

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

June 15, 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 15th day of June, 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:

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|---------------------|--------------------|
| 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, 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. Robb Clark of Hays Utility South Corporation, the District's Operator; Mr. Joshua Lee, P.E. and Ms. Sherry Grant of Jones & Carter, Inc., the District's Engineer; Mr. Jim Sheffield, the District's General Manager; Mr. Dustin Hannah of PBK for Klein Independent School District; Ms. Robin Gribble-Sale of WCA; Mr. Ashley Donaldson and Mr. Bob Dowies, residents 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.

PLEDGE OF ALLEGIANCE AND INVOCATION

Director Thomas led the meeting in the Pledge of Allegiance. Director Thomas then gave the invocation.

COMMENTS

There were no comments from the public.

GENERAL MANAGER'S REPORT

Jim Sheffield presented the General Manager's Report. He informed the Board that the recent pool openings went well; however, there is a severe leak in the baby pool at Northcrest. He noted that some Auburn Lakes residents have not re-registered their cards. Mr. Sheffield reported that he is working on a proposal for a splash pad, and he is working with Josh Lee on the parking lot expansion project.

Mr. Sheffield next reported that Texas Trash has been sold to WCA, and the WCA representative was present and would address the Board about the company. Mr. Sheffield expressed his opinion that the transition to WCA will be a positive for the District. Mr. Sheffield departed the meeting at this time.

Robin Gible-Sales of WCA introduced herself to the Board. Ms. Gible-Sales assured the Board that the District's trash collection service will remain the same, with the same drivers and routes. She noted that the District will have the ability to conduct some recycling events, and she agreed to provide appropriate contact information.

APPROVAL OF MINUTES

Minutes for the meetings of the Board of Directors of May 4, 2015 and May 18, 2015 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve such 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 reported that as of May 31, 2015, the District had collected 97.87% of the 2014 tax levy and 100% of the 2014 tax levy for the Defined Area. She noted that delinquent tax statements were sent out in mid-May informing taxpayers of the 20% penalty on 2014 delinquent taxes that will take effect on July 1, 2015. Ms. Flores reported the District's certified value for 2014 is \$388,037,523, and the District's preliminary value for 2015 is \$505,355,111.

John Wallace then presented for the Board's approval a Resolution Requesting Defined Area Estimate of Value from the Harris County Appraisal District, a copy of which is attached hereto as an exhibit. Following review, upon motion duly made and seconded, the Board voted unanimously to approve the Resolution.

Mr. Wallace next presented for Board approval a Resolution Requesting Estimate of Value from the Harris County Appraisal District for the entire District, a copy of which is

attached hereto as an exhibit. Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Resolution.

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

BOOKKEEPER'S REPORT

Cindy Schmidt presented the Bookkeeper's Report and the Investment Report, copies of which are attached hereto as exhibits. Ms. Schmidt reviewed with the Board the year-to-date budget, a copy of which is attached hereto as an exhibit. She reported that \$161,539 was wire transferred to Texas American Title Company for the purchase of the land for Water Plant No. 3. Ms. Schmidt noted that the Operating Account will be reimbursed this cost from surplus funds once the District's application is approved by the Texas Commission on Environmental Quality (the "TCEQ"). Director Black commented that the District's monthly operating expenses appear to be trending down to less than \$300,000.

Mr. Wallace then reviewed the status of the Letters of Credit ("LOC") and developer advances for the Wastewater Treatment Plant ("WTP") expansion project. He reported that Mr. Frenchak's LOC is being drawn down completely, and this should be completed this week. Mr. Wallace also noted that D.R. Horton has elected to pay the District the full amount and cancel the LOC. He noted that the Buffington Capital payment is in the mail.

Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report and 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 rate was 93.57% for the previous month, and the WTP operated within compliance. Mr. Clark reported that he had contacted the operator for Encanto Real Utility District ("Encanto"), and they are evaluating whether to improve the meter vault. He noted that according to the contract, Encanto is responsible for the meter vault. Mr. Clark stated further that a decision needs to be made regarding the cost of water, and he suggested \$1.50 per 1,000 gallons. Mr. Clark said Accurate Meters has inspected the interconnect meters, which are obsolete. He noted the meters could not be tested because the interconnect was in use at the time.

Mr. Clark next reported that the arsenic level in Water Well No. 3 could not be tested because it was not back on line.

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

SIDEWALK AGREEMENT WITH KLEIN ISD

Dustin Hannah renewed his request for the Board's acceptance of maintenance of the new sidewalks to be built along West Rayford and Northcrest by Klein ISD. Mr. Lee confirmed the location of the District boundary line along Northcrest. Only along West Rayford Road is the sidewalk in the District. It was noted Mr. Wallace clarified the language in the agreement. Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve the agreement with Klein ISD.

