

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

January 20, 2014

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 20th day of January, 2014, 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
Bill Black	1st Vice President
W. Paul Schneider	2nd Vice President
Joyce Nelsen	Secretary
John A. Braden	Treasurer/Investment Officer

All members of the Board were present, with the exception of Director Nelsen, thus constituting a quorum.

Also present were Ms. Cindy Schmidt, the District’s Bookkeeper; Ms. Esther Flores of Tax Tech, Inc., the District’s Tax Assessor/Collector; Mr. Don Hayes, Mr. Robb Clark and Ms. Stephanie Miller of Hays Utility South Corporation, the District’s Operator; Mr. Joshua Lee, P.E., and Sherry Grant of Jones & Carter, Inc., the District’s Engineers; Mr. Jim Sheffield, the District’s General Manager; Mr. Jordan Thomas and Ms. Cindy Carden of Trinity Wastewater Solutions; Mr. Mike Wilkinson of Infinity Classic Homes; Ms. Darlene Johnson, Ms. Terese Wahl, Ms. Pam Dube, and Ms. Glenda Piercey, all residents of the District; and Mr. John R. Wallace of Bacon & Wallace, L.L.P., the District’s Attorneys.

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.

PLEDGE OF ALLEGIANCE AND INVOCATION

Director Thomas led the meeting in the Pledge of Allegiance followed by the invocation.

PUBLIC COMMENTS

Ms. Darlene Johnson, a resident at 24723 Giltspur Way, reported that they had 499,000 gallons of water metered in December 2013, which is approximately 19 pools full of water. She stated that the landscape company had repaired a leak. Mr. Robb Clark presented a monthly billing history for the property showing the usage has steadily increased over the last five to six months, with the average being 25,000 gallons increasing to 36,000, then 41,000, 54,000 and 71,000. Director Thomas stated that it looked like a leak was developing over a period of time, with the leak being a sprinkler malfunction, stating that the resident should have noticed there was problem. He stated that if the lines are left wide open, with a 3/4" tap the usage would be approximately ten to twelve gallons per minute depending on the water pressure in the system. Mr. Clark stated that the Operator calculated 11.3 gallons per minute over a 30 day period would be equivalent to 499,000 gallons in that period. Director Thomas was sympathetic to the resident stating that the District had a tiered billing rate structure and the District would be willing to bill the water usage at the lowest marginal rate. He also stated that 50% of the bill is for pumpage fees to the North Harris County Regional Water Authority and that the District can not waive these fees as they are required to pay. Ms. Johnson stated that the meter was replaced in December of 2013. Director Thomas stated that the meter was replaced after the billing cycle was completed. He stated that the District would be willing to work out a payment plan over the next twelve months. Mr. Clark stated that the recalculated bill was \$1,859.95, a relief of \$1,600. Ms. Johnson agreed to the payment plan and thanked the Board for their help.

Ms. Glenda Piercey stated that her home backs up to the new Trammell Crow apartment development. She stated that her problem is the noise late at night when concrete is being poured. Ms. Piercey asked the Board if they could help to reduce the noise. John Wallace agreed to call the Developer.

APPROVAL OF MINUTES

Minutes of the meeting of the Board of Directors of December 2, 2013 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the minutes as amended. The Board then considered approval of the minutes for the Board of Directors meeting held on December 16, 2013. Following review, upon motion duly made and seconded, the Board voted unanimously to approve these minutes, as amended.

TAX ASSESSOR/COLLECTOR'S REPORT

Esther Flores presented the Tax Assessor/Collector's report. She reported that \$170,000 had been transferred to the Debt Service Fund and \$130,000 had been transferred to the Operating Fund. Ms. Flores noted that approximately 20% of the District's 2013 tax levy had been received through December 31, 2013. She informed the Board that only three of fourteen accounts in the Defined Area had been certified. Ms. Flores stated that one account has paid and she will continue working with Harris County Appraisal District ("HCAD"). She stated that she continues to work on reconciling acreages and rollback taxes, waiting on HCAD to reconcile the approximately \$130,000 owed. Ms. Flores then presented the delinquent tax roll, a copy of

which is attached hereto as an exhibit. Upon duly made motion and second, the Board voted unanimously to approve the Tax Assessor/Collector's report as presented.

TAX RESOLUTIONS

The Board then reviewed a Resolution Implementing 20% Penalty on 2013 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes. Upon motion duly made and seconded, the Board voted unanimously to approve the Resolution as presented. A copy of the Resolution is attached hereto as an exhibit.

