

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

September 17, 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 17th day of September, 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 Director Flood, 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. Steve Eustis of Robert w. Baird & Co., the District's Financial Advisor; Mr. Mark Terpstra of Caldwell Companies, a developer in the District; Mr. Robert Miller of Landmark Companies, a developer in the District; one leader and three boy scouts of Boy Scout Troop 1876; 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 was led by Boy Scout Troop 1876 and an invocation was led by Director Thomas.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

APPROVE MINUTES

The minutes of the meetings of the Board of Directors held on August 6, 2018 and August 20, 2018 were presented for review and approval. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes as presented.

TAX ASSESSOR/COLLECTOR'S REPORT

Esther Flores presented the Tax Assessor/Collector's Report for August 2018, a copy of which is attached hereto as an exhibit. She reported the District had collected 98.88% of the District's 2017 tax levy as of August 31, 2018. She reviewed the delinquent tax roll with the Board noting there were no issues to report. She stated BLD Gosling still has a number of delinquent accounts.

Josh Lee stated that all taps should be on hold for Dovershire Place, Section 1 until taxes have been paid.

Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's Report as presented.

FINANCIAL ADVISOR'S REPORT-TAX RATE

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") 2018 certified value was \$579,736,502 plus \$40,760,018 uncertified value which reflects a slight decrease from last year due to homes devalued as a result of Hurricane Harvey. 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 a tax rate of \$0.23 (maintenance and operation) and \$0.35 (debt service) for a total of \$0.58.

Mr. Eustis stated the cash flow analysis was based on an estimate of value of \$662.6 million and included the pending \$5,810,000 Series 2019 bond issue. He stated the maintenance and operations tax rate decrease to \$0.23 would make up the difference in the debt service tax rate.

A discussion ensued regarding the reason for decrease in value despite new home construction. The Board determined its preference to keep the District's tax rate the same as last year's tax rate. Upon motion duly made and seconded, the Board voted unanimously to set a public hearing and publish the \$0.25 (maintenance and operation) and \$0.33 (debt service) for a total of \$0.58 for the District.

The Defined Area tax rate was discussed next. Mr. Eustis stated, per HCAD, the assessed value of the Defined Area was \$92,309,764 certified plus \$3,622,514 uncertified, for a total of \$95,932,278. He stated the cash flow analysis was based on an estimate of value of \$118,130,467. He recommended that \$0.345 would be the tax rate for water, sewer, and drainage debt service and \$0.295 would be the tax rate for road debt service, for a total of \$0.64. Upon motion duly made and seconded, the Board voted unanimously to set a public hearing and publish the recommended rate of \$0.64 for the Defined Area.

Upon motion duly made and seconded, the Board voted unanimously to approve a Resolution Requesting Estimate of Value From the Harris County Appraisal District for the District and a Resolution Requesting Estimate of Value From the Harris County Appraisal District for the Defined Area.

BOOKKEEPER'S REPORT

Cindy Schmidt presented and reviewed the Bookkeeper's Report, a copy of which is attached hereto as an exhibit. Ms. Schmidt stated the payment for renewal of District insurance coverage was overdue. The Board approved renewal of the District's October 1, 2018 to October 1, 2019 insurance policies.

Mr. Sheffield stated he was gathering information related to revenue from the sale of power from the Water Plant No. 1 generator.

Ms. Schmidt reviewed the eighth 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 are presented.

OPERATOR'S REPORT

Rich Rankin presented the Operator's Report, a copy of which is attached hereto as an exhibit. Mr. Rankin stated the water accountability rate for the previous month was 91%, and there were no excursions at the Wastewater Treatment Plant ("WTP") in August.

Ms. Blevins stated the Creekview storm sewer project was progressing. She said one resident's pool was causing issues, but is being resolved. Josh Lee and Jim Sheffield will confer on the matter as well.

Ms. Blevins reported 1,313 Smart Meters had been installed to date. She stated D.R. Horton had started paying for back-charges. She reported that all leak detection work orders had been prepared and the repair work had begun.

