

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

February 18, 2019

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 21st day of January, 2019 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, excluding Director Kirkpatrick, thus constituting a quorum.

Also present were Ms. Cindy Schmidt and Ms. Debra Loggins of L&S District Services, LLC, the District's Bookkeeper; Ms. Esther Flores of Tax Tech, Inc., the District's Tax Assessor/Collector; Mr. Rich Rankin and Ms. Michelle Blevins of Hays Utility South Corporation, the District's Operator; Mr. Jim Sheffield, the District's General Manager; Ms. Lisa June, an employee of the District; Mr. Joshua Lee, P.E. and Ms. Kendall Longbotham, of Jones & Carter, Inc., the District's Engineer; Mr. Bill Gause, a resident of the District; Mr. Don Harris, President of Willow Creek Golf Club; Mr. Robert Miller of Landmark Companies, a developer in the District; Ms. Jan Bartholomew of Robert W. Baird & Co., the District's Financial Advisor; 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

Mr. Don Harris stated there was a new board in place at Willow Creek Golf Club. He asked Jones & Carter, Inc. for an update on the water reuse project. He said he thought new ideas would help to cut the costs and agreed to pay for an updated report. Mr. Lee estimated the cost of the updated study to be \$10,000. The Board offered to authorize Jones & Carter, Inc. to proceed with an abbreviated update of the feasibility study upon receipt of a \$5,000 deposit

(\$900 of which would be applied to an existing bill). Following a discussion, Mr. Lee agreed to put together a preliminary outline to present to the Board in two weeks at a cost of about \$2,000. Upon a motion duly made and seconded, the Board voted unanimously to authorize Jones & Carter, Inc. to proceed with preparation of the preliminary outline upon receipt of a \$2,000 deposit.

APPROVE MINUTES

The minutes of the meeting of the Board of Directors held on February 4, 2019 were presented for review and approval. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes as presented. The Certified Agenda of Executive Session of the Board of Directors held on February 4, 2019 was presented for review and approval. Upon a motion duly made and seconded, the Board voted unanimously to approve the Certified Agenda of Executive Session as presented.

TAX ASSESSOR/COLLECTOR'S REPORT

Esther Flores presented the Tax Assessor/Collector's Report for January 2019, a copy of which is attached hereto as an exhibit. She reported the District had collected 72.59% of the District's 2018 tax levy as of January 31, 2019 and 92.96% had been collected to date. She stated delinquent bills would be mailed out tomorrow.

Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's Report as presented, including payment of the listed checks from the tax account.

BOOKKEEPER'S REPORT

Cindy Schmidt next presented the Bookkeeper's Report, a copy of which is attached hereto as an exhibit. She discussed the Defined Area Capital Projects Fund account as it related to the 2018 Defined Area Road Bonds. She stated a final payment to D. R. Horton had not been made for the road project. Mr. Wallace presented a final amended Agree-Upon Procedures Report prepared by McCall Gibson Swedlund Barfoot PLLC, a copy of which is attached hereto as an exhibit. The report reflected the District had sufficient bond proceeds to reimburse the final payment of \$75,665.54 to D. R. Horton. Upon motion duly made and seconded, the Board voted unanimously to approve release of the payment to D. R. Horton.

Ms. Schmidt reviewed the first month of the year-to-date budget and the January 2019 Investment Report, a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report, Investment Reports, and payment of the checks as presented.

Ms. Schmidt introduced Debra Loggins who will be attending the District's future meetings. She said Debbie Loukanis of L&S District Services, LLC would still be handling the bookkeeping for the District.

OPERATOR'S REPORT

Mr. Rich Rankin presented the Operator's Report, a copy of which is attached hereto as an exhibit. He stated the water accountability rate for the previous month was 96% and there were no excursions at the Wastewater Treatment Plant ("WTP") in January.

Mr. Rankin stated the need for leak detection in the park as there was a water loss of 1,000 gallons per day. He said he would follow up with Mr. Sheffield regarding the issue.

Ms. Blevins stated the write-off accounts through June 2018 totaled \$1,507.92. Upon motion duly made and seconded, the Board voted unanimously to approve the Operator to write-off these accounts.

Ms. Blevins stated the Operator had obtained a quote for a new pump at the WTP from Elite Pumps in the amount of \$9,722. The Board authorized the Operator to proceed with the repair.

Ms. Blevins stated the Smart Meter installations were almost complete. Upon motion duly made and seconded, the Board voted unanimously to approve the Operator's Report as presented.

SERIES 2019 UNLIMITED TAX BONDS

Jan Bartholomew presented a Notice of Sale ("NOS"), Bid Form, and a Preliminary Official Statement ("POS") for the sale of the Series 2019 Unlimited Tax Bonds. She stated competitive bids will be accepted on March 18, 2019 and closing will be April 18, 2019. She stated the Financial Advisor had applied for bond insurance and to Moody's Investors Service for an investment grade rating. She noted interest rates were dropping.

