

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

May 18, 2015

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 18th day of May, 2015, 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
Vacant	Secretary
Roger A. Flood, III	Treasurer

All members of the Board were present, with the exception of Director Thomas, 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. Stefanie Miller of Hays Utility South Corporation, the District's Operator; Mr. Joshua Lee, P.E. of Jones & Carter, Inc., the District's Engineer; Mr. Jerry Hlozek, P.E. of D.R. Horton, a Developer in the District; Mr. Jim Sheffield, the District's General Manager; Ms. Cherelle Burkhalter, the District's Facility Operations Manager; Mr. Dennis Tiff of Environmental Allies, the District's Detention Pond Maintenance Contractor; Mr. Dustin Hannah of PBK for Klein Independent School District; Mr. Jonathan Snell, a resident 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.

In the absence of Director 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. Director Black then gave the invocation.

Director Schneider read a tribute to Cherelle Thibodeaux Burkhalter for her 20 years of service to the District.

COMMENTS

There were no comments from the public.

APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors of April 7, 2015 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the minutes as presented. Minutes of the meeting of the Board of Directors of April 20, 2015 were presented for review and approval. The Board requested that certain changes be made to the minutes. Following review, upon motion duly made and seconded, the Board voted unanimously to approve these minutes, as amended.

APPOINTMENT OF DIRECTOR

The Board determined to table this matter at this time.

AMENDMENT TO DISTRICT INFORMATION FORM

The Board then considered approval of the Amendment to District Information Form and revised Notice to Purchasers of Real Property, a copy of which is attached hereto as an exhibit. Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve and execute the Amendment to Information Form and to authorize filing of same in the Real Property Records of Harris County, Texas, and with the Texas Commission on Environmental Quality.

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 informed the Board the District collected 97.35% of the 2014 tax levy as of May 1, 2015, and 100% of the 2014 Defined Area tax levy as of May 1, 2015. She stated delinquent tax bills were sent out last week, including the notice of the 20% penalty on 2014 delinquent taxes effective as of July 1, 2015.

Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's Report as presented, and payment of the checks presented for approval.

BOOKKEEPER'S REPORT

Cindy Schmidt presented the Bookkeeper's Report and Investment Report, copies of which are attached hereto as exhibits. Ms. Schmidt next presented and reviewed the Year-to-Date Budget, a copy of which is attached hereto as an exhibit. She noted draws were made on the Letters of Credit ("LOC") for the Wastewater Treatment Plant ("WTP") expansion. Ms. Schmidt informed the Board BLD Gosling is paying directly, and their account is current. She noted Bryan Frenchak's last payment was made in March 2015, and he still owes for March, April and May. Ms. Schmidt reported DR Horton has paid no draws to date. Mr. Wallace advised the Board to draw the balance of the LOC's. Upon motion duly made and seconded, the Board voted unanimously to adopt orders approving the Pay Estimate as presented, and to authorize letter of credit draws for the Wastewater Treatment Plant No. 2 expansion project.

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 informed the Board the District's water accountability was 95.85% in April 2015, and the WTP operated within compliance. He next reported four customers on the cut off list last month had service terminated, and three of the accounts were paid and the water was turned back on. Mr. Clark next reviewed the Customer Service log and the tap report, and he noted one tap was installed in April.

Mr. Clark then presented and reviewed with the Board the draft of the 2014 Consumer Confidence Report, and there were no comments. Upon motion duly made and seconded, the Board voted to approve the 2014 Consumer Confidence Report as presented, and to authorize the Operator to send the report out to the District's customers.

Mr. Clark informed the Board that once Water Plant No. 2 is back online, he will schedule sampling for Well No. 3. He expressed concern about the detection of a small amount of arsenic in this well.

Mr. Clark stated the interconnect with Encanto Real Utility District ("Encanto UD") was closed on April 22, 2015. He stated an invoice in the amount of \$50,888 was sent to the Encanto UD bookkeeper and included the current Regional Water Authority rate. He noted the District is charging \$1.25 per 1,000 gallons under the present agreement, and recommended that the District review the price. Mr. Clark reported two meters in the interconnect vault are 8-inch meters, and are obsolete. Mr. Wallace noted the District should ask for meter calibration. Mr. Clark stated water accountability numbers appear to compare to the meter readings, and the cost of a new meter is approximately \$5,000 to \$7,000.

Upon motion duly made and seconded, the Board voted unanimously to approve the Operator's Report and termination of the delinquent accounts.

ENGINEER'S REPORT

Joshua Lee presented the Engineer's Report, a copy of which is attached hereto as an exhibit. He reported the tank was delivered for the hydrotank addition at Water Plant No. 2. He noted the weather has delayed the coating. Mr. Lee informed the Board a lot of work is taking place at the Wastewater Treatment Plant No. 2, including the main lift station. He stated the contractor, Liftwater Construction, began work on the lift station wet well, sidewalks and gates. Mr. Lee noted the clarifier walls and scum box were also installed, as well as boring lines and installation of miscellaneous yard piping. He reported the contractor, Randy Roan Construction, Inc., also completed the backslope interceptor on the detention pond.

