

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

August 17, 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 17th day of August, 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, 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 and Mr. Robb Clark of Hays Utility South Corporation, the District's Operator; Mr. Joshua Lee, P.E., Mr. Erich Peterson, P.E., and Ms. Sherry Grant, E.I.T. of Jones & Carter, Inc., the District's Engineer; Mr. Jim Sheffield, the District's General Manager; Mr. John Elder of Acclaim Energy, the District's Electricity Consultant; Mr. Ashley Donaldson, a resident of the District; Mr. Ray Hollis, a resident of the District; Mr. Olan Nelson, a resident of the District; Mr. Randy Roan and Mr. Russell Roan of Randy Roan Construction, Inc.; 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

Ray Hollis, a new resident in Hampton Creek, introduced himself and stated his water meter readings have increased markedly since April 2015, and he cannot pinpoint the reason. Robb Clark confirmed the meter is correct and plumbers have inspected the home. Mr. Clark noted the irrigator also confirmed it is not possible for this home to be using that much water. Mr. Hollis stated he is using 55,000 – 60,000 gallons of water per month, and he requested an abatement based on an average residence in Hampton Creek. He informed the Board that occupied homes are using an average of 15,000 to 20,000 gallons of water per month and the meter tested accurately. Mr. Clark also noted there is no movement of the meter when all water is shut off. The Board asked Mr. Hollis to continue to take frequent readings and to keep a record of them. The Board authorized the Operator to adjust the past bills to 25,000 gallons and continue to take periodic meter readings and monitor the situation.

Olan Nelson introduced himself and stated he received a water bill in the amount of \$1,037.00 in July, 2015, with no evidence of leaks. He stated his family was out of town for two weeks during this time period, and 126,000 gallons of water were metered. Mr. Clark confirmed that the meter was checked. After discussion, the Board determined there probably is a leak somewhere on the customer's line. Mr. Hays offered to send an operator out tomorrow to try to isolate the leak.

APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors of July 6, 2015, and July 20, 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 informed the Board the District collected 98.49% of the 2014 tax levy as of July 31, 2015, and \$50,000 was transferred to the Debt Service Fund. She also reported that the Harris County Appraisal District should send out the District's Certified Tax Rolls for the District and the Defined Area within the District very soon.

Ms. Flores then presented and reviewed with the Board the Estimate of the District's appraised value as of June 1, 2015. She informed the Board the taxable value for the Defined Area is \$72,171,945, and the taxable value for the District is \$526,442,194.

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 the repairs to the Auburn Lakes recreation building air conditioner need to be backbilled to Oakmont. She noted BLD Gosling did not pay the

Wastewater Treatment Plant draw last month. Ms. Schmidt then reviewed the District's year-to-date budget and the Investment Report, copies of which are attached hereto as an exhibit.

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. He reported that the District's water accountability rate was 92.10% for the previous month, and the Wastewater Treatment Plant ("WTP") operated within compliance. Mr. Clark informed the Board Water Plant No. 2 was put back on line, both Ground Storage Tanks were filled, and the sewer main was cleaned in Hampton Creek, Section 3. He noted all delinquent accounts were paid and twenty taps were installed last month.

Mr. Clark then presented a proposal in the amount of \$5,400 from Fred's Concrete for the extension of the pad at the Northcrest Lift Station. He stated the alternate proposal in the amount of \$10,444 includes a new slab and replacing a portion of the existing driveway. Upon motion duly made and seconded, the Board voted unanimously to approve the proposal from Fred's Concrete and to authorize the work to proceed.

Mr. Clark next reported the WTP generator started up, and then shut down within 28 minutes. He informed the Board the radiator core has some blockage, which will take approximately two weeks to repair, and the cost will be \$7,000. Upon motion duly made and seconded, the Board voted unanimously to authorize the Operator to proceed with the repair of the WTP generator.

