

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

December 10, 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 special session, open to the public, at 7:00 p.m., on the 10th day of December, 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. Don Hays, Mr. Robb Clark, Mr. Howard Wilhite, Ms. Robin Secrest, 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. and Ms. Kendall Longbotham, of Jones & Carter, Inc., the District’s Engineer; Mr. Danny Pereyra of Environmental Allies, the District’s detention contractor; and Mr. John R. 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 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 November 5, 2018 and November 19, 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 November 2018, a copy of which is attached hereto as an exhibit. She reported the District had collected 4.11% of the District's 2018 tax levy as of November 30, 2018. She stated wire transfers would be made early next week.

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 had a question related to the group health insurance premium, and Mr. Sheffield said he would review the matter.

Ms. Schmidt reviewed the eleventh month of the year-to-date budget and the Investment Report, copies of which are attached hereto as exhibits. She stated Director Flood had assisted in reviewing the operating budget. She reported water revenue was down for the year, and Regional Water Authority fees were increasing. She reported the new fitness center was included in the Major Capital Expenses category. She said there was a need to add some expenses for additional purchases of Smart Meters, noting \$131,000 plus contingencies were budgeted, and the actual cost would be about \$140,000. Ms. Schmidt also stated a need to add the West Park trail widening project to the budgeted expenses. She said there was a net surplus for the year. Upon motion duly made and seconded, the Board voted unanimously to adopt the budget as amended.

Ms. Schmidt presented a proposal to amend the bookkeeper's agreement between L & S District Services and the District, a copy of which is attached hereto as an exhibit. She proposed a new base rate of \$2,800 per month to include basic bookkeeping duties, payroll processing, and preparation of the monthly Investment Report. Additional bookkeeping services would be provided at a cost of \$75 per hour.

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.

ENGAGE AUDITOR

Mr. Wallace reviewed a continuance letter for auditing services from McCall Gibson Swedlund Barfoot, PLLC which stated the audit fees for FYE December 31, 2018 would range from \$25,000 to \$27,000, a copy of which is attached hereto as an exhibit. The letter further stated fees for the FYE audit of the Joint WTP operations would range from \$2,000 to \$2,500. Upon motion duly made and seconded, the Board voted unanimously to approve continuation of the engagement of the auditor for fiscal year ending December 31, 2018.

OPERATOR'S REPORT

Mr. Don Hays reported to the Board that Hays Utility South Corporation had sold to H2O Innovations USA, a publicly traded company, which is primarily a manufacturer of water equipment. He said Utility Partners was their subsidiary that operates water and sewer systems, primarily for municipalities. He said the sale of the company had closed and the transition period was in process.

Mr. Hays noted the District will not see much change. He said he would continue as President of the company for the next six months, whereupon Howard Wilhite would take over the role as President. He stated Ms. Robin Secrest would oversee client services and office management. The Board thanked Mr. Hays for his past service to the District.

Mr. Robb Clark 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 93%, there were five service terminations, four accounts were then paid and service restored, and there were no excursions at the Wastewater Treatment Plant ("WTP") in November. He said the DMRs were not completed and would be finished when lab reports have been received. He stated there were 128 completed water taps year-to-date.

Mr. Clark stated there were about 350 to 400 Smart Meters remaining to be installed. He said no commercial meters had been installed, and noted these were not part of the original proposal.

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

Mr. Clark reported there was an apparent accounting error on the Maintenance Fund Account for one irrigation account. He said the Operator had reviewed the records back to 2006 when the account was set up and Smart Meter indicated a large anomaly initially. He stated the review of records showed that the meter was really a District meter. Mr. Clark said the Operator had reviewed the remaining irrigation meters and the records seemed to be in order. He stated the Operator was still working on a final number and would work on a proposed means to settle this issue.

LANDMARK ANNEXATION

Mr. Robert Miller stated the closing of the sale of the property consisting of 30.721 acres had been completed under the entity name styled The Landmark at Auburn Lakes, LLC. He said the developer was now moving forward with the multi-family development project and had engaged Jones & Carter, Inc. to design and build the detention pond. Mr. Miller said the annexation documents were in process and the Development Financing Agreement was being reviewed by the parties involved.

