

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

October 15, 2018

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 15th day of October, 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, Ms. Michelle Blevins, and Mr. 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., Ms. Kendall Longbotham, and Mr. David Leslie of Jones & Carter, Inc., the District’s Engineer; Mr. Bill Gause, Mrs. Chris Gause, and Mrs. Nancy Williamson, residents of the District.

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 was led by Director Thomas.

COMMENTS FROM THE PUBLIC

Ms. Nancy Williamson addressed her concerns with the Board that high school students were parking in the West Park parking lot. Since she walks regularly at the park and has difficulty finding a parking place, she asked if something could be done to eliminate high school students from parking in that lot. Mr. Sheffield said he would investigate ways to prohibit use of the parking lot to the students.

Mrs. Chris Gause informed the Board she had a sent a letter to Mr. Thomas Hensley, principal of Klein Oak High School, concerning students parking under the trees on the school campus. She expressed her concern about damage to the trees. Directors Schneider and Thomas stated they would lend support to her concerns.

APPROVE MINUTES

The minutes of the meetings of the Board of Directors held on September 10, 2018 and September 17, 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 September 2018, a copy of which is attached hereto as an exhibit. She reported the District had collected 99.24% of the District's 2017 tax levy as of September 30, 2018. She reviewed the delinquent tax roll with the Board noting there were no issues to report.

She stated the Harris County Appraisal District (HCAD) had responded to her inquiry as to the devaluation of tax values within the District. She said that since homes in the District had been flooded, the building percentage for these homes were not 100% at certification and the 2018 value was lowered. Therefore, the new construction value on the estimate is the value being added as of the date of the estimate based on the percent complete.

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 reported that funds were received from FEMA for reimbursement of expenses incurred for debris removal due to Hurricane Harvey.

Director Thomas and Director Schneider discussed the amount of pumpage reported in the Operator's Report and the pumpage recorded by the Harris County Regional Water Authority (HCRWA). Since the monthly Operator's Report is on the thirteenth of each month and the HCRWA usage data begins on the first of each month, the two numbers never agree. Director Thomas will consider devising a method to rectify this incongruity.

Ms. Schmidt reviewed the ninth 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.

PUBLIC HEARING ON TAX RATE

Esther Flores reported the District's Notice of Public Hearing on Tax Rate had been published, pursuant to the 2018 Tax Rate Analysis and recommendation by the Financial Advisor. There were no comments from the public, so the hearing was then closed.

After discussion, upon motion duly made and seconded, the Board voted unanimously to adopt an Order Setting 2018 Tax Rate at a combined rate for the District of \$0.58 per \$100 of assessed valuation, consisting of \$0.25 per \$100 of assessed valuation for maintenance and operation purposes, and \$0.33 per \$100 of assessed valuation for debt service purposes. The

order included a combined rate for the Defined Area of \$0.64 per \$100 of assessed valuation, consisting of \$0.345 per \$100 of assessed valuation for debt service on Defined Area water, sewer and drainage bonds, and \$0.295 per \$100 of assessed valuation for debt service on Defined Area road bonds. A copy of the Order is attached hereto as an exhibit.

AMENDMENT TO INFORMATION FORM

The Board then reviewed an Amendment to Information Form and revised Notice to Purchaser of Real Property reflecting the District's 2018 tax rate. After discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Amendment to Information Form and authorized filing of same. A copy of the Amendment is attached hereto as an exhibit.

ORDER REGARDING ANNUAL REVIEW OF RULES, POLICIES AND CODE OF ETHICS FOR THE INVESTMENT OF DISTRICT FUNDS

Director Thomas presented for the Board's review and approval an Order Regarding Annual Review of Rules, Policies and Code of Ethics for the Investment of District Funds. Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Order Regarding Annual Review of Rules, Policies and Code of Ethics for the Investment of District Funds, a copy of which is attached hereto as an exhibit.

