schmidt reviewed the sixth 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 introduced Rich Rankin with his company. He presented the Operator's Report, a copy of which is attached hereto as an exhibit. Mr. Clark stated the water accountability rate for the previous month was 91.62% and there were no excursions at the Wastewater Treatment Plant ("WTP") in June. He said 38 taps were completed in June.

Mr. Clark stated the Operator was continuing to look for leaks in the system and said he could possibly hire a leak detection service. Director Kirkpatrick stated the District was spending \$80,000 per year on RWA fees that the District is not collecting from customers, due primarily to unaccounted water loss. Ms. Burson stated Accurate Meter and Supply offers this service at a cost of \$450 per water line mile. Upon motion duly made and seconded, the Board voted unanimously to approve a leak detection survey up to a cost of \$10,000 with Mr. Sheffield's approval, and directed the Operator to recheck the well meters.

Mr. Clark reviewed with the Board a billing summary for French Elementary School, a copy of which is attached hereto as an exhibit. He stated rates input into one of two meters was keyed into the system at ten times the correct rate due to an error in his office. Mr. Clark stated he had spoken with a representative of Klein Independent School District ("KISD") concerning the matter, and calculated that Hay's Utility had overbilled KISD in the amount of \$45,499 over a 33 month period which was paid by KISD. Mr. Clark stated he would visit with KISD representatives regarding a solution to this issue, perhaps whether KISD might accept a credit to their account. The matter was tabled at this time.

Ms. Burson of Accurate Meter and Supply presented a revision to their 2016 proposal for Beacon "Smart" Meters which included the addition of 30 2" meters, 96 1" meters, 1 1.5" meter, 2 4" meters, and retro fitting one compound meter for a total cost of \$94,150. She recommended retrofitting 1.5" and larger meters. She suggested postponing work on some of the 1" meters until residential meters have been completed. She said installation of 5/8" and 3/4" meters was about 50% complete. Ms. Burson noted this cost could be added to the upcoming bond application. The Board requested the Operator calculate the total cost to complete residential and commercial Smart Meter installation.

Mr. Clark inquired whether the Board wanted to continue security monitoring on two Lift Stations. He stated the cost was \$360 per year for each unit for a total cost of \$720 per year. He asked whether or not to renew the monitoring as it had not been used for several years. The Board agreed to discontinue monitoring.

Mr. Clark stated he had no water termination requests at this time. He presented a suggested list of write-off accounts thru December 2017 totaling \$6,554.15, a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve writing off the suggested accounts.

Mr. Clark presented three customer letters requesting billing adjustments. Upon motion duly made and seconded, the Board voted unanimously to give billing adjustments to Manuel Serrano and Steve Lupo to consist of the base bill and the full RWA fee. The voluntary donation request from Jill McClenny was denied.

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

ENGINEER'S REPORT

Ms. Kendall Chattman presented the Engineer's Report, a copy of which is attached hereto.

Water Plant No. 3

Ms. Chattman stated the revised schedule indicates the construction of the Elevated Storage Tank is to begin mid-October. She presented Change Order No. 2 in the amount of \$38,817.80 for the Elevated Storage Tank foundation change to be approximately 62' wide in diameter and approximately 5' deep. Upon motion duly made and seconded, the Board voted unanimously to approve the Change Order.

Storm Sewer Maintenance

Ms. Chattman discussed a Letter of Understanding ("Letter") prepared by Harris County Flood Control District ("HCFCD") for future storm sewer outfall repairs. She said the Letter had been executed by the Board and HCFCD and she expects to receive the Letter back soon. She said she anticipated storm sewer repairs to begin in late August or September.

Harvey FEMA Claim

Ms. Chattman reported to the Board regarding their claim with FEMA related to expenses and damages from Hurricane Harvey. She stated the District will receive all of the Category B claims in the approximate amount of \$21,165. Mr. Lee stated approximately \$113,000 in claims for debris removal and other repairs such as the M-102 ditch were still pending. He stated HCFCD will coordinate the claim and enter into an Interlocal Agreement with the District to reimburse its share.

Ms. Chattman said the Engineer had been communicating with a mediation coordinator regarding repairs to the gabion baskets located within Willow Creek. She said the Engineer is working to get FEMA to assist with the Creekview Lift Station costs.

Hampton Creek Phase II Detention Pond Conveyance

Upon motion duly made and seconded, the Board voted unanimously to accept conveyance of the Hampton Creek Phase II Detention Pond. Mr. Wallace stated the Deed had been sent to D.R. Horton for execution as well.

Upon motion duly made and seconded, the Board voted unanimously to amend the contract with Environmental Allies to include maintenance of this pond.

Bond Application Report No. 16

Ms. Chattman presented a preliminary schedule of the Bond Application Report No. 16 ("BAR") in the amount of \$5,370,000, a copy of which is attached hereto. She said the Engineer plans to submit the BAR to the TCEQ in mid-October and fund in March 2019.

Pay Estimates and Change Orders

Ms. Chattman presented Pay Estimate No. 4 in the amount of \$190,447.20 to Principal

Plant Services, LLC for Water Plant No. 3; Pay Estimate No. 6 in the amount of \$37,691.51 to Black Castle General Contractor for construction of Root Road, Kingscrest, and Bridgeway Lift Station rehabilitations; and Pay Estimate No. 1 in the amount of \$10,890.00 to CFG Industries, LLC. Upon motion duly made and seconded, the Board voted unanimously to approve the pay estimates as presented.

PENDING DEVELOPMENTS AND ANNEXATIONS

Mr. Wallace stated the annexation package for the 4.133 acre Rye Street Development (10 acre total development) was in preparation to submit to the City of Houston. He reported the revised plans for review are in process for the proposed 1.4 acre Woodlands Sportsplex development. He stated the 28 acre annexation for Landmark Companies/Apt Con LLC was on hold per the developer. Mr. Wallace said his office was gathering information from the developer for the proposed 4.9277 acre annexation for Caldwell Companies.

Hampton Creek Phase III Detention Pond

Ms. Chattman stated repairs are in process and once the repairs are confirmed to have been addressed, the Engineers will perform a final inspection and recommend conveyance of the pond to the District.

Water Distribution Flushing Plan Update

Ms. Chattman stated the Engineer was updating the District's flushing plan and computer model of the District's water distribution system.

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

ATTORNEY REPORT

Mr. Wallace reported he had received notice of an injury to a PowerSecure worker at Water Plant No. 1. The worker had minor electric burns, but he is ok. Mr. Wallace said that an internal report from PowerSecure concluded that the worker was at fault. He has requested proper insurance certificates from PowerSecure and notified Arthur Gallagher Insurance of a potential claim.

Mr. Wallace presented an Interlocal Agreement for the Water Wise program to the Board. The Board declined participation for the upcoming school year.

Mr. Wallace said the District should receive the final Air Quality Permit soon.

GENERAL MANAGER'S REPORT

Mr. Sheffield stated irrigation lines were set up for a new section of Northcrest Park. He said a thin layer of hydroseed will be distributed for new grass. He stated the lake was being expanded. He said the water feature was being worked on. Mr. Sheffield stated the summer kitchen/covered area was about 4 to 5 weeks from completion.

Mr. Sheffield stated he received an email from Jerrell Wolff of Residential Recycling of Texas, Inc. requesting another revision to the recycling contract. Director Kirkpatrick advised Mr. Sheffield to hold him to his contract and said he's putting this risk on to the District. A discussion ensued among the Board where it was determined that Mr. Sheffield should invite Mr. Wolff to the next Recreational Meeting to justify his request.

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





Secretary, Board of Directors