

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

December 21, 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 21<sup>st</sup> day of December, 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; Ms. Debbie Gibson of McCall Gibson Swedlund Barfoot, PLLC, the District's Auditor Mr. Don Hays 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 Engineers; Mr. Jim Sheffield, the District's General Manager; Mr. Mario Mazzella and Ms. Lisa Strack, of Strack Homes, a Developer in the District; Mr. Jonathan White, a Developer in 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 FROM THE PUBLIC

There were no comments from the public.

## APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors of November 16, 2015 and December 7, 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 3.09% of the District's 2015 tax levy was collected. Ms. Flores informed the Board funds were transferred into the debt service and operating accounts. She then presented and reviewed with the Board the Delinquent Tax Report, a copy of which is attached hereto as an exhibit. In regards to delinquent taxes, the Board expressed an interest to acquire the tract next to West Park on Northcrest. Mr. Sheffield agreed to approach the owners regarding acquisition of the property.

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

## ENGAGEMENT OF AUDITOR

Debbie Gibson presented the Engagement Letter to the Board to perform the District's audit for fiscal year ending December 31, 2015. A copy of the proposed engagement letter is attached hereto as an exhibit. Ms. Gibson indicated the 2015 Audit fees would be similar to the Districts 2014 fees which averaged \$23,500 to \$24,500 for the main Audit and \$1,500 to \$2,000 for the Joint Wastewater Treatment Plant Audit. Upon motion duly made and seconded, the Board voted unanimously to approve the engagement letter for McCall Gibson Swedlund Barfoot, PLLC as presented.

Director Flood expressed concerns with the internal management controls of consultant's invoices. He indicated some invoices are reviewed by the Operator and others reviewed by the Engineer. He requested the Board to adopt a policy where all vendors would submit their invoices to be initialed by Mr. Sheffield prior to submitting to the bookkeeper for payment. Upon motion duly made and seconded, the Board voted unanimously effective January 1, 2016 all vendors are required to submit their invoices to Mr. Sheffield for review prior to submitting to the Bookkeeper.

## 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 then presented a draft operating budget for fiscal year ending December 31, 2016. She informed the

Board that the budget did not assume much growth, and she was conservative on the District's tap fees. She then discussed the expenses listed for the 2016 Directors Election. She also indicated that funds were added to remodel the Constables office. Don Hays informed the Board that the new Operator's contract would increase the cost of operations at the new Wastewater Treatment Plant around \$2,000 to \$2,500 per month. Further, the new blower would cost \$32,802. He also indicated that the Wastewater Treatment Plant repairs and maintenance are covered up to \$96,000. Upon motion duly made and seconded, the Board voted unanimously to approve the operating budget as presented.

Ms. Schmidt then reviewed with the Board a proposed contract with Residential Recycling of Texas; however, the contract stipulated a six month prepayment for recycling services. The Board requested Residential Recycling of Texas submit their request in writing or an agreement to provide a recycle date at no cost. Upon motion duly made and seconded, the Board voted unanimously to approve the Residential Recycling of Texas contract as presented.

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.

#### TAX ASSESSOR/COLLECTOR'S CONTRACT

Esther Flores presented and reviewed with the Board a cost comparison of the Tax Collector's contract. She indicated to the Board that TaxTech, Inc. name was incorporated. She then informed the Board of the \$1.15 item charge for extra postage and the fixed fee charges for work conducted on bonds. Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's contract as presented.

#### OPERATOR'S REPORT

Robb Clark presented the Operator's Report, a copy of which is attached hereto as an exhibit. He reported the District's water accountability rate was 91.72% for the previous month, with no violations at the Wastewater Treatment Plant. Mr. Clark then reviewed the customer service log. He informed the Board the water meter was crushed at Northampton Center and the leak was repaired. He stated a garbage truck may have hit the meter.

Mr. Clark indicated Marwa Soliman at 24514 Creekview reported a water leak. The leak was repaired, however; she asked the District for relief on the high water bill. Upon motion duly made and seconded, the Board voted unanimously to authorize a payment plan for the customer. Mr. Clark then mentioned Becky Phillips at 5902 Inway reported a water leak on the line, and the resident requested a billing adjustment. Upon motion duly made and seconded, the Board voted unanimously to adjust the tiered portion of the bill.

He next presented and reviewed with the Board a quote from Newman Regency Group for the Wastewater Treatment Plant blower in the amount of \$32,802.85. He informed the Board the lead time is eighteen weeks and that installation cost would be approximately \$3,000. Upon motion duly made and seconded, the Board voted unanimously to approve the quote as presented, and to pay the invoice out of the capital projects funds. Director Black requested to

compare the operations data between the old and new Wastewater Treatment Plants. Upon motion duly made and seconded, the Board voted unanimously to approve the Operator's Report and termination of the delinquent accounts.

### FEASIBILTIIY STUDY FOR 1.613 ACRES

Jonathan White introduced himself and stated he purchased 1.613 acres from AGM Box Offices, LLC for a small commercial development for five three-story buildings. Mr. Wallace stated he prepared an Annexation Letter Agreement for approval and requested the Board authorize the Engineer to proceed with the feasibility study. Following a discussion, upon motion duly made and seconded, the Board voted unanimously to approve and authorize the Engineer to proceed with the feasibility study.