ENGINEER'S REPORT

Joshua Lee presented the Engineer's Report, a copy of which is attached hereto as an exhibit. He reported on the status of the Water Plant No. 2 hydrotank addition. He noted that the contractor, Tar Tob Commercial Services, LLC, has installed most of the piping. He said the project has been delayed by weather and other problems, but the hydrostatic test was finally passed and the well should be back on line in about one week.

Mr. Lee next reported the contractor for the WTP No. 2 expansion project completed the installation of the lift station along with other components of the project but continues to be behind schedule. He noted, however, additional crews are now onsite to expedite construction by the November 1, 2015 completion date. The contractor for the detention and mitigation ponds to serve WTP No. 2 is repairing the damaged E-inlet from the final punch list and is hopeful the backflow interceptor will work.

Next Mr. Lee reported that the site has been acquired for the proposed Water Plant No. 3, and the deed is being recorded. Mr. Lee noted that the Surplus Funds Application now under review at the TCEQ includes allocation of funds for the site cost and a portion of the engineering design fee.

Mr. Lee then presented a Summary of Costs for a proposed \$5,300,000 bond issue, a copy of which is attached hereto as an exhibit. He said it would take six to eight months to complete the design work, with an anticipated bond closing in early 2016. Following discussion, upon motion duly made and seconded, the Board voted unanimously to authorize the Engineers to begin work on the proposed bond issue.

The agenda item concerning Ditch M-103 was tabled for discussion at the next recreational meeting.

Mr. Lee then reviewed costs for proposed parking lot and lighting improvements at West Park. He estimated costs of \$17,500 for design work, \$80,000 - \$100,000 for paving, and \$60,000 for lighting. He noted that this project will be funded by remaining Park Bond funds.

Director Black recommended that the Board consider all other park projects at the next recreational Board meeting. Mr. Wallace noted that the Oakmont Public Utility District (“Oakmont”) board has not approved the proposed Recreational Agreement amendment, which should be discussed at the next meeting as well. Director Black said he spoke with Doug Eibsen about this issue, and he agreed to investigate the matter. He noted that the \$70,400 amount needs to be explained to Oakmont. There was also a question regarding how to charge Oakmont going forward for sewer service.

Mr. Lee reported a site visit was planned for June 22, 2015, at 8:00 a.m., including the Operator, to discuss prioritizing maintenance, especially the Lift Station maintenance.

Next Mr. Lee reported on the status of the Gosling Road water and sanitary sewer extension to serve the CST Corner Store. He said bids are expected on Tuesday, June 23, 2015. He noted that this is a developer funded project. Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer’s report as presented, including the pay estimates listed on the report.

ANNEXATION OF 23.9123 ACRES

Mr. Wallace presented for the Board review and approval an Order Adding Land and Redefining Boundaries of the District to include the Inway Oaks project consisting of 23.9123 acres and an Amendment to Information Form for the District. Following discussion, upon motion duly made and seconded, the Board voted unanimously to adopt the Order Adding Land and Redefining Boundaries of the District, including a revised boundary map of the District, and to approve the Amendment to Information Form, copies of which are attached hereto as exhibits.

TERRA VENTURA

Mr. Wallace reported that the feasibility study has been completed on the proposed Terra Ventura annexation, but additional information is needed from the developer before submitting to the City of Houston for approval.

EL CASTANO, LLC

Mr. Wallace presented an Annexation Development Agreement with El Castano, LLC for the Board’s review and approval. He noted that the feasibility study has been completed and the annexation deposit received. Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Annexation Development Agreement.

CST CORNER STORE

Mr. Wallace reported the annexation package for the CST Corner Store will be submitted to the City of Houston for approval in the near future.

OTHER MATTERS

Director Black presented a list of information that he would like to collect for discussions regarding Oakmont’s use of recreational facilities. He suggested that this inventory be updated annually. Mr. Wallace noted that the amendment to the Wastewater Treatment Plant Agreement has been approved by Oakmont.

The Board tabled discussion regarding an agreement with Harris County for maintenance of bridge improvements in the D.R. Horton development.

DIRECTOR APPOINTMENT

The Board visited with Bob Dowies and Ashley Donaldson, who had expressed an interest in serving on the Board. Following review and discussion, upon motion duly made and seconded, the Board voted unanimously to appoint Bob Dowies to the vacant position on the Board. It was noted that Mr. Dowies could complete the necessary Oath, Statement of Officer and Affidavit at the next recreational meeting.

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




Secretary, Board of Directors