Director Black stated the Operator sent him a summary of the arsenic trend in Water Well No. 3, and he requested another copy of the summary. He noted the recent sample was good, but he would like to see the results expressed in parts per billion to be consistent with the Texas Commission on Environmental Quality calculations.

Mr. Clark then reported he spoke with the operator for Encanto Real Utility District. He reported they isolated their emergency interconnect and then tested the meters. Mr. Sheffield noted the operator been working on this project during the last two Saturdays.

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 reviewed the status of various projects underway in the District. Mr. Lee stated Randy and Russell Roan are the contractors for the clearing and grubbing and the detention pond. This contract was originally let on July 4, 2014. Mr. Lee noted the contract was substantially complete. He informed the Board that during the final inspection grass growth was

noted, and an E-type inlet was broken. Mr. Lee reported the E-inlet was repaired in May 2015. He then noted that silt was present in the storm sewer pipe in July 2014. He informed the Board this project was incomplete, and Stormwater Solutions quoted \$3,439.20 to de-silt the pilot channel. Mr. Lee stated he told Mr. Roan the District intends to deduct that amount from their contract.

Randy Roan stated the E-inlet was broken after they left the job site. Mr. Roan also claimed some delays were caused from waiting on the change order from Jones & Carter, Inc. and there was no silt in the pipe when they left the job site. Liftwater Construction, the WTP expansion contractor, installed the silt fencing which allowed the silt to enter the pond and pipe. Mr. Lee reported the backslope interceptor was installed by Roan Construction after conferring with Jones & Carter, Inc. Russell Roan stated he had no formal punchlist prepared by Jones & Carter, Inc. He noted when the change order was signed for the E-inlet top and backslope interceptor, the silt was cleaned out under their final punchlist. They do not have control over the adjacent site. Director Thomas stated the Jones & Carter inspector needed to keep better track of the silt fencing and enforce the proper treatment of these problems. The Board stated the Engineer needs to have Liftwater Construction repair their silt fence and clean out the silt. It was noted the silt could probably be removed with a fire hose. The Board determined Randy Roan Construction, Inc. should complete the contract as is and direct the Engineer to final out the contract.

Mr. Lee then reported the contractor, Tar Tob Commercial Services, LLC, finished coating the interior and exterior of the 25,000-gallon hydropneumatic tank and piping and began work on the concrete splash pad. He informed the Board the contractor's current schedule shows them to be substantially complete by Friday, August 21, 2015. Mr. Lee noted the contract substantial completion date was May 29, 2015, and the contract final completion date was June 28, 2015.

Mr. Lee next reported the contractor, Liftwater Construction, Inc., began installing the CMU blocks for the chemical building at Wastewater Treatment Plant No. 2 ("WTP 2"), and finished installing the piping at the new lift station, the piping and the valves at the new headworks, and the protective coatings at the anoxic/aeration/digester basins. He informed the Board additional crews are onsite and have expedited the construction. He noted the contract substantial completion date is November 1, 2015 and the final contract completion date is December 1, 2015.

Mr. Lee then presented and reviewed with the Board a proposal from Storm Water Solutions for monthly mowing of the detention and mitigation ponds to serve WTP No. 2. A discussion ensued among the Board regarding mowing and maintenance of the District's detention ponds, which are currently being paid month to month.

Mr. Lee informed the Board the terminology should be revised for the Use of Surplus Funds Application, and he presented a new resolution. Upon motion duly made and seconded, the Board voted unanimously to approve the Resolution Authorizing Application for Texas Commission on Environmental Quality Approval of Use of Surplus Funds and Change in Project Scope. Mr. Lee reported he is working with the developer to create a cost summary to fund a Defined Area bond issue. He stated he is still working on scheduling a meeting with Director

Black and the Harris County Flood Control District (“HCFCD”) to discuss the requirements for the proposed stair structure /low water crossing over M-103 on the HCFCD Fee owned property located behind the Inway Park tract.