Ms. Blevins reported that Chaparral Management had requested the Board waive a delinquent letter fee or late fee in the amount of \$440.72. Chaparral Management handles 28 irrigation meters for the Homeowners Association and was delinquent in paying their bill. Ms. Blevins noted the Operator had already waived \$150 in door hanger fees as a one-time courtesy to the management company.

Upon motion duly made and seconded, the Board voted 3 to 0, with Director Kirkpatrick abstaining, to deny the request to waive the penalties. However, the Board recommended the Homeowners Association Maintenance Fund not pay for the management company's mistake.

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

PROPOSAL FOR REGIONAL DETENTION POND

Rob Miller and Mark Terpstra presented a proposal for a joint regional detention pond to serve the Landmark 28-acre multi-family development tract and the 4.9277-acre Caldwell development tract, developer reimbursement, and District ownership and maintenance of the pond.

They presented an updated site plan which indicated the detention pond would serve both tracts, the street would need to be extended into the back of Dovershire, and they would add a 1.97-acre commercial lot which would total about 2.75 acres devoted to the pond. The gentlemen stated they would need a maintenance agreement with the District. They stated another private pond was on the north end of the tract and they would include an amenity area. Mr. Lee stated the District has not historically maintained commercial ponds. He stated there is a public roadway adjacent which drains into the pond. He said a public entity such as the District has to be a responsible party for the development to proceed. Mr. Miller stated his company was ready to move forward with the 28 acre annexation. Mr. Lee stated the pond construction would need to be publicly bid. Mr. Lee stated the Landmark Apartments would add about \$45 million and the Caldwell mixed-use development would add about \$5 million in assessed value to the District.

Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve the proposal for a joint detention pond, to provide reimbursement agreements and a maintenance agreement, and to accept responsibility for maintenance of the pond.

ANNEXATION

Mr. Wallace presented the Petition for Consent to Annex Land, Petition for Addition of Certain Lands, and Order Annexing Land Subject to Conditions for the 4.9277 acre Caldwell Companies Development. Upon motion duly made and seconded, the Board voted unanimously to approve the Petition for Consent to Annex Land, Petition for Addition of Certain Lands, and Order Annexing Land Subject to Conditions.

ENGINEER'S REPORT

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

Water Well No. 1 Rework

Ms. Chattman stated bids had been taken for the Water Well No. 1 Rework project. She stated C&C Water Services LLC had submitted the lowest bid in the amount of \$120,845 and recommended they be awarded the contract. Upon motion duly made and seconded, the Board voted unanimously to award the contract to C&C Water Services LLC.

Water Plant No. 3

Ms. Chattman stated the well driller, Alsay, was beginning to demobilize and move offsite. She said the Engineer had received an invoice from CenterPoint Energy in the amount of \$22,350 to run a natural gas line for the generator and recommended payment of the invoice.

2017 Root Road, Kingscrest, and Bridgeway Lift Station Rehab

Ms. Chattman stated the Engineer would present the Final Pay Estimate for Black Castle General Contractor at the October Board meeting. Mr. Sheffield said he wants a set of operational manuals to be kept in the District office.

price is reduced to an affordable level and would provide better access to the Bill Black bridge. He said it would cost an estimated \$38,000 to acquire the property.

Mr. Sheffield stated conversations are ongoing with Harris County Precinct 4 officials regarding connection to a new greenbelt along Spring Creek which would include a parking lot and a 10' asphalt trail. He stated Harris County is willing to build and maintain the connection if the District provides the materials.

Mr. Sheffield said it is about 1.75 miles to Spring Creek 78 acre park at the end of the trail. He noted this would resolve Hampton Creek obligations. The Board agreed Mr. Sheffield could continue conversations and meet with Commissioner Cagle regarding this project on behalf of the District.

Mr. Sheffield said Lisa June will send a link to the Harris County parks website to the Board. Mr. Sheffield stated the Water Smart Certification had been received.

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