### ENGINEER'S REPORT

Joshua Lee presented the Engineer's Report, a copy of which is attached hereto as an exhibit. Mr. Lee advised the Board that Tar Tob Commercial Services, LLC completed the Hydropneumatic Tank Addition at Water Plant No. 2. The final pay estimate and Certificate of Acceptance was presented at the meeting. He then informed the Board that Liftwater Construction, Inc. started the installation of the outdoor lighting at the Wastewater Treatment Plant No. 2. He indicated the contract period for substantial completion expired, and the contractor was directed to prepare an updated completion schedule. Mr. Lee informed the Board he planned the final walk through for January, 2016 and the final pay estimate to be in February, 2016. Mr. Lee noted there was considerable debris at the future Water Plant No. 3 site which needed to be addressed. Director Black noted he wanted to close out 2015 annual plant inspections before proceeding 2016 inspections.

He then indicated to the Board that he was working on the Change in Scope application for park improvements. Mr. Lee mentioned that he was waiting on the required documentation to begin preparation of two Change in Scope applications. He stated he was conducting a water re-use study, and that he prepared a proposal to perform a study at the Willow Creek Golf Club. The estimated amount was \$16,900, and he plans to run the cost through the District and then bill against the deposit. Mr. Black will present the proposal to Willow Creek.

Mr. Lee told the Board a letter was sent to DR Horton requesting status and proof of payments for the Defined Area Bond Application. A copy of the letter is attached hereto as an exhibit.

Mr. Lee presented and reviewed Pay Estimate No. 12 for Liftwater Construction, Inc. in the amount of \$182,907.25 for Wastewater Treatment Plant No. 2, Phase 1. He next presented and reviewed with the Board Pay Estimate No. 7 and final in the amount of \$20,400.00 to Tar Tob Commercial Services, LLC for the Hydropneumatic Tank Addition. Pay Estimate No. 3 and final was also presented to the Board in the amount of \$30,330.55 to BSC Management, Ltd. for clearing and grubbing in Hampton Creek Phase 3. Pay Estimate No. 2 in the amount of \$32,866.52 to CE Barker, Ltd. for Sanitary and Drainage Repairs and testing in Hampton Creek Section 3. Mr. Lee next presented Pay Estimate No. 5 in the amount of \$136,179.00 to C.F.

McDonald Electric, Inc. for the Inway Oaks Estates Onsite Lift Station in the amount of \$136,179.00. Mr. Lee requested authority to advertise for bids for the Water, Sanitary, Drainage and Paving Facilities in Hampton Creek Section 9. Upon motion duly made and seconded, the Board voted unanimously to approve the Pay Estimates as presented.

Mr. Lee then requested the Board to authorize advertisement for bids for Hampton Creek Section 9, Water, Sanitary, Drainage and Paving project. Upon motion duly made and seconded the Board voted unanimously to authorize the advertisement for bids.

Mr. Lee informed the Board he received a request from D.R. Horton for annexation of 1.825 acre tract within the Hampton Creek Development, which is on the east side of Gosling Road south of Willow Creek. He indicated the annexation was not for commercial development, however; it would benefit D.R. Horton's lot plans. He also informed the Board there would not be a need for additional water or sewer. Upon motion duly made and seconded the Board voted unanimously to approve the annexation letter.

Mr. Lee stated he received an updated Certified Boundary Map encompassing 1578. 0093 total acres, including CST Corner Store Tract, and the map was presented and executed by the Board. Mr. Lee also noted Bacon & Wallace would need to prepare agreements regarding private streets for Inway Oaks and Stratton Woods. 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.

#### GENERAL MANAGER'S REPORT

Jim Sheffield presented and reviewed with the Board the General Manager's Report. Mr. Sheffield informed the Board Mario Mazzella with Strack Homes presented a proposal to build single family residential homes at several locations, including Southeast West Rayford Road, Giltspur, and the Northampton property on Dovershire, the lot on Welling Court, and the Northwest Corner of Bridgeview and Lock Lane. He indicated some of the property may be acquired from the District as well as there may be a need to release easements. The Board noted they would have no objections to working with Strack Homes to develop the properties under the District's normal development terms. Mr. Wallace cautioned that the developer would need to be responsible for most of the work to resolve the various real estate problems that would be encountered.

#### ATTORNEY'S REPORT

Mr. Wallace presented to the Board the District's 2016 calendar. Upon motion duly made and seconded the Board voted to approve the 2016 calendar. Mr. Wallace informed the Board that the District will need to call the 2016 Director's Election in January and sign up candidates. He stated the District would most likely have a contested election. Mr. Wallace also presented the Arbitrage Compliance 2006 Bonds Annual Report and engagement letter. Upon motion duly made and seconded, the Board voted unanimously to approve the Arbitrage Compliance Report.

Mr. Wallace then informed the Board that the Firm adopted its new rate structure for 2016. He indicated the rates will hold for two years. After discussion, and upon motion duly made and seconded the Board voted unanimously to approve the new legal fees rate structure.

Mr. Wallace then advised the Board that he was waiting on Oakmont Public Utility District attorney to make comments on the Tennis Court Development Agreement. He indicated that Bill Black completed the tennis court layout and with the Boards approval Mr. Black could proceed with Oakmont. After discussion, the Board proposed that the courts be placed between the pond and EZ4U at Northcrest Park instead of Inway, which would work better for the District's day-to-day operations. Upon motion duly made and seconded, the Board voted unanimously to approve the attorney's report.

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

  
Secretary, Board of Directors

(SEAL)

