

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

July 21, 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 21st day of July, 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 Braden, 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 Hays, Mr. Robb Clark, and Ms. Stephanie Miller of Hays Utility South Corporation, the District’s Operator; Mr. Joshua Lee, P.E., Ms. Sherry Grant, and Ms. Mackenzie Massey of Jones & Carter, Inc., the District’s Engineers; Ms. Cherie Hyatt Cross of Environmental Allies, the District’s Landscape Contractor; Ms. Liz Martin of Reuse Water Solutions; Mr. Jim Sheffield, the District’s General Manager; Mr. Bryan Frenchak of Maverick Development, a Developer in the District; Ms. Inci Akpinar of Atlas Texas Construction and Trading, Inc., Mr. Mike Pope, a resident of the District; and Mr. Michael Bacon 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.

PLEDGE OF ALLEGIANCE AND INVOCATION

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

APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors of June 2, 2014 and June 16, 2014 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve these 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 98.72% of the 2013 tax levy had been collected as of June 30, 2014. She noted the delinquent account information was sent to the Delinquent Tax Collection Attorney. Ms. Flores then presented and reviewed with the Board a Depository Pledge Agreement with Wells Fargo Bank. Upon motion duly made and seconded, the Board voted unanimously to approve the Depository Pledge Agreement.

Ms. Flores reported that the Harris County Appraisal District ("HCAD") had indicated 2014 would be the first year of Defined Area taxes and had only certified 5 of 14 accounts. She indicated she was continuing to work on the issue. Ms. Flores informed the Board HCAD determined the District's preliminary estimate of taxable value for 2014 to be \$408,496,462 as of May 1, 2014. 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. She reported that funds had been transferred from the Capital Projects Fund to the Operating Account for approved projects. She stated she had not yet received the outstanding deposit amount for the Bryan Frenchak developer advance account.

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.

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 was 93.68% during the prior month. He reported the Operator had received a letter from a customer requesting inspection of her meter and complaining of a high bill. Mr. Clark noted the meter was inspected, and found it to be operating correctly. He stated the customer owed \$771.96, and he believed the high usage was due to irrigation usage, noting the customer had a history of high usage. The Board discussed a possible payment plan, and authorized a 3 month payment plan for the customer. Mr. Clark informed the Board of another customer reporting a billing anomaly of 7 times their normal usage, with no prior history of high usage. The customer offered no explanation for the excessive use of water. The Board authorized a 3 month payment plan for this customer as well.

Mr. Clark next reviewed repairs in the District. He reported Klein Independent School District (“KISD”) had requested water service be turned off for a temporary construction project. Mr. Clark stated the Operator would use the opportunity to perform valve repairs. He noted that the Water Smart inserts would be sent out with the next water bills.

Mr. Clark requested authorization to perform a complete District flush according to the Flushing Plan. Director Black asked if there had been any water quality complaints. Mr. Clark said there had not been. Mr. Hays described the benefits of a full flush for long term maintenance and water quality. Upon motion duly made and seconded, the Board voted unanimously to approve flushing and repainting of the curbs in front of the valves.

Director Thomas asked about the new interconnect valve installed by Harris County Municipal Utility District No. 1 on Root Road. Director Schneider noted it was an eyesore.

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

WASTEWATER TREATMENT PLANT EXPANSION

Michael Bacon informed the Board that the Bryan Frenchak Letters of Credit for the wastewater plant expansion had been received. Director Black stated he did not want the Generator Project forgotten, and wanted to consider amending the Bond Application, if feasible. Upon motion duly made and seconded, the Board voted unanimously to authorize the Financial Advisor and Attorneys to proceed with the sale of the Bond Anticipation Note (“BAN”) to fund the District’s portion of the plant expansion.