OPERATOR'S REPORT

Mr. 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 96.69%, and there were no excursions at the Wastewater Treatment Plant ("WTP") in September. Director Kirkpatrick noted the increase in the District's accountability rate. Michelle Blevins stated that several buried meters had been underreporting, and this problem has been rectified. She also stated that dollars spent throughout the District on leak detection had led to improvements in the accountability rate as well.

The Board then discussed the procedures to inform the Operator of any rate changes to garbage and recycling fees. Jim Sheffield stated that going forward the District's General Manager would inform the Operator of any rate changes.

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

INTERLOCAL AGREEMENT

Upon a motion duly made and seconded, the Board voted unanimously to ratify an Interlocal Agreement for Traffic Signal Upgrade between the District and Harris County for the traffic signal and intersection improvements located on Gosling Road at Root Road. The Board also authorized payment of the \$10,000 invoice for the costs of the signal upgrade.

ENGINEER'S REPORT

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

Water Well No. 1 Rework

Ms. Longbotham presented an anticipated schedule for the Water Well No. 1 Rework project. Ms. Longbotham presented the construction contracts for the Water Well No. 1 Rework project with C&C Water Services LLC in the amount of \$120,845 for execution by the Board. Upon motion duly made and seconded, the Board unanimously voted to execute the construction contracts.

Water Plant No. 3

Ms. Longbotham stated the contractor, Principal Plant Services, had remobilized onsite to begin work on the CMU building. She stated that Landmark, the Elevated Storage Tank subcontractor, expected to begin work on the Elevated Storage Tank foundation this week. Ms. Longbotham stated Alsay, the well driller, completed the 36-hour pump test on October 2nd, and the test results showed there to be a negligible amount of gas in the water samples. Ms. Longbotham stated Alsay had begun moving their remaining equipment off-site. Ms. Longbotham stated the structural foundation design for the control building has changed from drilled bell piers to spread footing for constructability purposes noted by the structural engineer, due to the anticipated sand that will be encountered at the bottom of the piers. Mr. Lee stated the structural engineer had redesigned the foundation to a spread footing design at no cost to the District. Ms. Longbotham recommended Change Order No. 3, a zero cost and zero contract period change, to allow a spread footing design instead of the drilled bell piers. Upon a motion duly made and seconded, the Board voted unanimously to approve Change Order No. 3. Director Thomas requested the new spread footing design be sent to him for reference.

2017 Root Road, Kingscrest, and Bridgeway Lift Station Rehab

The contractor at the 2017 Root Road, Kingscrest, and Bridgeway Lift Station Rehab has completed all punch list items for the Root Road, Kingscrest, and Bridgeway Lift Station Rehabilitations project. Ms. Longbotham recommended the Board approve and execute the Certificate of Acceptance to initiate the 1-year warranty period. She also recommended payment of Pay Estimate No. 8 and final in the amount of \$11,136.51 to Black Castle General Contractor. Upon a motion duly made and seconded, the Board approved the pay estimate and approved and executed the Certificate of Acceptance.

Storm Sewer Maintenance

Ms. Longbotham stated there was no update regarding the status of three storm sewer repair projects to be completed by Harris County Flood Control District (HCFCD). Ms. Longbotham stated HCFCD was still a few months from performing the repairs.

FEMA Request for Public Assistance

Ms. Longbotham reviewed the status of pending FEMA claims.

Water Plant Improvements Project

Ms. Longbotham reported that the contractor had completed the interior touch up coatings for GST No. 1 at Water Plant No. 2 and said the contractor had begun cleaning the tank

and preparing the tank for return to service this week. She stated the contractor plans to finish the touch up coatings on both GST No. 1 and 2 this week. Ms. Longbotham recommended Change Order No. 3 in the amount of \$750.00 and 41 calendar days to the contractor due to the postponement of work during the summer months due to the increased water demand. Mr. Lee stated the contractor was only requesting the rental cost of the equipment during the postponement of the work. Upon a motion duly made and seconded, the Board voted unanimously to approve Change Order No. 3. Ms. Longbotham stated a substantial completion inspection was scheduled for October 18th.

