

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

September 16, 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 regular session, open to the public, at 7:00 p.m., on the 16th day of September, 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 Directors Thomas and Schneider, 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; Mrs. Lisa June, an employee of the District; Mr. Joshua Lee, P.E. of Jones & Carter, Inc., the District's Engineer; Mr. Stephen Eustis of Robert W. Baird & Co., the District's Financial Advisor; Mr. Ben Childress of Environmental Allies, the District's Mowing/Detention Contractor; Mr. Walter Mevder, Ms. Kristin Jarzombek, Mr. Bill Gause, and Ms. Chris Gause, residents of the 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 Bennett.

COMMENTS FROM THE PUBLIC

There were no public comments.

APPROVE MINUTES

The minutes of the meetings of the Board of Directors held on August 19 and September 3, 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 August 2019, a copy of which is attached hereto as an exhibit. She reported the District had collected 98.43% of the District's 2018 tax levy as of August 31, 2019.

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.

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") 2019 certified value was \$610,780,784 plus \$87,556,322 in uncertified value. 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 2019 tax rate of \$0.25 (maintenance and operation) and \$0.31 (debt service) for a total of \$0.56, which represents a \$0.02 reduction compared to the 2018 tax rate.

Mr. Eustis stated this tax rate would result in a slight increase in a customer's average bill. Upon motion duly made and seconded, the Board voted unanimously to set a public hearing and publish the \$0.25 (maintenance and operation) and \$0.31 (debt service) for a total of \$0.56 for the District.

The Defined Area tax rate was discussed next. Mr. Eustis stated, per HCAD, the assessed value of the Defined Area was \$113,585,197 certified plus \$18,179,044 uncertified, for a total of \$131,764,241 (26% increase over 2018). He recommended that \$0.39 would be the tax rate for water, sewer, and drainage debt service and \$0.25 would be the tax rate for road debt service, for a total of \$0.64. He stated this recommendation included the proposed Series 2019 \$1,945,000 Defined Area Bond Issue. 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.

BOOKKEEPER'S REPORT

Debra Loggins stated Mr. Lee had been working to resolve outstanding developer accounts. She stated Willow Creek Golf Club had been rebilled and Rye Street Development's unpaid developer fees had been revised and rebilled.

Ms. Loggins presented the Bookkeeper's Report, a copy of which is attached hereto as an exhibit. She reviewed the eighth month of the year-to-date budget and the August 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 Report, and payment of the checks as presented.

OPERATOR'S REPORT

Jim Sheffield stated a water line to Harvest Market had been broken twice by a Comcast subcontractor and he had authorized repairs to be made. He said he was pursuing a claim against Comcast and expressed concern with the loss of business to the market as well as a lack of notification from Comcast of the damage to the District or to the Operator. He further stated that Hays Utility would back charge Comcast for the cost of repairs.

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 95%, noting that water was added to ponds for two days. He said there were no excursions at the Wastewater Treatment Plant ("WTP") in August. Mr. Clark stated the Shell gas station on Gosling Road wanted to relocate a water tap.

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

AMENDED AND RESTATED ORDER DESIGNATING INVESTMENT POLICY

Mr. Wallace presented for the Board's review and approval an Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments. He stated the District needed to amend the District's investment policy in order to comply with new legislation. Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments, a copy of which is attached hereto as an exhibit.

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

Mr. Wallace 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.

CONFLICT OF INTEREST STATEMENT

Director Bennett executed a Local Government Officer Conflicts Disclosure Statement, a copy of which is attached hereto as an exhibit. This document will be retained in the District's records for future reference.

ENGINEER'S REPORT

Josh Lee presented the Engineer's Report, a copy of which is attached hereto as an exhibit:

Water Plant No. 3

Mr. Lee presented Pay Estimate No. 17 and recommended payment in the amount of \$253,300 to Principal Plant Services, LLC. He said the contractor was working on getting power to the site and the substantial completion date was November 17, 2019. Upon motion duly made and seconded, the Board voted unanimously to approve the pay estimate.

Harris County Flood Control District (“HCFCD”) Repairs

Mr. Lee stated repairs of the storm sewer and drainage channel were the only two remaining repairs to be made by HCFCD and Harris County contractors.

