

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

January 18, 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 18th day of January, 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, 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. Jim Sheffield, the District's General Manager; Mr. Al Peters, an employee 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.

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 for the meeting of the Board of Directors held on December 7, 2015 and December 21, 2015 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the December 7, 2015 minutes as presented and the December 21, 2015, 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 68.3% of the District's 2015 tax levy was collected. She indicated that Chase Mortgage Company overpaid the District by \$8,158.51 and the payment was returned to Chase Mortgage Company as indicated on the monthly Tax Report ending December 2015. Ms. Flores indicated that \$220,000 was wire transferred to the Debt Service Fund, \$177,690.15 was transferred to the Defined Area account, and \$323,418 was transferred to the Operating Fund. She then presented and reviewed the 2015 Delinquent Tax Report prepared by Perdue Brandon Fielder Collins & Mott, LLP, the District Delinquent Tax attorney.

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. She reminded the Board of the District's new policy to have Mr. Sheffield review and approve consultants' invoices prior to submitting them to the Bookkeeper. Ms. Schmidt then noted she and Mr. Sheffield are working on the reconciliation of the 2015 parks operating and maintenance cost with Oakmont Public Utility District ("PUD"). Ms. Schmidt stated she plans to reconcile all developer advances for the Wastewater Treatment Plant expansion project once the contract is finalized. Ms. Schmidt mentioned she has created a spreadsheet of the expansion projects. She informed the Board that the new Wastewater Treatment Plant is now online, and she revised the percentages the District bill to Oakmont PUD.

Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report, the year-to-date budget, and the Investment 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. Mr. Clark informed the Board that the District's water accountability rate was 93.19% for the prior month. He indicated seven delinquent accounts had been cut-off; however, they all

have since been paid and service has been restored. He then mentioned that the Wastewater Treatment Plant operated within parameters and the new plant was online as of December 14, 2015. Mr. Clark presented the tap report and indicated 56 new taps were installed in 2015 of which twelve (12) were installed in December 2015. He then noted that the Operator had no major operational problems to report.

Mr. Clark informed the Board that Oakmont PUD requested a water interconnect to be opened with the District while their well was off-line for repairs during the month of February 2016. He also stated Oakmont PUD requested a 90-day well rework contract. He then reported the timeline for the blower installation was estimated to be 18 weeks and April 2016 is the anticipated delivery date. Mr. Clark indicated the Operator is working on completion of the 2015 annual inspection items. He stated the motor controls for the lift station had not been addressed; however, it will be included in a future project. Mr. Clark indicated he will have the proposal for the safety netting at the District's next regular meeting.

Director Thomas informed the Board that a sinkhole has started in Northcrest near Darby Way. He mentioned that Harris County needs to be put on notice to make repairs to the sinkhole. It was determined that Mr. Lee will notify Harris County regarding the sinkhole issues.

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 informed the Board that the final inspection of the Wastewater Treatment Plant No. 2 expansion was scheduled for January 20, 2016. Mr. Lee noted he was optimistic that he will present the final pay estimate for Liftwater Construction, Inc. at the District's next regular meeting. He then stated he met with Director Black and Mr. Clark regarding the Water Plant No. 3 design. Mr. Lee also informed the Board that he met with Bryan Frenchak regarding the access route, and Mr. Frenchak wants to widen the route as well as pay the extra cost for the shared usage. Mr. Lee indicated he was in favor of Mr. Frenchak's recommendation.

Mr. Lee mentioned he submitted the drainage analysis for the M-103 pedestrian crossing project and he is waiting on a response from the Harris County Flood Control District. He informed the Board the project will be funded out of park bond funds. He indicated the Engineer has prepared Bond Application Report No. 15 to include construction and a portion of the contingencies for Water Plant No. 3, Phase 1. He stated he included the reimbursement of several developers for the Wastewater Treatment Plant. He noted he needs the final accounting on the project costs.

