

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

April 21, 2014

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 21st day of April, 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 Thomas and Director Schneider, thus constituting a quorum.

Also present were Ms. Cindy Schmidt, the District’s Bookkeeper; Mr. Greg Ordeneaux 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; Ms. Cherie Cross of Environmental Allies; 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.

ABSENT PRESIDENT

In the absence of President Thomas, Director Black took the chair and presided over the meeting.

PLEDGE OF ALLEGIANCE AND INVOCATION

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

PUBLIC COMMENTS

There were no public comments at this time.

APPROVAL OF MINUTES

Minutes of the meeting of the Board of Directors of February 3, 2014 were presented for review and approval. The Board did not approve the February 3, 2014 minutes and tabled approval until the next meeting. The Board then considered approval of the minutes for the Board of Directors meeting held on March 3, 2014. Upon motion duly made and seconded, the Board voted unanimously to approve these minutes as presented. The Board next considered approval of the minutes for the Board of Directors meeting held on March 17, 2014. Upon motion duly made and seconded, the Board voted unanimously to approve these minutes as presented.

TAX ASSESSOR/COLLECTOR'S REPORT

Greg Ordeneaux presented the Tax Assessor/Collector's report, a copy of which is attached hereto as an exhibit. He reported that approximately 96% of the District's 2013 tax levy had been received through March 31, 2014. Mr. Ordeneaux reviewed the Defined Area accounts, noting that only three total accounts had been certified. He reported that the remainder of the Defined Area accounts have not been certified, and therefore not paid. He stated he would follow up with Harris County Appraisal District. 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 the Bookkeeper's report and Investment Report, copies of which are attached hereto as exhibits. Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report, the Investment report, and to authorize payment of the checks presented for approval. Ms. Schmidt noted that the Bookkeeper will follow up on developers Frenchak and Trammell Crow overdue accounts. Copies of letters to both are attached hereto as exhibits.

OPERATOR'S REPORT

Robb Clark presented the Operator's Report, a copy of which is attached hereto as an exhibit. Mr. Clark reported the District's water accountability for the prior month was 92.67%. He then reviewed the Cost of Treatment schedule, which includes the accountability figure, and the tap fees and tap fee costs are removed from the operating revenue. Director Black stated he felt the schedule was not correct. Stephanie Miller noted the calculations do not include revenue, only cost. Additionally, no tap fee revenue or cost is included.

Mr. Clark next presented the draft Consumer Confidence Report, a copy of which is attached hereto as an exhibit. A discussion ensued among the Board regarding how current the

data is and whether it is relevant, as there have been changes to the system since the tests were last taken. Upon motion duly made and seconded, the Board voted unanimously to approve the Consumer Confidence Report as presented.

Mr. Clark next presented a letter from Stoneleigh Companies requesting deferral of the \$46,900 service deposit until occupancy of the clubhouse, which is expected in mid-July 2014. The letter also requested billing for water be based on the actual usage until they are at full occupancy. A discussion ensued among the Board regarding the graduated five month occupancy scale in the Rate Order, with no deferral on the deposit. John Wallace stated he reviewed the Stoneleigh Companies current bill and determined that no units are occupied and the lease up period has not begun. Director Braden stated his interpretation of "fair practices" would be to defer the start of the minimum billing until the first unit is available for occupancy. Mr. Clark noted that Trammell Crow has been paying bills for the last three months. Upon motion duly made and seconded, the Board voted unanimously to commence billing the Stoneleigh Companies apartments from the date the first unit is occupied, and to bill current usage at the standard commercial water rates. Mr. Clark agreed to credit and rebill the account. The Board determined that the deposit must be paid.

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

ENGINEER'S REPORT

Joshua Lee presented the Engineer's report, a copy of which is attached hereto as an exhibit. He reported that Bryan Frenchak closed on his land purchase for the future three acre Water Plant No. 3 site located behind the existing Shell gas station on Gosling Road. Mr. Lee stated the property will be deeded to the District upon execution of the Development Financing Agreement and Utility Commitment Agreement. He reported that plan approval was obtained for the 25,000 gallon hydropneumatic tank at Water Plant No. 2. Mr. Lee noted this project will be advertised for bids after the sale of the Bond Anticipation Note.

Mr. Lee informed the Board that the contractor is waiting on delivery of the well pump and motor for the Water Well No. 3 rework project. He reported the contractor expects to install the pump and motor within the next two weeks, and to return the well to service by early May.