2020 Wastewater Treatment Plant Improvements

Mr. Lee stated the blowers at WTP No. 1 needed major repairs and recommended replacing the two original blowers, as originally estimated during the 2020 WTP improvement project.

Defined Area Bond Application

Mr. Lee presented a revised Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds which included a waiver of the requirement that the developer pay 30% of the District’s construction costs. Upon motion duly made and seconded, the Board voted unanimously to approve the resolution as presented.

Drainage Easement Conveyance

Mr. Lee presented a 0.1106 acre drainage easement conveyance from The Landmark at Auburn Lakes for approval by the Board. Upon motion duly made and seconded, the Board accepted conveyance of the easement.

Dovershire Place Section 2 Water, Sewer, and Drainage

Mr. Lee stated that after checking bidder references, the engineer did not recommend awarding the contract to the low bidder, D. L. Elliott Enterprises, Inc. He recommended awarding the contract to the alternate low bidder, TexaSite, LLC, with a \$511,010.00 bid proposal. Upon motion duly made and seconded, the Board voted unanimously to award the contract to TexaSite, LLC.

FEMA

Mr. Lee stated the engineer met with FEMA representatives on August 28, 2019 and contractors would mobilize to begin repairs around the end of October.

Creekview Lift Station

Mr. Lee noted Mr. George was still working on obtaining the necessary easements. He said he had been reviewing an elevation rendering and noted the District needed to discuss the fencing for the lift station. He said he was also working on replatting the property.

Cypressbrook Development Annexation

Mr. Lee stated the 16 acre annexation was still under review at the City of Houston.

Other

Mr. Sheffield stated there were two dead pine trees adjacent to Water Plant No. 1 power lines which needed to be removed.

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

RYE STREET DEVELOPMENT PLAN

Mr. Art Smalley was not in attendance to present his development plan.

NORTHAMPTON MAINTENANCE FUND

Director Kirkpatrick discussed the counter-proposal from NMF. Mr. Wallace recommended the Board adjourn to Executive Session to confer with the attorney and discuss potential settlement terms.

ATTORNEY'S REPORT

Mr. Wallace presented an Order Designating District Office and Additional Meeting Place. Upon motion duly made and seconded, the Board voted unanimously to approve the order and authorize publication of the Notice of Designation of Office/Meeting Places.

Mr. Wallace stated the District's website still needed to reflect the May 2020 election dates, but was otherwise in compliance with special purpose district website legislation.

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

INSURANCE RENEWAL PROPOSAL

Mr. Wallace reviewed the insurance renewal proposal package with the Board and reported the premium was \$73,734 for the year. Mr. Sheffield said he didn't think the operator was filing claims on machinery. The Board determined to discuss the matter further at the next recreational Board meeting and to go ahead with payment of the premium and get insurance bound on the District now. The Board expressed it wanted a year-to-year rate/coverage comparison and also noted coverage would need to be obtained on Water Plant No. 3 and the elevated storage tank once they are complete.

GENERAL MANAGER'S REPORT

Mr. Sheffield said he wanted to proceed with selecting a contractor to work on the District's ponds, including connecting Northcrest Park. He stated the diesel generator issue had been resolved and he wanted to engage this contractor for this type of work going forward. Mr.

Sheffield departed the meeting at this time. The Board discussed the pond modifications, but determined to wait for Mr. Sheffield's input on the matter. The Board discussed repair of the West Park fountain.

The Board adjourned at 8:28 p.m. to enter Executive Session to confer with the District's attorney regarding potential settlement of the water billing dispute with Northampton Maintenance Fund. The Executive Session concluded at 8:48 p.m. Upon motion duly made and seconded, the Board authorized Mr. Wallace to settle the claim with Northampton Maintenance Fund.

OTHER MATTERS

Lisa June stated two meters which serve parts of Auburn Lakes, Auburn Lakes Estates, and Courts of Auburn Lakes were to be removed from Northampton Maintenance Fund billing. She said Northampton Maintenance Fund believes Hays Utility should be the main liaison to turn these meters over to the appropriate homeowners associations. She said a new meter needed to be set at Giltspur and W. Rayford and the old line capped off. She stated that Hays Utility South may need to expend some funds to do this. Upon motion duly made and seconded, the Board voted unanimously to authorize this expenditure.

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




Secretary, Board of Directors