

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

October 19, 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 19th day of October, 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 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 Hayes and Mr. Robb Clark of Hays Utility South Corporation, the District's Operator; Mr. Joshua Lee, 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. Bob Nelson, Ms. Kristen Jarzombeck, Ms. Rose Wilburn and Ms. Betty Miller, 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. In the absence of the President, 1st Vice President 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.

PUBLIC HEARING ON TAX RATE

The Board conducted a public hearing on the proposed 2015 tax rate, having been duly published. There were no public comments. After discussion, and upon motion duly made and seconded, the Board voted unanimously to adopt an Order Setting 2015 Tax Rate, including a debt service tax rate of \$0.36 and a maintenance and operation tax rate of \$0.25 for a total rate of \$0.61 per \$100 assessed valuation. In addition, the Board adopted a maintenance tax rate of \$1.25 for the Defined Area. A copy of the Order is attached hereto as an exhibit.

Upon motion duly made and seconded, the Board voted unanimously to approve the Order as presented.

AMENDMENT TO INFORMATION FORM

The Board then reviewed the Amendment to Information Form. Upon motion duly made and seconded, the Board voted unanimously to approve the Amendment to Information Form as presented. Mr. Wallace was authorized to file same with the Texas Commission on Environmental Quality (the "TCEQ") and in the Harris County Real Property Records.

PUBLIC COMMENTS

Olan Nelson, a resident of the District, addressed the Board concerning his recent water bills from the District, and noted the District had not resolved his same issues raised at the last meeting. Mr. Nelson explained his meter usage was 126,000 gallons and acknowledged that the Board adjusted his bill by \$299.00, leaving him a balance owed of \$707.00. Additionally, he acknowledged he had a leak in the sprinkler system due to a broken sprinkler head, but he could not agree that this was the cause of his high bill. Robb Clark noted that Mr. Nelson normally used only 8,000 gallons of water. Recent meter readings showed the meter was registering properly; however there had to have been a leak causing the meter to register 126,000 gallons. Mr. Clark informed the Board that Mr. Nelson's bill was adjusted as requested by the Board to the lowest marginal rate of \$1.50 per 1,000 gallons. The Board then agreed to replace Mr. Nelson's meter, and Mr. Nelson was advised to observe the meter installation in an effort to verify the meter reading. Mr. Wallace noted that all the evidence indicated a water leak. Mr. Hays agreed it was possible to lose 126,000 gallons of water from a leak. Mr. Wallace agreed that the meter reading returned to normal after the leak was repaired. Mr. Clark confirmed the meter total matched the meter readings. The Board declined to offer any further reduction in Mr. Nelson's bill. Mr. Nelson stated he was not satisfied and departed the meeting.

APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors of September 21, 2015, October 5, 2015 and October 9, 2015 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve such minutes as amended.

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 that as of August 31, 2015, 99.19% of the District's 2014 tax and 100% of the Defined Area tax levy was collected. She stated the total tax receivables were \$50,620.50. She stated that she would send out tax statements within the next week.

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 and reviewed the Bookkeeper's Report, the year-to-date budget, and the Investment Report, copies of which are attached hereto as exhibits. Ms. Schmidt reported the District's Change in Scope and Surplus Funds Application was approved by the Texas Commission on Environmental Quality ("TCEQ"). A copy of the letter from the TCEQ is attached hereto as an exhibit. She informed the Board that Water Plant site acquisition funds were reimbursed to the Operating account, and she would transfer the balance of the approved funds to be used for the Water Plant 3 engineering costs. Ms. Schmidt next reviewed the year-to-date budget and the Investment Report.

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 informed the Board the District's water accountability rate was 94.43% for the prior month, with no excursions at the Wastewater Treatment Plant. Mr. Clark reported all customers had paid and services were restored.

Ms. Rose Wilburn and Ms. Betty Miller, residents of the District, addressed the tennis courts usage at The Club. They informed the Board they were aware of residents not being able to use the courts, but expressed their concerns of access and overuse of existing courts. The Board noted they did not know the status of the Oakmont Board's desire to build four new tennis courts. Director Black assured Ms. Wilburn and Ms. Miller that they Board was working diligently on a solution. Mr. Sheffield also informed the Board he would look for ways to resolve the problems to include working with the members and teaching professionals.

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. Mr. Lee reported the contractor, Tar Tob Commercial Services, LLC, have completed the Hydropneumatic Tank Addition at Water Plant No. 2. He noted that the final inspection was conducted on September 16, 2015, and the contractor is addressing the final inspection punch-list items. Mr. Lee noted the project is nearing final completion.