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

- (1) Wastewater Treatment Plant No. 2, Phase I – Pay Estimate No. 8 to Liftwater Construction, Inc. in the amount of \$574,007.43;
- (2) Water Plant No. 2 Hydropneumatic Tank Addition – Pay Estimate No. 5 to Tar Tob Commercial Services, LLC in the amount of \$18,900.00;
- (3) Hampton Creek Sections 4 & 5 – Pay Estimate No. 5 and Final to Lonnie Lischka Company, LP in the amount of \$26,037.72; and Change Order No. 004 in the amount of \$140,589.01 for economic incentives owed to the contractor for completion of the project 7 days under the prorated contract period of performance, adjusting final quantities to those required to complete the project, and deleting Section 4B;
- (4) Hampton Creek Section 6, Water, Sanitary and Drainage Facilities – Pay Estimate No. 2 in the amount of \$56,318.85 to Principal Services, Ltd.;
- (5) Change Order No. 001 in the amount of \$26,000.00 for economic incentives owed to the contractor for completion of the project 26 days under the contract period of performance;
- (6) Hampton Creek Section 6, Paving – Pay Estimate No. 2 in the amount of \$121,518.68 to Jaho, Inc.;
- (7) Change Order No. 1 (Hampton Creek) in the amount of \$20,320.00 for installation of irrigation sleeves at road crossings, and economic incentives owed to the contractor for completion of the project 8 days under the contract period of performance;
- (8) Inway Oaks Estates Onsite Lift Station – Pay Estimate No. 4 in the amount of \$900.00 to C.F. McDonald Electric, Inc.

Following discussion, upon motion duly made and seconded, the Board voted unanimously to approve all pay estimates and change orders as presented. The Board also authorized advertising for necessary bids.

Mr. Lee then reported the Engineers met with Director Black, Mr. Sheffield and Mario Mazzella on Wednesday, July 29, 2015 to discuss separating the proposed park projects into two separate Change in Scope Applications to the TCEQ to expedite the process on the projects that are time critical to swim season/high park use, and the projects that required documentation could be quickly compiled and/or created. He informed the Board the District needs to work on a plan for irrigation and tree planting at Inway Oaks.

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

LETTERS OF CREDIT AGREEMENT

Mr. Wallace presented and reviewed with the board a Letters of Credit Agreement with Compass Bank. A copy of the Letters of Credit Agreement is attached hereto as an exhibit. He informed the Board the Bank allows the use of letters of credit to meet liquidity requirements under the Public Funds Investment Act. Upon motion duly made and seconded, the Board voted unanimously to approve the Letters of Credit Agreement as presented.

ELECTRICITY CONTRACT

John Elder of Acclaim Energy next addressed the Board regarding the traditional smart electric meters at the Water Plants. He informed the Board that CenterPoint Energy has another type of meter which measures electricity used during the hottest days and/or times. He offered to proceed to have the meters installed, which should save the District an estimated \$8,400 per year, and will adjust plant operations to reduce operations during the hottest hours. Mr. Elder stated the cost is \$256 per month for new meters. He then reviewed the current electricity market and noted gas prices are down and electricity prices are also down. Mr. Elder noted the new contract would add on to the end of the existing contract term, which is currently being charged at \$0.06 per kWh, with approximately \$24,000 to \$30,000 per year savings with a 48 month contract extension.

Cavallo/General Land Office and MP2 Energy are the only two providers who will pay the District if they decide to put in generators that will put power on to the grid. Upon motion duly made and seconded, the Board voted four to one, with Director Dowies voting against it, to approve a 48 month extension to its electricity contract, and to approve Director Black to execute the contracts.

GENERAL MANAGER'S REPORT

Jim Sheffield delivered the General Manager's report. He informed the Board the Oakmont Public Utility District recreational agreements need financial and usage data for the recreational facilities in preparation for the Release of Escrowed Funds Application.

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.

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.

Robert W. Downes
Secretary, Board of Directors