Mr. Lee reported that the Engineer is preparing the drawings for the 0.45 MGD Wastewater Treatment Plant expansion. He stated that the preliminary drawings were submitted for jurisdictional agency review, and comments have been received. Mr. Lee noted that the agency's comments are being addressed, and he is scheduling a meeting with Mr. Hays and Director Black to finalize the plans. He informed the Board that the clearing and grubbing and detention/mitigation plans are ready to be submitted to Harris County for approval once Harris County Flood Control District approves the drainage study. Mr. Lee reported they have received the preliminary cost estimate for the VT SCADA system, but have not received an estimate from Mission SCADA.

Mr. Lee next reported Bond Application Report No. 14 is being prepared, and a draft should be sent to the consultants for review by May 1, 2014. He stated the Bond Application Report should be filed with the Texas Commission on Environmental Quality (“TCEQ”) in June 2014. Mr. Wallace noted that he requested Jan Bartholomew to update the development projections and the size of the bond application accordingly.

Director Black stated he has been in contact with Randy Zator regarding the Willow Creek Golf Club water re-use project. A discussion ensued among the Board regarding the possibility of the District financing the infrastructure using bonds. The Board determined to table the matter at this time.

Mr. Lee reported the Engineer received a letter from Gosling Office Park, LLC concerning their request to the TCEQ for a permit for a proposed 5,000 gallon per day wastewater treatment plant on the west side of Gosling Road. He informed the Board that it was not feasible for them to get capacity from an existing facility, so they will build their own package plant and well.

Mr. Lee then reviewed Change Order No. 1 in the amount of \$59,562.00 for the Hampton Creek Phase I excavating and grading project. He reported that D.R. Horton received one bid for the excavating and grading in Hampton Creek Phase 2. Mr. Lee stated that the bidder was Lindsey Construction, Inc. with a total base bid in the amount of \$1,432,420.80. Upon motion duly made and seconded, the Board voted unanimously to approve and award the contract to Lindsey Construction, subject to the Attorney’s review.

Mr. Lee reported that the annual facilities inspection report was being finalized and would be reviewed at the June 2, 2014 recreational meeting. He informed the Board that a letter was received from Harris County Municipal Utility District No. 1 stating that they are beginning construction of the water interconnect.

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

DEVELOPERS’ REPORTS

Mr. Wallace reported the Development Financing Agreement had been executed by MRE, LLC for Inway Oaks Estates. He noted the developer is moving forward with clearing, although there is no construction access to Gosling Road. Mr. Lee stated that they are discussing several options, but there is currently no agreement for permanent access to Gosling Road. Mr. Wallace informed the Board that the second phase will have a public lift station, and a sewer capacity deposit is forthcoming. Upon motion made and duly seconded, the Board voted unanimously to execute the Development Financing Agreement for Inway Oaks Estates.

Mr. Wallace then reported that the Development Financing Agreement with Hamptons on the Lake GP, LLC has been fully negotiated, and the capacity was negotiated at \$1.25 per square foot on the Water Plant land. He stated that the land will be conveyed after the Development Financing Agreement is signed. Upon motion duly made and seconded, the Board voted

unanimously to approve the Development Financing Agreement with Hamptons on the Lake GP, LLC. Mr. Wallace stated that the developer needs to pay the sewer deposit, and they are still negotiating over the capacity charge.

Mr. Wallace next presented two assignments for BLD Gosling LLC. Upon motion duly made and seconded, the Board voted unanimously to approve the two assignments. He noted the line of credit would be forthcoming in approximately one week.

DRAINAGE MAINTENANCE ISSUES

Jim Sheffield reported that some erosion issues have occurred on Haverford Road, noting there is heavy four wheeler activity in the area. He discussed other issues in the vicinity, and stated that Oakmont is putting up some ballards to reduce erosion. Mr. Sheffield stated he will bring photos of the area to the recreational meeting, and may also do a site inspection.

GENERAL MANAGER'S REPORT

Mr. Sheffield reported that D. R. Horton requested constable patrols in their subdivision. He noted that he is still compiling information for the Energy Response Program. The Board determined to table this matter at this time. Mr. Sheffield reported that he is in contact with CenterPoint Energy concerning the lift station easement at Root Road. He next reported he is working on the billing arrangement for In-Pipe services. Mr. Wallace stated he will talk with Cindy Schmidt on this matter. Mr. Sheffield stated the District should complete the construction period before addressing the issue of the Wastewater Treatment Plant parking lot expansion. He then presented the cost of concreting and widening the trails for one half mile at approximately \$64,000. The Board determined to table this matter for the next recreational meeting.

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

Secretary, Board of Directors

(SEAL)