Mr. Lee reported the Use of Surplus Funds Application (the "Application") was prepared in the amount of \$958,856.00, from Bond Issue No. 14 for Water Plant No. 3 land cost and a portion of the engineering design fees for Water Plant No. 3, including an Elevated Storage Tank. He informed the Board the Application was submitted to the Texas Commission on Environmental Quality ("TCEQ") on a 60-day expedited review.

Mr. Lee informed the Board the proposed M-103 ditch crossing will require that engineering fees be spent to prepare the plans, and the District will need to enter into a maintenance agreement with the Harris County Flood Control District ("HCFCD"). Director Black requested the District proceed with this project. Mr. Lee stated he could prepare a cost estimate for this project. After discussion, the Board determined to table this matter at this time.

Mr. Lee stated he received copies of the recorded water and sanitary sewer easements for the proposed extension along Gosling Road to serve the CST Corner Store. He stated the plans should be submitted to the appropriate agencies for approval next week, and he requested authorization to proceed with advertisement for bids for the Water and Sanitary Sewer Extension Project along Gosling Road to serve the CST Corner Store project. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to advertise for bids for the water and sanitary sewer extension along Gosling Road to serve the CST Corner Store.

Mr. Lee then presented and reviewed with the Board the feasibility study for the proposed 23-acre El Castano, LLC development,. He reported the development will include a boutique hotel and riding arena, one large estate home, and four one-acre lots. Mr. Lee stated the majority of the land needs to be annexed into the District, and the estimated water capacity requirement is 17,000 gpd. Mr. Lee noted public lines are extended across the frontage, but no public lines are inside the tract. He informed the Board a development agreement will not be necessary. Mr. Lee reported the estimated average daily sanitary sewer requirement will be 14,000 gpd based on information provided by the developer. He stated no capacity will be available until the expansion of the Wastewater Treatment Plant No. 2 is completed. Mr. Lee noted the estimated assessed value for the tract is \$14,000,000, based on information received from the developer. He informed the Board the development will produce approximately \$48,000 per year in tax revenue to the District. Mr. Wallace noted the developer wants to proceed with the annexation and has requested issuance of a utility commitment letter. He stated the Developer will be required to submit plans of the existing and proposed facilities and site

improvements prior to approval of the plans by Jones & Carter on behalf of the District. Upon motion duly made and seconded, the Board voted unanimously to approve the feasibility study and to authorize preparation of the Annexation and Development Agreement.

Mr. Lee next reported the drawings need to be revised for the proposed Atlas-Texas Development, the Shops at Gosling. He informed the Board a request was received from Doug Eibsen on behalf of Klein Independent School District ("KISD") concerning maintenance of a proposed sidewalk extension along West Rayford Road for French Elementary School. Dustin Hannah of PBK Engineering Division introduced himself and stated KISD wants to install sidewalks in the county right-of-way, and would ask the District to maintain them. He noted the drawings have been submitted, and KISD wants to address the safety concerns. Mr. Hannah stated the sidewalk would be extended from the school to Giltspun, and mowing is currently being done by the homeowners Association. He informed the Board the sidewalks will be 5-foot wide concrete sidewalks. He noted the plans are being reviewed at Harris County, and the agreement can be a simple letter acknowledgement. Mr. Hannah stated KISD needs to identify the responsible parties for mowing, and he expects to ask Oakmont Public Utility District to accept the sidewalk maintenance in exchange for a portion of the sidewalk in their District. A discussion ensued among the Board. The Board determined to take this matter under advisement in order to discuss this matter with the owners of the apartments.

Mr. Lee then reported a request was received from D.R. Horton for an Interlocal Road Maintenance Agreement with Harris County for non-standard bridge items associated with Hampton Pointe Boulevard in Hampton Creek Section 3. Jerry Hlozek informed the Board that Harris County will not accept the Interlocal Agreement for maintenance because it is for a decorative bridge railing culvert crossing. Mr. Hlozek stated he is requesting the District's approval of the agreement with Harris County with the stipulation that a separate agreement be made between the District and the HOA to assign the maintenance to the HOA. He estimated a time frame of approximately three to four weeks to work on this. Mr. Wallace agreed to review the matter and then consult with Mr. Hlozek.

Mr. Lee informed the Board that he was notified by the Operator that the Gosling Express Gas Station is having issues with site drainage. Mr. Lee stated the storm sewer needs to be jetted, and it is still holding water. He reported the ditches need to be cleaned by Harris County.

