

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

June 19, 2017

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 19th day of June, 2017 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
Vacant	1st Vice President
W. Paul Schneider	2nd Vice President
Scott Kirkpatrick	Secretary
Roger A. Flood, III	Treasurer

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. Rob Clark of Hays Utility South Corporation, the District's Operator; Mr. Jim Sheffield, the District's General Manager; Mr. Joshua Lee, P.E. and Ms. Sherry Grant, P.E. of Jones & Carter, Inc., the District's Engineer; Ms. Lisa June and Mr. Al Peters, employees of the District; Mr. Danny Pereyra of Environmental Allies, the District's Mowing/Detention Contractor; Ms. Chris Gause, Ms. Roseanne Anthony, Mr. Ryan Bennett, and Mr. Mark Hemann, residents of the District; and Mr. John 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 were held.

COMMENTS FROM THE PUBLIC

Chris Gause introduced herself and stated she works with the Northampton Maintenance Fund's landscape committee. She referred to several different areas of concern, including the tennis court area, the park area on Northcrest, removal of debris from the new fence near Northcrest Park, and the area which belongs to the District next to the Willow Creek Golf Club.

Jim Sheffield agreed to follow up on these areas of concern and noted that the old Absey Press building was not being maintained. Mr. Sheffield stated the District had tried unsuccessfully to purchase the property on several occasions and the District has no control over that area.

Roseanne Anthony requested information regarding the sinkhole issue in her backyard.

Director Thomas stated the Board was very sympathetic on this issue. Mr. Sheffield stated the source was the storm sewer. Josh Lee stated that portions of storm sewers were never turned over to Harris County. He stated that a consensus had not been reached on where the responsibility lies with the involved parties. Josh Lee stated that Harris County Flood Control District should have a shared responsibility as well. The Board agreed to pursue the issue.

NEW DIRECTOR

The Board discussed persons who have an interest in being a director for the District and then tabled the matter.

APPROVAL OF MINUTES

Minutes of the meeting of the Board of Directors held on June 5, 2017 were presented for review and approval. Upon 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, a copy of which is attached hereto as an exhibit. Ms. Flores stated that tax fund transfers had been made. She reported the District had collected 97.23% of the District's 2016 tax levy as of May 31, 2017. She stated the preliminary property values had been received from Harris County Appraisal District ("HCAD").

Ms. Flores reported the District's current year preliminary tax value was \$625,945,345 which includes 2016 personal property and reflects a \$52 million dollar increase. She noted the Defined Area's 2017 assessed value was \$99,405,545 while the Defined Area's 2016 assessed value was \$84,980,978 which represents a 16.9% increase in value. She reported the estimated value of the Defined Area as of April 1, 2017 was \$110,159,421 and the estimated value of the District as of April 1, 2017 was \$643,240,401.

Ms. Flores stated she would turn over the delinquent account information to Purdue Brandon Fielder Collins and Mott, LLP on July 1, 2017. 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 reviewed the fifth month of the year-to-date budget. Ms. Schmidt stated she had been working with Mr. Sheffield on funding various parks projects with surplus park bond funds. Mr. Wallace reviewed a list of TCEQ-approved park projects: backboard (\$33,000); resurfacing of 6 tennis courts (\$36,000); shade cover at Inway (\$20,000); shade cover at Northcrest (\$15,000 plus \$36,000); West Park toilet (\$26,000); splash pad at Inway (\$108,200); recoating of two pool decks (\$24,000); and diving boards (\$4,500). Mr. Wallace said there are no more park bond funds being held in escrow.

Ms. Schmidt next presented the 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, the Investment Report, and payment of the checks as presented.

DISTRICT INSURANCE

Harry Peyton presented the insurance renewal proposal. He stated Jones & Carter, Inc. had revised the property values. He mentioned that cyber liability insurance was being offered, noting that receipt of online payments present a risk to the District. He stated this coverage is automatically included with property and liability coverage. Upon motion duly made and seconded, the Board voted unanimously to approve the proposal for insurance renewal and to pursue additional cyber liability coverage.

DIRECTOR POSITIONS

Two candidates presented their qualifications to the Board. Mr. Mark Hemann stated he has been a resident of the District for twenty plus years and is an insurance and financial consultant. He stated he has learned a lot from Director Kirkpatrick and is very interested in serving on the Board.

Mr. Ryan Bennett stated he moved into the District last year, but grew up in the vicinity of the District. His wife graduated from Klein Oak High School. He stated he has worked at Source Point Solutions for eleven years and has some insight to District operations. He noted a desire to give back to the community.

