

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

May 16, 2016

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 16th day of May, 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 Directors Thomas and 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 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. Al Peters, an employee of the District; Mr. Jim Sheffield, the District's General Manager; and Mr. John 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.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

MATTERS RELATED TO MAY 7, 2016 DIRECTORS ELECTION

John Wallace presented and reviewed the May 7, 2016 Directors Election returns. Mr. Wallace informed the Board that Mr. Flood, Mr. Black, and Mr. Kirkpatrick had received the most votes for the three available positions. He told the Board that the Voter Registrar had reviewed eleven (11) provisional ballots of which eight (8) had been accepted and three (3) had been rejected. The Board declared Mr. Flood, Mr. Black, and Mr. Kirkpatrick to be elected to the office of Director of the District for a four-year term.

The Board then reviewed the returns and considered approval of the Order Canvassing Returns and Declaring Results of Directors Election. Upon motion duly made and seconded, the Board voted unanimously to approve the Order Canvassing Returns and Declaring Results of 2016 Directors Election, a copy of which is attached hereto as an exhibit. Mr. Wallace then stated that the District would be able to use paper ballots versus the electronic voting machines in the 2018 Directors Election.

#### OATHS OF OFFICE AND STATEMENTS OF ELECTED OFFICER

Directors Black and Kirkpatrick executed their Statements of Elected Officer and took their Oaths of Office, copies of which are attached hereto as exhibits. Director Kirkpatrick also submitted his Affidavit for Director, a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the Oaths and Statements. Mr. Wallace and the Board members then entered into a discussion regarding whether the Directors wished to reconstitute the Board. The Board tabled the matter until Director Flood could take his Oath of Office.

Director Kirkpatrick then took his seat on the Board and participated in the remainder of the meeting. The Board thanked Mr. Dowies for his service to the District and he departed the meeting.

#### APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors held April 25, 2016, May 2, 2016, and the Executive Session held February 2, 2016, were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the May 2, 2016 minutes and February 2, 2016 Executive Session minutes as presented, and to approve the April 25, 2016 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 the delinquent tax statements for real property accounts had just been sent out and she expected to receive preliminary 2016 values next week. She noted the District's estimated value April 1, 2016 was \$589,098,902 and the Defined Area estimated value was \$89,938,129.

Ms. Flores then mentioned that some residents in Hampton Creek had called the Tax Assessor's office stating they were unaware of the Defined Area and were upset with lack of information from DR Horton. Ms. Flores noted the Defined Area was documented in the District's Notice to Purchaser. Mr. Wallace agreed to contact Mark Hardy with DR Horton.

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 and the fourth month of the year-to-date budget, copies of which are attached hereto as exhibits. The Board tabled 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

Mr. 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 98.77% for the previous month. He then reported on the water sent via 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 June 2016. At that time Oakmont would no longer require the interconnect service. He stated that the billing amount had been calculated and sent to Oakmont. Mr. Clark noted that the Regional Water Authority rate had increased on April 1, 2016 to \$2.40 which will be factored into the next billing cycle.

Mr. Clark then noted there were seven delinquent accounts terminated, all of which have since been paid and services restored. He further noted there had been no violations at the Wastewater Treatment Plant ("WTP") and the WTP performed as expected despite high rainfall.

Mr. Clark informed the Board that the Operator had received a letter from Nicholas Valenti, Executor of the Estate of Richard Valenti asking to settle the homeowner's delinquent account as of the date of death. The Board agreed to this request. Upon motion duly made and seconded, the Board voted unanimously to approve the write-off list.

Mr. Clark said the blower should arrive next week and a crane would be required for installation. He then stated that motor controls for WTP lift stations are set up. Mr. Clark said he had met with the contractor for the Inway Oaks lift station which he stated should be back in service shortly. Lastly, he noted that the Operator had discussed the lead content information with Director Thomas.

