

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

April 15, 2019

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 April, 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, with the exception of E.C. Thomas, thus constituting a quorum.

Also present were 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. Robb Clark and Ms. Michelle Blevins of Hays Utility South Corporation, the District's Operator; Mr. Jim Sheffield, the District's General Manager; Mr. Joshua Lee, P.E. and Ms. Kendall Longbotham, of Jones & Carter, Inc., the District's Engineer; Mr. Joseph Ellis of McCall Gibson Swedlund Barfoot, PLLC, the District's Auditor; Mr. Don Harris, Mr. Joey Branham, Mr. Ken Wilson, and Ms. Shisha Van Horn of the Northampton Maintenance Fund; Mr. Jeff Presnal of Cypressbrook Company; Mr. Rick Wright, Ms. Marsha Harris, Mr. Glen Kokel, and Mr. Fred Parrow, residents of the District; Mr. Ty Warren of Oakmont Public Utility District; 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 Schneider.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

APPROVE MINUTES

The minutes of the meeting of the Board of Directors held on April 1, 2019 were presented for review and approval. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes as amended.

TAX ASSESSOR/COLLECTOR'S REPORT

Esther Flores presented the Tax Assessor/Collector's Report for March 2019, a copy of which is attached hereto as an exhibit. She reported the District had collected 93.7% of the District's 2018 tax levy as of March 31, 2019. She stated several checks had been lost in the mail and had to be reissued to HCAD from the Tax Tech account. She requested reimbursement from the District and stated stop payments had been issued on all lost checks. Ms. Flores said additional wire transfers were scheduled for next week.

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

Debra Loggins next presented the Bookkeeper's Report, a copy of which is attached hereto as an exhibit. She reviewed the third month of the year-to-date budget and the March 2019 Investment Report, a copy of which is attached hereto as an exhibit. A wire transfer order was executed by the Directors to handle bond fund disbursements next Thursday after closing of the Series 2019 Bonds. 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, including the disbursement of bond proceeds as listed in the Closing Memorandum.

AUDITOR'S REPORT

Joseph Ellis presented and reviewed a Draft Audit for fiscal year ending December 31, 2018. He offered his unmodified opinion of the Audit. He said total revenues over the FEMA grant were approximately \$140,000. He said expenditures were \$196,000 under budget. He stated the filing deadline with the TCEQ was May 15, 2019.

Upon motion duly made and seconded, the Board voted unanimously to approve the Draft Audit subject to attorney review and final comments.

\$5,800,000 SERIES 2019 UNLIMITED TAX BONDS

The Board executed the Federal Tax Certificate and 8038-G as presented by Mr. Wallace.

BIG DIAMOND LLC REIMBURSEMENT

Mr. Ellis presented an Agreed-Upon Procedures Report, a copy of which is attached hereto as an exhibit. Mr. Ellis reviewed the report and stated the \$207,195.96 reimbursement to

Big Diamond, LLC for CST water and sanitary sewer extension was in order, and he recommended the Board approve the reimbursement.

Upon motion duly made and seconded, the Board voted unanimously to approve the report and reimbursement to Big Diamond, LLC.

UTILITY CONVEYANCE AGREEMENT

Mr. Wallace presented a Utility Conveyance Agreement with Big Diamond, LLC for CST water and sanitary sewer extension. Upon motion duly made and seconded, the Board voted unanimously to approve the utility conveyance from Big Diamond, LLC.

OPERATOR'S REPORT

Mr. Robb Clark 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 99% and there were no excursions at the Wastewater Treatment Plant in March.

Mr. Clark stated flushing was performed this month when the water well went back on line. He stated three taps were installed this month.

Mr. Clark presented two estimates for repairs needed at the Northcrest Lift Station. He said the control panel needed to be replaced and changed from a single phase to a three phase. He said that this change should help with pumps shorting out and other various electrical issues. He said a lower pump size could be utilized and still run more efficiently.

Mr. Clark presented a repair estimate from Elite Pumps and Mechanical Services in the amount of \$44,698 and an estimate from NTS in the amount of \$47,036 and noted he still needed to obtain one more estimate. Mr. Lee suggested the District consider switching out the pumps now and noted one pump was currently out of service. Mr. Sheffield stated that pool pumps are continuously burning up. Ms. Loggins said she would investigate whether any surplus capital projects funds were available to fund this project.

Mr. Clark next discussed the 2018 Consumer Confidence Report. He said a draft of the report had been sent to the Board members and the District's attorney had approved it. He stated there were some minor changes to lab numbers which needed to be added to the report. Upon motion duly made and seconded, the Board voted unanimously for the Operator to proceed subject to final revisions.

Mr. Clark stated the ¾" Smart Meter installations were almost complete. He requested authorization from the Board to proceed with replacing larger meters. The Board determined they wanted to review the installation schedule which would include 31 2" meters and 2 1½" meters.

Upon motion duly made and seconded, the Board voted unanimously to ratify reimbursement of sewer-related repair expenses to Rick Wright.

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

ENGINEER'S REPORT

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

Water Plant No. 3

Ms. Longbotham stated painting of the elevated storage tank would begin soon, the logo would be applied later this month, and the bowl would be raised mid-May. She presented Pay Estimate No. 12 in the amount of \$62,500.00 to Principal Plant Services, LLC for Water Plant No. 3. Upon motion duly made and seconded, the Board voted unanimously to approve the pay estimate.