A vote was held by secret ballot which resulted in a 2/2 tie. The Board asked candidates to submit more detailed information to Jim Sheffield and tabled the matter until the next regular meeting.

OPERATOR'S REPORT

Robb Clark presented the Operator's Report, a copy of which is attached hereto as an exhibit. Mr. Clark stated the District's water accountability rate for the previous month was 96% and there were no permit excursions at the Wastewater Treatment Plant.

Mr. Clark reported that several builder accounts had been transferred to occupied accounts at the end of the month. He stated that e-payments started last month and 217 residents had signed up. He reported receiving a letter from Jeffrey Robb asking for a billing extension due to high consumption. Upon motion duly made and seconded, the Board voted unanimously to authorize the Operator to work out a reasonable payment plan not to exceed five months. Upon motion duly made and seconded, the Board voted unanimously to approve the Operator's Report.

GENERATOR AT WATER PLANT NO. 1

Robb Clark reported he had received a letter from the TCEQ stating the Water Plant No. 1 ("Plant") generator required an air quality permit. He stated Acclaim Energy had their subcontractor working on it.

ENGINEER'S REPORT

Josh Lee reviewed the Engineer's Report, a copy of which is attached hereto as an exhibit. Mr. Lee stated that he should receive the plat for Water Plant No. 3 in about a month.

Mr. Lee reported that five bids for the Root Road, Kingscrest, and Bridgeway Lift Station Rehabilitations project had been received. The low bid in the amount of \$229,068 was received from Black Castle General Contractor. He stated the contractor's references had been verified and presented a Recommendation of Award for approval. Upon motion duly made and seconded, the Board voted unanimously to approve the award.

Mr. Lee stated the Engineer expected to have a draft of the TPDES discharge permit application ready for review in August 2017. Mr. Lee stated that, although funds could now be allocated to the smart meter program, preparation of the Surplus Funds Application for water meter replacements was still on hold pending results from the extended smart meter test period which will be complete in August.

Mr. Lee presented a feasibility study for a KAC Properties, LLC 2.523 acre tract for Councill Dental Group. He stated the tract is non-contiguous to the District and the development would consist of 22,000 square feet office/retail buildings and an 8,000 square foot dental and/or medical building. He estimated the water capacity requirement to be 2,500 gpd and would require an approximately thousand foot water line extension. He estimated the sanitary sewer capacity requirement to be 2,000 gpd and would require an approximately 1,000 foot sanitary sewer extension. He reported the projected cost of utilities was \$392,000 plus the cost of easements. Mr. Lee stated the total bond issue would be \$585,000 which only supports about 38% reimbursement. Upon motion duly made and seconded, the Board voted unanimously to approve the feasibility report pending the developer's decision whether to move forward with the project.

Mr. Lee next discussed the status of the proposed Defined Area bond issue. He stated the Engineer had received D.R. Horton's summary of about \$8,000,000 in reimbursable items. The Engineer requested the developer reorganize the summary by project, rather than by phases, and resubmit.

Mr. Lee reported he, Director Kirkpatrick, and Jim Sheffield had met with Harris County Precinct 4 ("Precinct 4") and Harris County Flood Control District about two weeks ago to inspect several storm/drainage issues and discuss improvement of communication between all three entities. He stated there was lots of work going on to resolve drainage issues. He also stated that Precinct 4 is pursuing an Interlocal Agreement for the Creekview project.

Mr. Lee then presented Pay Estimate No. 10 and final in the amount of \$220,499.55 to Burnside Services, Inc. for excavation, grading, and detention in Hampton Creek Phase 3; and Pay Estimate No. 4 in the amount of \$14,335.29 to Jaho, Inc. for paving in Hampton Creek Section 9. Upon motion duly made and seconded, the Board voted unanimously to approve the Pay Estimates as presented.

Mr. Lee stated that Terra-Gosling, LLC is moving forward with their project and their annexation deposit is on file. Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer's Report as presented.

ATTORNEY'S REPORT

Mr. Wallace stated that a meeting of the minds must be reached regarding D.R. Horton detention pond maintenance and conveyance. He also reported he had reviewed a draft of the credit card agreement for in-house sales. He said he disliked the draft noting it seemed very one-sided and needed direction. He stated Lisa June has contacted another vendor.

GENERAL MANAGER'S REPORT

Mr. Sheffield informed the Board that a new gazebo was being built at Northcrest Park pool, the deck resurfacing at Inway would be performed in early July, and a new survey should be ready to roll out very soon.

OTHER MATTERS

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




Secretary, Board of Directors