

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

July 20, 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 20th day of July, 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
Bob Dowies	Secretary
Roger A. Flood, III	Treasurer

All members of the Board were present, with the exception of Director Flood, 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 and Ms. Stefanie Miller 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; 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.

PUBLIC COMMENTS

There were no comments from the public.

APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors of June 1, 2015, and June 15, 2015, were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve such minutes as presented.

RATIFY APPOINTMENT OF DIRECTOR

Following discussion, upon motion duly made and seconded, the Board voted unanimously to ratify the appointment of Bob Dowies to the Board of Directors. Upon motion duly made and seconded, the Board voted unanimously to ratify all actions taken at the special meeting held on June 5, 2015.

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 98.07% of the 2014 tax levy as of June 30, 2015. She also reported that the Harris County Appraisal District is still processing the District's request for estimates of value for the District and the Defined Area within the District.

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, a copy of which is attached hereto as an exhibit. Ms. Schmidt reported that draws were made for the funding of the Wastewater Treatment Plant ("WTP") expansion project. She noted that the Letters of Credit for D.R. Horton and Bryan Frenchak are fully funded. She also reported that BLD Gosling has been responsive and continues to pay monthly. Ms. Schmidt then reviewed the District's year-to-date budget, a copy of which is attached hereto as an exhibit. Review of the Investment Report was tabled.

Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's 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 that Water Well No. 3 was not in production last month but was started up about two weeks ago with no issues. He reported that the District's water accountability rate was 92% for the previous month, and the WTP operated within compliance.

Mr. Clark then reviewed a summary of the Klein ISD water and wastewater billing from January 13, 2014 through June 12, 2015, a copy of which is attached hereto as an exhibit. He

noted that there were no taps added to the District's system during the month of June, 2015. Mr. Clark then presented a list of the District's uncollectible accounts through January 2015 to be written off the District's books.

Mr. Clark then reviewed the status of the District's emergency interconnect with Encanto Real Utility District ("Encanto"). He noted that the water line connection and metering equipment are the responsibility of Encanto. He added that the meters are not registering properly and need attention. Mr. Clark stated further that Encanto is retesting the meters and will either rebuild or replace them.

Mr. Clark next reported that the contractor for D.R. Horton has started cleaning the sanitary sewer trunk line in Hampton Creek, Section 3, which had to be reconstructed.

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

ENGINEER'S REPORT

Joshua Lee presented the Engineer's Report, a copy of which is attached hereto as an exhibit. He reported the contractor, Tar Tob Commercial Services, LLC, has completed work on the Water Plant No. 2 hydro-tank project, except for final clean-up. He noted that the final inspection will be scheduled soon.

Mr. Lee then reported Liftwater Construction, Inc. is a little behind schedule on the Wastewater Treatment Plant No. 2, Phase 1 project. He noted that there has been a lot of activity, and the project should be completed by year end. Mr. Lee then reviewed a list of pay estimates and developer draws for the project, a copy of which is attached hereto as an exhibit. He reported that Randy Roan Construction, Inc., the contractor for the detention and mitigation ponds, has had problems with getting the basins cleaned up, and there will likely be a deduction from the final pay estimate for this project. He also noted that the warranty has not started yet.

Mr. Lee next reported that the Texas Commission on Environmental Quality ("TCEQ") is behind schedule on its approval of the District's Application for Use of Surplus Funds for the reallocation of funds for the Water Plant No. 3 land acquisition, in addition to a portion of the engineering design fees and the elevated storage tank project.

Mr. Lee informed the Board the Engineers are still working on establishing a meeting date with Harris County to discuss the M 103 low water crossing project.

Mr. Lee then presented a Bid Tabulation Sheet for the construction of water and sanitary sewer extensions along Gosling Road to serve the CST Corner Store, a copy of which is attached hereto as an exhibit. Mr. Lee noted that the bids were opened on June 23, 2015, and Monterey Development, LLC was the low bidder at \$145,787.50, but the contractor has weak references. He said the developer, Big Diamond, LLC, is in the process of annexation by the District and would prefer to award the contract for this project to CNS Construction, LLC, with a bid of

\$147,860.00. Following discussion, upon motion duly made and seconded, the Board voted unanimously to award the water and sewer extension project to CNS Construction, LLC.

Next Mr. Lee presented and recommended approval of the following pay estimates:

- (1) Wastewater Treatment Plant No. 2, Phase I – Pay Estimate No. 7 to Lift Water Construction, Inc. in the amount of \$666,715.93;
- (2) Hampton Creek, Phase III – Pay Estimate No. 1 to BSC Management, Ltd. in the amount of \$165,769.47
- (3) Inway Oaks Estates Onsite Lift Station – Pay Estimate No. 2 in the amount of \$118,215.00 to C.F. McDonald Electric, Inc.
- (4) Inway Oakds Estates Onsite Lift Station – Pay Estimate No. 3 in the amount of \$21,843.00 to C.F. McDonald Electric, Inc.

Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve all pay estimates.

Mr. Lee next reported that a representative of Harris County, Precinct No. 4 contacted the District’s Attorney to inquire about the District’s interest in including irrigation sleeves within the medians planned for the Gosling Road four-lane expansion from Spring Creek to Mossy Oaks. It was noted that the District has no water lines in the area of the expansion on Gosling Road, and agreed to respond to Harris County.

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

ASSIGNMENT OF PURCHASE AGREEMENT

Following review and discussion, upon motion duly made and seconded, the Board voted unanimously to acknowledge the Assignment of Purchase Agreement from Aventura Development, LLC to Terra-Gosling, LLC.

BIG DIAMOND, LLC ANNEXATION

The agenda items concerning the proposed annexation of the Big Diamond, LLC 2.942-acre tract was tabled, since the signed petitions had not been received from the developer.

INTERLOCAL AGREEMENT

Mr. Wallace presented for the Board’s consideration an Interlocal Agreement with Harris-Galveston Subsidence District to sponsor the Water Wise program at Northampton Elementary School in the coming year at an estimated cost of \$35.40 per student. Upon motion

duly made and seconded, the Board voted unanimously to approve the Interlocal Agreement, a copy of which is attached hereto as an exhibit.

GENERAL MANAGER'S REPORT

Jim Sheffield delivered the General Manager's report. He informed the Board that a local Girl Scout troop was now using the District's facilities. He also noted that the summer swim season is now over.

Mr. Sheffield next reported there have been three meetings held with Gonzalo (Peramco) to review and discuss the drawings for the Auburn Lakes improvements, and another meeting has been scheduled for July 23, 2015, at 4:45 p.m. Mr. Sheffield also noted is working on the project to widen the trails. Mr. Sheffield reported the pump house for the waterfall at the front lake needs to be reconstructed. The Board authorized Mr. Sheffield to proceed with this project.

ATTORNEY'S REPORT

Mr. Wallace informed the Board that the Oakmont Public Utility District is expecting some numbers to justify the District's requested amendment to the Recreational Agreement. Mr. Wallace noted that the DWA WG Task Force is still being monitored, and discussions to date were favorable. This appeared to be a good decision by the Board.

Next Mr. Wallace reported that D.R. Horton will probably drop their request for an agreement with Harris County on the proposed bridge improvements, since the County does not appear to be willing to work on his concerns with the agreement.

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

Secretary, Board of Directors

(SEAL)