Creekview Land Acquisition for Lift Station

Ms. Longbotham stated they had begun coordinating with John Wallace and Steve George this month to discuss the land and easement acquisition for the Creekview Lift Station. Mr. Lee stated the District had previously worked with Steve George to acquire other easements throughout the District.

2018 Update to Water Model and Flushing Plan

Ms. Longbotham stated they have updated the District's flushing plan and computer model of the District's water distribution system. Ms. Longbotham presented the updated Flushing Plan to the Board, and stated copies have been distributed to the District's Operator and General Manager.

Bond Application Report No. 18

Ms. Longbotham stated that Bond Application Report No. 18 in the amount of \$5,800,000 was sent to the consultants for review on October 10, 2018 and she presented a tentative schedule for issuing the Bonds.

Pay Estimates and Change Orders

Ms. Longbotham presented Pay Estimate No. 6 in the amount of \$62,496.00 to Principal Plant Services, LLC and Change Order No. 3 for Water Plan No. 3 and the Elevated Storage Tank. She presented Pay Estimate No. 8 and Final in the amount of \$11,136.51 to Black Castle General Contractor for the Root Road, Kingscrest, and Bridgeway Lift Station Rehabilitation project. She presented Pay Estimate No. 5 and Final in the amount of \$74,725.13 to Lobo Paving, Inc. for Paving in Hampton Creek Section 8, and Pay Estimate No. 6 and Final in the amount of \$57,090.80 to Clearwater Utilities, Inc. for Water, Sanitary, Force Main and Drainage for Hampton Creek Section 8. Upon motion duly made and seconded, the Board voted unanimously to approve the pay estimates and change order as presented.

Miscellaneous Items

Ms. Longbotham stated there are punch list items that need to be addressed for Hampton Creek Phase III & IV Detention ponds, and the Engineer awaits confirmation the punch list items have been addressed. Ms. Longbotham stated once confirmation is received, a final inspection will be performed and the Engineer will be ready to recommend conveyance of the facilities to the District.

Ms. Longbotham stated they are finalizing the renewal process of the District's SAM account.

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

ANNEXATIONS AND DEVELOPMENT

Ms. Longbotham presented a status report on annexations and development within the District. She stated the Engineer had received a request from the developer to revise the feasibility study for the 4.9277 acre tract for the Caldwell commercial development to ensure adequate capacity to serve the proposed development. She requested authorization from the Board to revise the feasibility study as requested. The Board approved the request.

RESOLUTION AUTHORIZING APPLICATION TO TCEQ FOR APPROVAL OF PROJECT AND BONDS

Upon a motion duly made and seconded, the Board voted unanimously to authorize the application to the TCEQ for approval of projects and bonds for the Series 2019 \$5,800,000 Unlimited Tax Bonds.

GENERAL MANAGER'S REPORT

Mr. Jim Sheffield reported that District employees were very busy with the construction of a new summer kitchen, bridge and lake at the Northcrest Park. He stated that rain had delayed completion of these items as well as the construction of the new restrooms. He noted that despite delays, all projects were progressing nicely. He stated the grounds crew had made significant progress in tree trimming in all the parks.

Director Schneider inquired about the trails around the new portion of the lake at Northcrest and plans for statuary. Director Thomas requested that Mr. Sheffield have the drawings of the Northcrest Park updated to reflect the improvements.

EXECUTIVE SESSION

The Board adjourned at 9:02 p.m. to enter Executive Session to discuss real estate matters. Director Schneider asked Mr. Sheffield to bring a plat of the property discussed to the next meeting. The Executive Session concluded at 9:17 p.m.

GENERAL MANAGER'S REPORT (continued)

Mr. Sheffield informed the Board that he and Director Kirkpatrick were meeting with John Elder to discuss the status of selling power produced by the new generator at Water Plant No. 1.

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.

(SEAL)



[Handwritten Signature]

Secretary, Board of Directors