Mr. Lee next reported the contractor, Liftwater Construction, Inc., is still behind schedule on Phase One of the Wastewater Treatment Plant No. 2 ("WTP No. 2") expansion project. He noted that additional crews were onsite, and the contractor is continuing to push towards an expedited completion as well as working on an updated schedule. Mr. Lee then reviewed the current work on the project and noted the final completion date is scheduled for December 11, 2015.

Mr. Lee informed the Board that on September 23, 2015, the TCEQ approved the Change in Project Scope and Use of Surplus Funds for Water Plant No. 3 land cost. A portion of the engineering design fees for Water Plant No. 3 included an elevated storage tank. He noted that TCEQ reallocated \$696,000 which was originally designated for construction costs associated with the Wastewater Treatment Plant No. 2, Phase 1, and Water Plant No. 2 Hydropneumatic Tank Addition, as well as the use of \$274,666 in surplus funds. Mr. Lee requested authorization from the Board to commence design for the Water Plant No. 3, Phase 1 project. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to proceed with the design of Water Plant No. 3, Phase 1 Project to include a 500,000 gallon elevated storage tank, 1,700 gmp water well and one 500kW generator.

The design process is estimated to be nine months with preliminary project construction cost estimated to be \$5,366,000.

Mr. Lee next reported that the water and sanitary sewer contractor, CNS Construction, LLC, have installed the water and sanitary sewer lines, and the final inspection was held on Wednesday, October 7, 2015. He noted the contractor would address the punch list items from the final inspection. Mr. Lee reported the project will be funded by Big Diamond, LLC, and is on behalf of the District because a portion of these funds are potentially reimbursable.

Mr. Lee stated the service feasibility study for the 5.97 acre tract owned by Aventura (Terra-Gosling) was revised to include an additional 1.996 acre tract owned by Terra-Gosling, LLC in the Berry Commercial Plaza. He informed the Board that the total 7.97 acres needs to be annexed into the District for the six retail/restaurant buildings. Mr. Lee then informed the Board that the developer requested 35,000 gpd of water, and the District would need to run a public line across the street, at an estimated cost of \$308,000 based on the projected value in order to receive 100% reimbursement. Additionally, the sewer services to the tract would be served out of the new Wastewater Treatment Plant. Upon motion duly made and seconded, the Board voted unanimously to approve the feasibility study as presented and to authorize the the Attorney to begin the annexation process.

Mr. Lee then reported the internal project kick off meeting was held on Thursday, September 24, 2015 for the M103 pedestrian bridge project. He informed the Board he started working on the plans and drainage study to submit to Harris County.

Mr. Lee then presented Pay Estimate No. 10 for Wastewater Treatment Plant No. 2, Phase 1, in the amount of \$385,569.72 to Liftwater Construction, Inc., which was for work on the detention and mitigation ponds to serve WTP No. 2. Upon motion duly made and seconded, the Board voted unanimously to approve Pay Estimate No. 10 in the amount of \$385,569.72.

Mr. Lee next presented Pay Estimate No. 6 in the amount of \$32,580 to Tar Tob Commercial Services for the Water Plant No. 2 Hydropneumatic Tank Addition. Upon motion duly made and seconded, the Board voted unanimously to approve Pay Estimate No. 6 in the amount of \$32,580.00.

Mr. Lee then presented and reviewed with the Board the following Pay Estimates and Change Orders for developer projects:

Hampton Creek Sections 4 and 5, Water, Sanitary and Drainage Facilities – Pay Estimate No. 5 and Final (revised) in the amount of \$22,275.72 to Lonnie Lischka Company, LP;

Clearing and Grubbing in Hampton Creek Phase III, Pay Estimate No. 2, in the amount of \$115,080.48 to BSC Management, Ltd.

Clearing and Grubbing in Hampton Creek Phase IV, Change Order No. 001 in the amount of \$16,421.00, for clearing additional five-foot strips along the rear of future lots; extended clearing limits to widen utility easements, and extend clearing limits of the detention pond; and finally adjust final qualities to those required to complete the project;

Sanitary and Drainage Repairs and Testing in Hampton Creek Section 3, Pay Estimate No. 1 in the amount of \$317,245.16 to CE Barker, LTD.;

Water and Sanitary Sewer Extension along Gosling Road to serve CST Corner Store, including Pay Estimate No. 1 in the amount of \$127,804.50 to CNS Construction, LLC;

Change Order No. 001, in the amount of \$2,775.00 for installing sanitary sewer using modified gravel bedding instead of a well point system.