Following review and discussion, upon motion duly made and seconded, the Board voted unanimously to adopt the Resolution Concerning Exemptions from Taxation for the 2014 Tax Year, including a \$30,000 exemption for taxpayers over 65 years of age or disabled and no general homestead exemption. A copy of the Resolution is attached hereto as an exhibit.

BOOKKEEPER'S REPORT

Cindy Schmidt presented the Bookkeeper's report, a copy of which is attached hereto as an exhibit. She then presented the Investment report for December 2013, a copy of which is attached hereto as an exhibit. Ms. Schmidt noted that she will follow up on a payment of \$117,000 from Klein Independent School District for sewer capacity under the new agreement. Upon motion duly made and seconded, the Board voted unanimously to approve the Operating Report, the Investment report, and to authorize payment of the checks presented for approval.

OPERATOR'S REPORT

Robb Clark presented the Operator's Report, a copy of which is attached hereto as an exhibit. He reported that billing had begun for the irrigation and autodialers that were installed at the two lift stations. Mr. Clark reported that another resident with high usage, Mr. John Clinton on Inway, had 546,000 metered gallons of usage during the December cycle. He stated that they had a leak under their outdoor kitchen which ran for several weeks. Mr. Clark reported that Mr. Clinton's usage for this month was 206,000 gallons. It was determined that the Board would offer the same relief as the previous account. Director Braden stated that he wanted to focus on billing percentages versus accountability percentages. Don Hayes agreed to track and present these percentages each month. Mr. Clark noted that there were only minor problems with the recent freeze.

Mr. Hays stated that he talked to U.S. Motors regarding some assistance with the warranty on the two failed motors which were out of warranty. Josh Lee stated he would be involved with evaluating whether to repair or replace the motors, with the possibility of replacing and then repairing the broken motors to keep as spares.

Director Thomas asked that due to problems with the postal service, should the time between payment and delinquency be lengthened? Jim Sheffield agreed that this was a problem and the delinquency list has been large for the last several months. Upon motion duly made and

seconded, the Board voted unanimously to extend the delinquency period by three days and evaluate this going forward.

Director Thomas opened discussion on the drainage maintenance issue and whether a news article regarding added Harris County responsibilities should be written. Director Black stated that the Board should hold off until they receive a definitive position from Harris County. The Board determined to table this matter at this time.

SLUDGE DISPOSAL

Jordan Thomas and Cindy Carden of Trinity Wastewater Solutions introduced themselves and presented a proposal on dewatering services for the District, a copy of which is attached hereto as an exhibit. They proposed that for a rate of \$.04 per gallon they could produce a savings of \$260 per usage or approximately seven jobs per year. Upon motion duly made and seconded, the Board voted unanimously to authorize Hays Utility South Corporation to terminate Terra Renewal and employ Trinity Wastewater Solutions.

ENGINEER'S REPORT

Joshua Lee presented the Engineer's report, a copy of which is attached hereto as an exhibit. He reported that the Bridgeway, Kingscrest and Northcrest Lift Station Rehabilitation upgrades are complete and the final pay estimate will be presented at the next meeting.

Mr. Lee reported that line extensions are necessary for the 7.5 acres on Gosling north of Woods Edge Church and wastewater capacity is limited. The Board determined that there was no action to be taken at this time.

Mr. Lee next reported on the Water Plant No. 3 site acquisition. Mr. Wallace informed the Board that he is obtaining historic cost of the site from Paul Cheng. He stated that once he has received the costs, Brian Frenchak will be ready to convey the property and sign the two Development Financing Agreements.

Mr. Lee next reported that the application to the Texas Commission on Environmental Quality ("TCEQ") for the Elevated Storage Tank ("EST") and the hydropneumatic tank plans were approved. He stated that funding for these will be included in the Bond Anticipation Note ("BAN").

Mr. Lee then reported on the 0.45MGD Wastewater Treatment Plant No. 2 expansion. He stated that the Engineer is preparing drawings and permits. Mr. Lee reported that two phases, cleaning/grubbing and detention are underway. He stated that the Letter of Map Revision ("LOMR") had been submitted and this should help detention costs with clearing base elevation. Mr. Lee reported that the Engineer is evaluating the timing so the District could take advantage of potential changes.