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

Ms. Longbotham said the design of the repair to the failed storm sewer at the end of Wellington Court Blvd. was about 95% complete. She said HCFCD would let a contract soon and Jones & Carter, Inc. would review it. She stated that encroachment notices had been sent out related to the Auburn Lakes sediment removal project. Mr. Lee stated research showed the property had a 16 ft. easement by HCFCD. He said he had a call in to HCFCD to ask why they want fences removed, but it appears HCFCD has the right to require removal of the fencing.

Creekview Land Acquisition for Lift Station

Ms. Longbotham stated the Engineer had prepared a revised cost estimate for an alternative site (Lusinger property) and how the site selection affected the overall cost of the lift station project. She said Option 1 was estimated at \$1,600,015 vs Option 2 at \$1,520,000. She said neither option included property acquisition or easements. She stated Option 2 would be 12 ft. above ground and would still require a syphon in the system, but would be feasible if maintained properly.

Upon motion duly made and seconded, the Board voted unanimously to direct the Engineer to pursue Option 2 and to utilize Steve George to represent the District in the land acquisition.

Public Water Line Replacement on Gosling Road

Ms. Longbotham stated the Engineer expected to present bids for the project at the next regular Board meeting.

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

Ms. Longbotham stated the Engineer had received six bids from contractors. She stated Blazey Construction Services, LLC was the lowest bidder with a base bid of \$320,708.70. The project price increased to \$358,258.70 if additional bid items were included. Upon motion duly

made and seconded, the Board voted unanimously to award the contract under the District's name, in the base bid amount only, subject to receipt of funds from the developers. The two developers would each deposit a share of funds per cost construction.

FEMA

Ms. Longbotham provided a summary of the status of each ongoing project with FEMA. She stated the Engineer was waiting for Harris County Commissioners Court approval for Category D Water Control Facilities costs. She also stated the matter of gabion basket repair of the Willow Creek Sanitary Sewer Crossing has been closed with FEMA.

Cypressbrook Development

Ms. Longbotham presented a feasibility study of the 16.410 acre Cypressbrook Multi-Family tract. She said the developer plans to develop the tract into Class A apartments and commercial use. She said no public sanitary extensions would be needed, and it would utilize a small, private lift station. Ms Longbotham stated a storm water pump station would be required. She said the estimated assessed value at full development would be \$41,000,000 and the land cost estimate of \$2,928,000. She said the proposed development did not quite support itself related to the debt service requirement. She said the development would produce about 62.5% of the required debt service revenue.

Upon motion duly made and seconded, the Board voted unanimously to approve the feasibility study.

Ms. Longbotham stated the next step would be to start the annexation process and preparation of a Development Financing Agreement. The Board determined they want to review renderings of the proposed structures and discuss other matters with the Developer.

WILLOW CREEK GOLF CLUB

Mr. Lee stated that Director Thomas, Mr. Sheffield, and Mr. Lee met last month to revise the Water Reuse Project and sent a proposal to Willow Creek Golf Club ("WCGC"). He said Mr. Sheffield had an additional meeting with WCGC and WCGC requested to be on the District's April 15th Agenda via a specific letter to the Board, a copy of which is attached hereto as an exhibit.

Don Harris introduced Joey Branham and Tim Wilson of WCGC, and Shisha Van Horn of the Northampton Maintenance Fund. He stated he had received clarification from NHCRWA about how credits are calculated. He said the District and WCGC needed to reach an agreement. He said the State had money to invest and would give credits for about 50% of groundwater fees, feasibility study and construction costs. He said that 10% of total cost in credits would be issued upon completion. He stated the District could finance the project through a bond issue.

Mr. Harris stated that Club Corp. leases the WCGC and had assigned an attorney to work on this matter. He said the club was willing to cover the cost of the infrastructure if WCGC failed to use the water.

Director Kirkpatrick asked why couldn't WCGC pay costs up front and the District be reimbursed through water credits. Mr. Harris said because Club Corp. is leasing the WCGC. Mr. Harris stated the parties need to reach an agreement in order to move forward. He said there was no consensus on how to share up front costs, the parameters needed to be defined, and determine a basic outline of the plan. The Board offered to continue meeting and they want Director Thomas to be involved.

Ms. Longbotham presented a Cost Summary of a proposed Defined Area Bond issue, a copy of which is attached as an exhibit. She stated there was capacity of \$2,115,000 in bonds for construction costs related to Hampton Creek Section 7,8, and 9 water, sewer, and drainage. The Board voted unanimously to authorize the engineer to prepare a Defined Area Bond Application.

Ms. Longbotham stated the Engineer had received bids for the clearing and grubbing of Dovershire Place Section 2 and the low bid was from K & K Earth Moving in the amount of \$135,505. Upon motion duly made and seconded, the Board voted unanimously to award the contract to K & K Earth Moving.

Mr. Wallace presented a Special Warranty Deed to a 0.20 acre Sanitary Sewer Lift Station (Hampton Creek) conveyed to the District from D.R. Horton-Texas, Ltd. Upon motion duly made and seconded, the Board voted unanimously to approve the conveyance.

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

ANNEXATIONS AND DEVELOPMENT

Mr. Wallace stated the 30.721 acre Landmark annexation consent application remained under review and was nearing completion at the City of Houston. He said the District should be able to complete the annexation at the May regular Board meeting.

ATTORNEY'S REPORT

Mr. Wallace stated the sale of Dovershire Place Section 1 lots and Section 2 land from BLD Gosling, LLC to DRHI was on hold pending completion of some paving replacement at the front of the subdivision.

Mr. Wallace presented three engagement letters for Arbitrage Compliance Specialists. Upon motion duly made and seconded, the Board voted unanimously to approve the engagement letters.

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

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




Secretary, Board of Directors