Mr. Lee presented and reviewed with the Board the proposed advertisement for bids for the Water, Sanitary, Drainage and Paving Facilities in Hampton Creek Section 7; and the advertisement for bids for the Excavation, Grading and Detention in Hampton Creek, Phase 4.

Mr. Lee recommended award of the contract for the Excavation, Grading and Detention in Hampton Creek, Phase 3 by D.R. Horton-Texas to Burnside Services, Inc. He noted the contract will be funded by D.R. Horton-Texas, Ltd., but it is on behalf of Northampton because a portion of these funds are potentially reimbursable

Upon motion duly made and seconded, the Board voted unanimously to approve the Engineer's report, including all pay estimates and change orders as presented.

PARK IMPROVEMENTS

Mr. Lee informed the Board he met with Mr. Sheffield and Mario Mazzella regarding the required documentation for the Change in Scope applications. He stated they were waiting on receipt of the required document to prepare the two Change in Scope applications. He noted the District is separating the proposed park projects into two separate Change in Scope applications to the TCEQ in an effort to expedite the process on the projects. These projects are time critical to swim season and high park usage. Mr. Sheffield noted he wants to revisit this matter at the recreational meeting because he understood the constables would be moving out of their space so the District would recover 32 spaces.

Upon motion duly made and seconded, the Board voted unanimously to defer this project and move forward with the remaining park projects for the purpose of filing a funding application.

Mr. Lee informed the District they are designing the Gosling Road Lift Station. He reported that Northampton is involved in the design and construction of the lift station due to the increased size of the lift station to serve potential future development south of Willow Creek. He stated he is preparing a summary of costs for the Defined Area Bond Application Report No. 1, and the District's Financial Advisor expects to receive the updated estimate of value within the next thirty days.

Upon motion duly made and seconded, the Board voted unanimously to approve the Park Improvements report as presented.

GENERAL MANAGER'S REPORT

Mr. Sheffield reported three units of the air conditioner system at 6012 Root Road need to be replaced and should be added to the budget for next year. He noted there were roof issues at the Inway weight room. He requested a roofer to evaluate the roof; however, he had not received a bid for the work. Mr. Sheffield suggested the District use a metal roof on the building which would be more cost effective for the District. The estimated cost would be \$10,000 to \$11,000. He informed the Board the splash pad will need sealed drawings. Mr. Sheffield reported he is working on better personnel scheduling for the late afternoon.

ATTORNEY'S REPORT

Mr. Wallace reported the consent application for the Big Diamond LLC 2.942 acre annexation application was sent to the City of Houston. He informed the Board the LDS Church requested a 12-month utility commitment extension because construction was delayed on the northwest corner of Gosling and West Rayford Road. Upon motion duly made and seconded, the Board voted unanimously to approve the request 12-month utility commitment extension as requested.

Mr. Wallace presented and reviewed with the Board the Agreement for Joint Use of Tennis Facilities between Oakmont Public Utility District and Northampton Municipal Utility District and The Club (the "Agreement"). He stated the Agreement has to do with the use of courts with The Club, and allows Districts to play for \$10.00 per hour. Mr. Wallace noted Oakmont is paying for this service, but this would buy some time until more courts are built. Upon motion duly made and seconded, the Board voted unanimously to approve the Agreement as presented.

Mr. Wallace then presented and reviewed with the Board the Third Amendment to the Recreational Agreement with Oakmont Public Utility District (the "Agreement"). He reported he redrafted the version that the Oakmont attorney sent with the assistance of Director Black and Mr. Sheffield. Mr. Wallace noted the cost is based on the actual costs, with 15% to cover the employee cost to administer the project. He stated the Agreement was submitted early this year, and he would make it effective for 2015 and true up the contract in January 2016. Upon motion duly made and seconded, the Board voted unanimously to authorize Mr. Wallace to submit the Agreement to Oakmont Public Utility District, once the Directors have reviewed and provided comments on the Agreement.

WATER PLAN RECERTIFICATION

Mr. Wallace informed the Board the last DWA WG stakeholder meeting was cancelled by the TCEQ. Mr. Lee will continue to monitor the situation.

Mr. Wallace informed the Board the process is going forward at the TCEQ. Mr. Wallace reported he expected to receive a solution to the well certification, and he expects there will be some defined process, since the TCEQ will not drop this regulation.

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




Secretary, Board of Directors