Mr. Miller said that Mark Terpstra of Triad Construction had purchased Caldwell Companies to build a commercial center on an adjacent tract. He stated Landmark would be developing the pond in conjunction with Triad Construction. Mr. Wallace stated a drainage easement was needed for the Dovershire Place pond, and Mr. Miller and Mr. Wallace are working with Joe Goggans on an easement agreement.

Mr. Wallace stated that BLD Gosling, LLC was selling Dovershire Place Sections 1 and 2, to DRHI, Inc. and Joe Goggans had requested to defer the assignments until next month. Director Thomas said he wanted to revisit the Board's position that Landmark change the entity name to include Northampton in the project name. Director Thomas said he was not interested in promoting Auburn Lakes. Mr. Miller said he did not participate in the decision to name the development Auburn Lakes, but he couldn't commit to include Northampton in the name as it was a marketing issue. Director Thomas requested contact names from the developer to see about the naming project.

ENGINEER'S REPORT

Well No. 1 Rework

Ms. Longbotham stated the project was ongoing and was expected to be complete in January 2019.

Water Plant No. 3

Ms. Longbotham recommended payment of Pay Estimate No. 8 in the amount of \$209,547 to Principal Plant Services, LLC. Upon a motion duly made and seconded, the Board voted unanimously to approve Pay Estimate No. 8.

Storm Sewer and Drainage Channel Repairs by HCFCD and HC Precinct 4

Ms. Longbotham said there had been no progress on this project.

FEMA Request for Public Assistance

Ms. Longbotham reviewed the status of pending FEMA claims.

Creekview Land Acquisition for Lift Station

Ms. Longbotham stated Steve George would be making contact with the property owners this week.

Bond Application Report No. 18

Ms. Longbotham stated the letter from the TCEQ indicating the file to be administratively complete had been received. She stated the \$5,800,000 bond issue was expected to sell in March 2019 and close in April 2019.

Cypressbrook Development Company

Ms. Longbotham stated the required \$15,000 deposit to begin the feasibility study had not yet been received from the developer. She said the developer needed concurrence with the pipeline company to be able to cross the pipelines with drainage facilities to connect with detention ponds.

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

ANNEXATIONS AND DEVELOPMENT

Mr. Wallace stated that no plans for the Woodlands Sportsplex 1.4 acre tract development have been submitted to the Engineer.

2019 WATER SMART APPLICATION

Ms. Lisa June presented the 2019 Water Smart Application for approval. Upon motion duly made and seconded, the Board voted unanimously to approve the application.

CONSULTANTS' CONTRACTS

Mr. Wallace presented a request to amend the Bacon & Wallace, L.L.P. Legal Fee Agreement with the District. Upon motion duly made and seconded, the Board voted unanimously to approve the new fee schedule effective January 1, 2019.

Mr. Lee proposed new fee increases in hourly rates and said he would like to amend the Professional Services Agreement between the Engineer and the District. He stated the 1992 fee curve was outdated and would like to update the agreement. He said he would be pleased to meet with the Board regarding the matter.

ATTORNEY'S REPORT

Mr. Wallace presented a Development Financing Agreement and Utility Commitment Letter for approval which he stated were pending circulation to The Landmark at Auburn Lakes, LLC for execution. Upon motion duly made and seconded, the Board voted unanimously to approve the DFA and Utility Commitment Letter.

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

BOARD MEETING CALENDAR

Mr. Wallace presented a draft of the 2019 Board Meeting Calendar. The Board determined to conduct only one Board meeting in September 2019 and December 2019, September 16th and December 9th, respectively.

GENERAL MANAGER'S REPORT

Mr. Sheffield stated that John Elder with Acclaim Energy had sent him some information to read, review, and distribute. Mr. Sheffield said Mr. Elder asked to address any questions he or the Board may have after reviewing the information.

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