Mr. Lee presented Pay Estimate No. 5 from Liftwater Construction, Inc. in the amount of \$417,772.54 for Wastewater Treatment Plant No. 2, Phase 1. He then presented Pay Estimate No. 3 in the amount of \$72,000.00 from Tar Tob Commercial Services, LLC for the Water Plant No. 2 Hydropneumatic Tank Addition. Mr. Lee next presented and reviewed with the Board Pay Estimate No. 4 in the amount of \$35,805.50 to Lonnie Lischka Company, LP for Water, Sanitary and Drainage Facilities in Hampton Creek Sections 4 and 5. He then presented Change Order No. 3 in the amount of \$8,130.00 for repairing inlets installed by the previous contractor in Hampton Creek Section 3, including removing and disposing of erroneous inlets and rebuilding stage 1 portion of B-B inlets. Mr. Lee next presented Pay Estimate No. 1 from Principal Services, Ltd. in the amount of \$609,501.76 for Water, Sanitary and Drainage for Hampton Creek Section 6. He then presented and reviewed with the Board Pay Estimate No. 1 from C.F. McDonald Electric, Inc. for the Inway Oaks Estates Onsite Lift Station in the amount of

\$129,015.00. Upon motion duly made and seconded, the Board voted unanimously to approve the pay estimates as presented.

Mr. Lee next reported D.R. Horton-Texas, Ltd. awarded the contract for the clearing and grubbing project in Hampton Creek, Phase IV, to K & K Tree and Tractor Service. He stated the contract will be funded by D.R. Horton-Texas, Ltd., but is on behalf of the District because a portion of this project is potentially reimbursable.

Mr. Lee then reported the Annual Facilities Inspection Report is being finalized, and the results will be presented for review at the June 2015 recreational meeting. He informed the Board a lunch seminar was held on April 21, 2015 for Hays Utility South to illustrate the Engineer's GIS software and the basics of how the GIS system works and can be utilized for daily activities of operators. Mr. Lee stated he would like to present the updated program for the Board at the July 2015 recreational meeting.

Mr. Lee then presented and reviewed with the Board the updated developer survey map. He stated there are four active annexations, and he believes BLD Gosling is within 30 days of resolving the payments to Monarch Construction.

Mr. Lee informed the Board he received some minutes from the Drinking Water Advisory Workshop and Stakeholder meeting. He noted he was not sure if there was anything material that occurred in the meeting, but full details regarding the meeting will be obtained.

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

The Board determined to table discussion of the Aventura Development, LLC Annexation Letter Agreement. Mr. Wallace and Mr. Clark agreed to work on the amendment to the Interconnect Agreement with Encanto Real.

Mr. Hlozek reported Sections 1 through 5 of Hampton Creek are developed, and Section 4 is awaiting completion. Mr. Hlozek informed the Board Section 6 is being paved, Section 7 is being cleared now, and Section 8 will start to be cleared soon. Mr. Lee noted Waterford Springs may authorize design to begin on Phase 2, which will coincide with the timing of Water Plant No. 3. He informed the Board Mr. Frenchak has no development working at this time. Mr. Lee stated BLD Gosling is ready to begin paving in Section 1, provided they can get financing resolved. He informed the Board Inway Oaks is working on their lift station, and the paving contractor is scheduled to start on September 1, 2015.

GENERAL MANAGER'S REPORT

Jim Sheffield reported progress has been made on the pricing of additional projects from the Park Bond funds for the Release of Escrowed Funds Application. He informed the Board repairs were made to the Constable substation building. Mr. Sheffield stated the Constables are moving out of the facility in about three months, which should free up some parking spaces.

Mr. Sheffield then reported approximately 2,800 people attended the recent neighborhood swim meet with The Woodlands. He informed the Board the Oakmont Recreational Agreement has too large of a list of facilities compared with the District's facilities. Mr. Sheffield noted the District should consider separating the facility lists. Dennis Tiff reported Environmental Allies is waiting for dryer weather to proceed with mowing.

ATTORNEY'S REPORT

Mr. Wallace informed the Board the closing for acquisition of the Water Plant No. 3 site is scheduled for the end of May 2015. He stated the Board will need to authorize funding and execution of the documents. Upon motion duly made and seconded, the Board voted unanimously to authorize the Attorney to act on the District's behalf and to authorize funding of the Water Plant No. 3 site purchase.

Mr. Wallace reported the Amendment to the Recreational Agreement with Oakmont Public Utility District, and the Amendment to the Wastewater Treatment Plant Agreement are still in Tim Green's office, and he has received no response from Mr. Green.

Mr. Wallace noted the ordinance approving the Inway Oaks Estates annexation was received from the City of Houston today. He stated the annexation will be completed when the new metes and bounds and boundary map of the District are available.

Mr. Wallace reported that he met with Mr. Lee, Director Flood and Ms. Bartholomew to discuss future financings. He reported a memo was prepared to the Board to memorialize the recommendations, and he will probably advise the Board to proceed with the bond issue for Water Plant No. 3. Mr. Wallace stated he is waiting to receive the District's preliminary value, and then the Financial Advisor will calculate the bond issue.

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




Secretary, Board of Directors