Upon motion duly made and seconded, the Board voted unanimously to approve the NOS and POS and to authorize the bond sale on March 18, 2019. The final POS and NOS will be retained as part of the District's permanent files.

Mr. Lee stated there was one developer reimbursement included in the financing, and the TCEQ had conducted the prepurchase inspection. Ms. Bartholomew stated Stratton Woods was eligible for reimbursement and she would e-mail the analysis to the Board. She said the plan was to reimburse Stratton Woods in the next new money bond issue.

ENGINEER'S REPORT

Mrs. Kendall Longbotham presented the Engineer's Report, a copy of which is attached hereto as an exhibit:

Well No. 1 Rework

Ms. Longbotham stated a final inspection was held on February 14, 2019. She presented

Pay Estimate No. 1 in the amount of \$90,945.00 to C & C Water Services, LLC for Water Well No. 1 Rework. Upon motion duly made and seconded, the Board voted unanimously to approve the pay estimate.

Water Plant No. 3

Ms. Longbotham presented Pay Estimate No. 10 in the amount of \$140,000.00 to Principal Plant Services, LLC for Water Plan No. 3 and the Elevated Storage Tank (“EST”). Upon motion duly made and seconded, the Board voted unanimously to approve the pay estimate.

Ms. Longbotham stated work was progressing on the project and the contractor was requesting a logo placement designee be appointed to make decisions regarding placement of the logo on the EST. It was determined that Directors Schneider and Bennett would confer on this.

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

Ms. Longbotham said a consultant was designing repair work for the M-100 failed storm sewer at the end of Wellington Court, and a consultant continued to work on encroachment notifications for the M-102 channel rehabilitation project.

Creekview Land Acquisition for Lift Station

Ms. Longbotham stated Mr. Sheffield was attempting to reach the owners of two parcels of land which had flooded multiple times. She said the City of Houston had approved variance for the project. She stated Mr. Sheffield’s contact was in communication with the owner, and the Engineer hoped to hear back from them soon with a proposal to purchase the tracts.

Public Water Line Replacement on Gosling Road

Ms. Longbotham stated the Engineer was in the design phase of the project and were awaiting approvals from all jurisdictional agencies.

Landmark and Triad (Shops on Gosling) Water and Sewer Line Extensions (District Project)

Ms. Longbotham stated the Engineer had received the deposit for the project and was in the design phase and ready to accept bids.

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

INTERLOCAL AGREEMENT

Ms. Longbotham presented an Interlocal Agreement between Harris County Flood Control District, Oakmont Public Utility District (“Oakmont”), and the District for Ditch M-102 repairs. The \$60,000 repair costs will be split equally with Oakmont and then be submitted to

FEMA for 90% reimbursement. Mr. Lee recommended removing repairs of gabion baskets at Willow Creek Sanitary Sewer Crossing from the FEMA claim, and the Board agreed. Upon motion duly made and seconded, the Board voted unanimously to approve the Interlocal Agreement with Harris County for the M-102 repairs.

ANNEXATIONS AND DEVELOPMENT

Mr. Wallace stated the 30.721 acre Landmark annexation remained under review at the City of Houston.

ATTORNEY'S REPORT

Mr. Wallace reviewed a Cost Sharing Agreement between the District, The Landmark at Auburn Lakes, LLC and Shops on Gosling, LLC with the Board. He stated the developers had advanced payment for the water and sanitary sewer line project, and the District was to let the contract. Upon motion duly made and seconded, the Board voted unanimously to approve the Cost Sharing Agreement.

The Board ratified approval of the Resolutions Requesting Estimate of Value which were presented at the February 4, 2019 Board meeting.

Mr. Wallace presented a Development Financing Agreement with Shops on Gosling, LLC. A discussion ensued regarding the provision on undesirable uses. The Board said it wants the restrictions to be covenants running with the land. The matter was tabled.

Mr. Wallace stated that an Assignment of Development Financing Agreement between BLD Gosling, LLC and DRHI for Dovershire Place Section 1 lots and Section 2 land was on hold pending a response from Joe Goggans. The matter was tabled pending signatures from parties to the Assignment. Mr. Wallace stated operator invoices had been presented to D.R. Horton, and D.R. Horton needed to get several outstanding tax accounts paid.

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

OTHER MATTERS

Mr. Wallace presented a representation letter from McCall Gibson Swedlund Barfoot PLLC for the Series 2019 bond issue, a copy of which is attached hereto as an exhibit. The letter was executed by the Board.

Mr. Lee presented a Professional Services Agreement for Jones & Carter, Inc. Mr. Lee said he had met with Directors Schneider and Bennett to review the document. Upon motion duly made and seconded, the Board voted unanimously to approve the agreement.

GENERAL MANAGER'S REPORT

Mr. Sheffield stated the trail extension from the parking lot around the berms was complete. He said the water leak in the park was being located and repaired. He stated isolation valves would be installed to section off various lines in this area.

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