Mr. Lee next reported that the District could expect to receive a draft of the Amended Waste Discharge Permit from the TCEQ in February, 2014. He also stated that there was a

meeting with the new SCADA providers and the Engineer is reviewing and evaluating the different proposals.

Mr. Lee then presented Change Order Number 1 for the Water Well No. 3 Rework in the amount of \$12,818 for replacing the existing well motor with a new 200-HP motor. He stated this was a very good price. He then reported on the service feasibility study for the proposed 20 acre Inway Oaks Estates development that was presented last month, stating that the developer can move forward and close. He stated that once the developer has closed, the District would need a Development Financing Agreement and Utility Commitment Letter. Director Black stated that the Board wants to review contract requirements regarding noise and hours of operations.

Mr. Lee reported that the Bond Application Report is being prepared and once completed, the District can sell Bond Anticipation Notes (“BAN’s”). He then reported that the Engineer will work with Mr. Sheffield on the annual facility inspection which will include Water Plant Nos. 1 and 2, Wastewater Treatment Plant, all four Lift Stations, Ditch M102 north of West Rayford Road, and Willow Creek sanitary sewer crossing. Mr. Sheffield noted that the Engineer and Operator will look at the rust issue at Water Plant No. 2 during the inspection.

Mr. Lee then presented Pay Estimate No. 2, in the amount of \$156,934.12 from Principal Services, Ltd. and Change Order No. 1, in the amount of \$80,663.31, for Hampton Creek Section One and Two. Upon motion duly made and seconded, the Board voted unanimously to approve the Pay Estimate No. 2 and Change Order No.1 for Hampton Creek Section One and Two. Mr. Lee then requested that the Board authorize the advertisement of bids for Hampton Creek Phase II Excavation and Grading, and Hampton Creek Section III Water, Sewer, and Detention paving. Upon motion duly made and seconded, the Board voted to unanimously authorize the Engineer to advertise for bids for excavation and grading at Hampton Creek Phase II and paving for Hampton Creek Section III. Mr. Lee next reported that there was no update for Willow Creek Golf Club regarding the deposit for the water re-use project.

Mr. Lee presented the Proposed 2014 Rate Schedule for Jones & Carter, Inc., a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the 2014 Rate Schedule for Jones & Carter, Inc. Mr. Lee also noted that Klein Independent School District announced a new elementary school opening in August 2015, with construction starting in April 2014. Mr. Wallace will follow up on the \$117,000 capital fee from Klein Independent School District.

DEVELOPERS’ REPORTS

John Wallace presented an email from Jerry Hlozek stating that the underground utilities and paving for Sections 1 and 2 are almost completed, with the platting and spec home construction to begin shortly. He stated that construction had begun on the model home for Stratton Woods. Mr. Wallace then noted that Mr. Frenchak had been advised that the sewer deposit must be received by the end of January 2014. He also stated that an amendment must be signed for Dovershire Place.

AMENDED RATE ORDER

Mr. Wallace presented and reviewed with the Board an Order Adopting Amended Rate Order. A copy of the Order will be filed in the District's records. It was noted that the Operator had not reviewed the Amended Rate Order. Mr. Wallace stated that the Rate Order included a high school and middle school with Northampton Elementary and W. Rayford Elementary being billed at 90% of water usage. After discussion, upon motion duly made and seconded, the Board voted unanimously to approve the amended rate order subject to the Operators review.

2014 DIRECTOR ELECTIONS

Mr. Wallace stated that candidate applications would be sent out by January 31, 2014 to be returned by February 28, 2014. He stated that the elections would be called in February 2014. Upon motion duly made and seconded, the Board voted unanimously to authorize a notice be published regarding the use of paper ballots.

GENERAL MANAGER'S REPORT

Jim Sheffield reported that an approximately 10' x 10' section of the flooring in the Activity Center will need to be repaired. He also stated that there had been many conversations regarding Hampton Creek residents using the recreational facilities. Mr. Wallace stated that it was negotiated that Mr. Cheng's property would serve their own residents. Director Braden stated that he felt the District would need to service them and there may be a need to expand the facilities. Mr. Sheffield stated that capacity issues could be addressed by cancelling the Oakmont Agreement for sharing the recreational facilities. It was determined by the Board that the issue will be tabled until the next Recreational Meeting where they could build a long range plan.

CHANGE OF MEETING TIMES

A discussion ensued among the Board regarding changing the times of the meeting. It was determined by the Board that this issue would be tabled at this time.

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

Secretary, Board of Directors

(SEAL)