

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

April 25, 2016

THE STATE OF TEXAS §
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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 25th day of April, 2016, 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 Schneider, 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 of Hays Utility South Corporation, the District's Operator; Ms. Sherry Grant, E.I.T. of Jones & Carter, Inc., the District's Engineers; Mr. Al Peters, an employee of the District; Ms. Debbie Gibson of McCall Gibson Swedlund Barfoot PLLC, the District's Auditor; Mr. Jim Sheffield, the District's General Manager; Kristen Jarzombell, a resident of the District; Cheryl Brisbane, a resident of the District; and Mr. Michael Bacon 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 held March 7, 2016, March 24, 2016, and April 4, 2016 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the 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 95.32% of the District's 2015 tax levy had been collected. She then noted that a wire transfer in the amount of \$610,000 from the Tax Fund to the Debt Service Fund had been made. She further noted the delinquent tax bills would be going out in May 2016.

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

AUDITOR'S REPORT

Debbie Gibson presented and reviewed a Draft Audit for fiscal year ending December 31, 2015. Director Flood asked about capital assets of the District. Ms. Gibson explained the accounting methodology for tracking District assets for purposes of the net position analysis.

Ms. Gibson next stated the District's General Fund has a reserve balance of \$1,900,000, which represents approximately a six month reserve. Director Dowies then asked if there were any action recommendations. Ms. Gibson stated there were not.

Upon motion duly made and seconded, the Board voted unanimously to approve the Draft Audit subject to attorney review.

OPERATOR'S REPORT

Don Hays presented the Operator's Report, a copy of which is attached hereto as an exhibit. He reported the District's water accountability rate was 94.16% for the previous month. He then reported on the interconnect between Oakmont Public Utility District ("Oakmont") and the District, and said that Oakmont was expected to put the water well back online in early May 2016, and at that time Oakmont would no longer require the interconnect service.

Mr. Hays reported that a large flushing project in Oakmont had been completed due to water quality complaints from Oakmont residents, but there were no further issues. Jim Sheffield suggested the additional flushing expense should be charged to Oakmont. Mr. Hays stated the costs of flushing are being applied to Oakmont's bill.

Mr. Hays noted there were three delinquent accounts disconnected, all of which have since been paid. He further noted there had been 17 new taps in March, all in Hampton Creek, Section 6.

Mr. Hays reviewed the Consumer Confidence Report with the Board. Director Black noted two action level lead tests from 2013. Mr. Hays stated these homes had been notified at the time. Director Thomas then stated he was the owner of one of the houses and was unaware of the issue.

Mr. Hays noted the District is due for lead testing this summer. A discussion ensued among the Board in which they determined they would like to review the Consumer Confidence Report for approval next month.

Mr. Hays next reported that Wastewater Treatment Plant No. 1 recently had some flooding during high rainfall, Water Plant No. 2 had electrical failure, and the auto-dialer did not call to report the problem. He further reported the Operator is currently working to correct these issues and no damage resulted from the flooding.

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

Sherry Grant presented and reviewed the Engineer's Report, a copy of which is attached hereto as an exhibit. Ms. Grant indicated that the contractor for the Wastewater Treatment Plant No. 2 expansion continues to work on remaining punch list items.

She then reported that the M-103 pedestrian crossing drainage analysis had been.

Ms. Grant told the Board that Bond Application No. 15 and Defined Area Bond Application No. 1 had been filed. She noted work had begun on potential Bond Application No. 16.

Ms. Grant reminded the Board that the Park Bonds Release of Escrow and Change in Scope Application for \$242,478 which was filed on March 11, 2016 with the Texas Commission on Environmental Quality ("TCEQ") had been declared administratively complete and was under review by the TCEQ.

Ms. Grant stated the Engineer was waiting on receipt of the required documentation to begin preparation of a Release of Escrow Application to release the escrowed funds allocated for two new tennis courts at Inway Park, construction of the M-103 pedestrian crossing, and a bathroom at West Park.

Upon motion duly made and seconded, the Board voted unanimously to approve pay estimates and change orders, as presented per Engineer's Report attached. The Engineer recommended award of the Hampton Creek, Section 7 paving contract to the low bidder, Jaho, Inc., in the amount of \$293,905.30. Upon motion duly made and seconded, the Board voted unanimously to approve this recommendation.

Ms. Grant next reviewed the schedules for Gosling Road widening projects.

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

BOOKKEEPER'S REPORT

Cindy Schmidt presented and reviewed the Bookkeeper's Report, the third month of the year-to-date budget, and the Investment Report, copies of which are attached hereto as exhibits. Ms. Schmidt stated BLD Gosling had wired approximately \$52,000 for shared costs of the sewer plant, which brought their account current.

Ms. Schmidt next announced formation of L & S District Services, LLC and requested transfer of District bookkeeping services to this new entity. Upon motion duly made and seconded, the Board voted unanimously to approve the transfer and new agreement as requested.

Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report, the Investment Report, and to authorize payment of the checks presented for approval.

ANNEXATION MATTERS

Mr. Bacon presented for Board approval the Development Financing Agreement, Waiver of Special Appraisal, and Utility Commitment for the Terra Gosling, LLC 7.965-acre tract development, copies of which are attached hereto as exhibits. Upon motion duly made and seconded, the Board voted unanimously to approve the same.

Mr. Bacon next reviewed the status of pending annexations. He reported the Defined Area pre-clearance request had been submitted to the Texas Attorney General's office and had been accepted for review. He noted a request for clarification on annexation of property into the Defined Area was submitted as well.

GENERAL MANAGER'S REPORT

Jim Sheffield discussed additional services for Oakmont recreational facilities resulting from a special event held by their Homeowners Association ("HOA"). He asked for approval to bill the HOA for additional costs resulting from these additional services. Mr. Bacon recommended billing Oakmont since they requested the services. The Board agreed and authorized billing the HOA.

Cindy Schmidt then raised a concern with accepting credit card payments for recreational fees. She noted the District should not be responsible for individual processing fees, but recommended the District pay general fees. She further noted that she is preparing a fee breakdown for later presentation to and consideration by the Board.

ATTORNEY'S REPORT

Mr. Bacon reviewed the status of the upcoming Directors Election for May 7, 2016. He informed the Board that early voting had started and described the new mail-in ballot requirements.

Mr. Bacon then discussed the Code of Ethics. He stated the Attorney will re-send copies of the new Code of Ethics to the Board for review and approval at the next Board meeting.

OTHER BUSINESS

Director Black raised the possibility of Swim Stream building a new 50 foot swimming pool. Mr. Sheffield expressed concern about the cost of construction and maintenance of such a project.

Director Thomas stated the District needs to re-activate tree maintenance again in the District.

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


Secretary, Board of Directors

(SEAL)