ENGINEER’S REPORT

Joshua Lee presented the Engineer’s Report, a copy of which is attached hereto as an exhibit. He reported jurisdictional agency plan approvals had been received for the additional 25,000 gallon hydropneumatic tank (“HPT”) at Water Plant No. 2. He stated he would advertise this project for bids after receipt of the BAN funds.

Mr. Lee next reported detention and clearing plans for Wastewater Treatment Plant No. 2 had been approved, and the contract for construction of phase one was awarded to Liftwater Construction, Inc. He stated the contracts were pending.

Mr. Lee informed the Board that Weisinger Incorporated had completed the Water Well No. 3 rework project. The final inspection was completed, and punchlist items are being addressed.

Mr. Lee introduced Inci Akpinar with Atlas-Texas Development, and stated Ms. Akpinar requested service to a 1.623 acre tract located on Gosling Road, north of the Latter Day Saints Church within the boundaries of the District. Mr. Lee reported Ms. Akpinar was ready to deposit \$5,000 for the feasibility study. Upon motion duly made and seconded, the Board authorized the Engineer to prepare the feasibility study.

Mr. Lee presented Pay Estimate No. 1, in the amount of \$177,675.30, to Weisinger Incorporated for the Water Well No. 3 Rework. He also presented Pay Estimate No. 1, in the amount of \$277,151.04, to Lindsey Construction, Inc., for the Hampton Creek Excavation and Grading Phase 2. Upon motion duly made and seconded, the Board voted unanimously to approve both Pay Estimates.

Director Black asked about a new development just south of the Frenchak tract. Mr. Lee said he thought the owners of the tract intended to drill a private well. Mr. Frenchak stated he believed a printing shop was being constructed.

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

WATER PLANT NO. 3 SITE ACQUISITION

Michael Bacon discussed the Water Plant No. 3 site acquisition, noting that contracts for sale were pending. He expects the transaction to close in 60 days. Director Black raised the issue of the current tenant clearing the debris. Mr. Bacon responded the debris would be addressed by the owner as part of the sale.

HARRIS-GALVESTON SUBSIDENCE DISTRICT INTERLOCAL AGREEMENT

Mr. Bacon presented an Interlocal Agreement between Harris-Galveston Subsidence District and the District for the Water Wise program. A copy of the Interlocal Agreement is attached hereto as an exhibit. He informed the Board the cost would be \$35.40 per student, and noted that the District would gain groundwater credits. Upon motion duly made and seconded, the Board voted unanimously to approve the Agreement.

DRAINAGE MAINTENANCE ISSUES

Mr. Lee presented and described the Dovershire Place Detention Pond Maintenance Agreement and Harris County Consent Letter. Mr. Bacon informed the Board that the Agreement had not yet been signed by the Developer. Upon motion duly made and seconded, the Board voted unanimously to approve the Detention Pond Agreement and Harris County Consent Letter contingent upon the Developer's execution of the Agreement and Consent Letter.

GENERAL MANAGER'S REPORT

Jim Sheffield discussed the rental of the District's recreational facilities, noting that the District would be tightening the requirements of having the renting resident present at the event. He reported he is still working on the Lift Station easement negotiations.

The Board stated they did not want to concrete the trails in the District. Mr. Sheffield noted he was working on obtaining prices for widening the trails by about 1 foot. Mr. Sheffield

reported the Girl Scout Mini-Jamboree would be held this week, which was why the District's facilities were so crowded.

ATTORNEY'S REPORT

Mr. Bacon reported a deposit for the Valero property had been received, but the Annexation Letter Agreement had not yet been signed. He stated the Attorney would follow up on obtaining the signature.

OTHER MATTERS

Liz Martin of Reuse Water Solutions introduced herself, and stated she is a resident of the District. She described her company to the Board, noting that they make advance water filtration membranes for water re-use systems. Ms. Martin stated the process is a new technology that has increased efficiency. The Board directed that further discussion of Reuse Water Solutions be placed on the August 4, 2014 meeting agenda.

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

(SEAL)

Secretary, Board of Directors