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

Josh Lee presented and reviewed the Engineer's Report, a copy of which is attached hereto as an exhibit. Mr. Lee reported that Liftwater Construction, contractor for the Wastewater Treatment Plant No. 2 expansion, was making a good effort to complete the project and had about twenty remaining punch list items. A list of these items is attached hereto as an exhibit. The Engineer said he thought the District would be able to avoid hiring another contractor, adding there were no other recommendations.

Mr. Lee next reported that Water Plant No. 3 ("WP3") is under design and the Federal Aviation Administration had approved the proposed height of the Elevated Storage Tank. He

said the Engineer was attempting to work on flood control issues with Bryan Frenchak to resolve sheet flow across Mr. Frenchak's tract and the WP3 site.

He then reported the M-103 pedestrian crossing was progressing through the approval process.

Mr. Lee told the Board that Bond Application No. 15 and Defined Area Bond Application No. 1 were under review by the Texas Commission on Environmental Quality ("TCEQ"). He noted the Engineer expected to file Bond Application No. 16 in the amount of \$10,300,000 with the TCEQ in early June 2016 to construct WP3 and Elevated Storage Tank.

Mr. Lee said he had received information from the developer regarding the Paving Bonds, and he is working on the cost summary. He noted these Bonds do not require TCEQ approval. Mr. Lee 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 TCEQ had been declared administratively complete and was under review by the TCEQ.

Mr. Lee 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. Jim Sheffield stated he expected to receive tennis court plans shortly.

Mr. Lee stated he planned to present the Annual Facilities Inspection Report at the next recreational meeting and further stated the Operator has already corrected most items. He said the 240 unit apartment complex on 7.45 acres east of Gosling Road was on hold again.

Mr. Lee reported there were no pay estimates or change orders to present. He presented the Harris County form letter regarding drainage maintenance to the Board which the Board approved for execution. The Engineer next presented a draft of the Water Re-Use Study for Directors Black and Flood to review and then to submit to Willow Creek Golf Club. Upon motion duly made and seconded, the Board voted unanimously to approve the study.

The Engineer presented to the Board a Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds for \$10,300,000. Copies of the Resolution and Cost Summary are attached hereto as exhibits. Upon motion duly made and seconded, the Board voted unanimously to approve the Resolution.

Mr. Lee next reviewed the schedules obtained from Harris County for Gosling Road widening projects. The Engineer said he was coordinating with the landowner across the road, Terra-Gosling, regarding the District's lines in the right-of-way that may need to be relocated.

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

#### GENERAL MANAGER'S REPORT

Jim Sheffield stated that he had attended both Oakmont meetings. He next said he had a concern with reconstructing the shade structures. Mr. Sheffield noted that Alisa June is beginning to conduct interviews in order to compile the District's historical documentation.

Lastly, the General Manager reported that he has a pending request to lease the vacant former Constable's office to house printing operations for the Northampton Newsletter. He stated he would like to discuss these items in the next recreational meeting.

ATTORNEY'S REPORT

Mr. Wallace reviewed the status of pending annexations, noting the Terra-Gosling annexation was virtually complete. His office is currently working on AGM Box Office and Orpheus Holdings annexations.

He stated that he has been in contact with Richard Gieseke of Spring Gardens Nursery regarding acquisition of 8.2518 acres of flood plain land west of the WTP that is owned by the District. Mr. Black further stated that Mr. Gieseke is offering \$5,000 per acre and has asked the Attorney to draft an earnest money contract. Mr. Wallace stated that he needs guidance with the documentation of the sale. Mr. Wallace said the Board might consider leasing the land to Mr. Gieseke. He also said there was a problem with the restrictive covenant (recreational) and that Mr. Gieseke wanted to be able to amortize his improvement cost over a longer period of time. Mr. Wallace noted he was to call Doug Eibsen to get the restrictive covenant lifted.

The consideration of an amended Code of Ethics was tabled at this time. Regarding a Detention Pond Maintenance Agreement, the attorney stated that DR Horton wanted to convey the ponds to the District, and further stated that the Engineer needs to inspect the ponds.

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



  
Secretary, Board of Directors