Mr. Lee mentioned the Engineer was still working on the Defined Area Bond Application Report No. 1, including clearing and grubbing in the Lakes of Northampton Phase 1, excavation and grading in Hampton Creek Phase I, Water, Sanitary and Drainage Facilities in Hampton Creek Section 1. He stated DR Horton has submitted materials to support the engineering report. He indicated he prepared one Change in Scope Application since the District is separating the

proposed park projects into two separate applications for submission to the TCEQ. He then indicated separating the applications will expedite the process on the projects that are time critical for swim season and high park usage. Mr. Lee noted the project should be ready for the District to adopt the resolution at the District's next regular meeting.

Mr. Lee reported he provided a proposal for the Willow Creek Golf Club re-use project. Director Black mentioned there was a competitive proposal for the golf club; however, he preferred to use Jones & Carter.

Mr. Lee told the Board that the Engineer completed the service feasibility study for the proposed AGM Box Offices 1.613-acre Gosling Office Center development. He indicated L² Engineering estimated 60 offices and the project has water and sewer available as well as the utilities will be extended across the frontage of their tract. He then mentioned easements need to be dedicated and offsite acquisitions will need to be obtained. Mr. Lee stated the projected Assessed Value is \$2.6 million and an estimate of \$8,900 in tax revenue per year to the District. He also noted the projected cost of reimbursement will roughly be \$421,000 of which \$80,000 is easement acquisition, with only 30% reimbursement to the developer. Upon motion duly made and seconded, the Board voted unanimously to approve the feasibility study as presented.

Mr. Lee informed the Board that Jacob Gifford offices will be sold to owners, and the developer was seeking reimbursement. He indicated to the Board that he will review the project with the owners before proceeding.

Mr. Lee presented Pay Estimate No. 13 from Liftwater Construction Inc. in the amount of \$209,517.27 for the Wastewater Treatment Plant No. 2, Phase 1. He presented and reviewed the final Pay Estimate No. 5 from Lindsey Construction, Inc. in the amount of \$85,855.17 for the excavation and grading in Hampton Creek Phase 2. Mr. Lee also presented the revised and final Pay Estimate No. 3 from Principal Services, Ltd. in the amount of \$35,043.19 for the Water, Sewer and Drainage Facilities in Hampton Creek, Section 6. He then reviewed with the Board final Pay Estimate No. 2 from CNS Construction, LLC. in the amount of \$14,400.50 for the Water and Sanitary Sewer Extension along Gosling Road to serve the CST Corner Store. Upon motion duly made and seconded, the Board voted to approve the pay estimates and change orders as presented.

Mr. Lee reported that the Hampton Creek Gosling Road lift station is under design. He reviewed with the Board an updated list of current construction projects in the District. Upon motion duly made and seconded, the Board voted unanimously to approve Jones & Carter to commence the District's annual inspection of the District's facilities.

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.

Mr. Wallace discussed the Terra Gosling annexation of three tracts. Mr. Wallace noted he had not yet received the petitions back from the developer. The Board determined to table this matter at this time.

Mr. Wallace indicated that Big Diamond, L.L.C. annexation has been completed, and he was waiting to receive the Terra Gosling, L.L.C. petitions. He informed the Board the feasibility study had been approved for the AGM Box Office development. Mr. Wallace indicated he has not received petitions from the landowners for the DR Horton development, nor had he been in contact with Canavati El Castano project developer.

GENERAL MANAGER'S REPORT

Jim Sheffield presented and reviewed with the Board the General Manager's Report. Mr. Sheffield informed the Board there was confusion over the Maintenance Board's annual meeting. He indicated the meeting will be held January 19, 2016 at Northampton Center. He explained he had no update on the Wastewater Treatment Plant parking lot. Mr. Sheffield reported that the splash pad and trail widening project will be part of the funding application.

Director Black reported he attended Oakmont PUD's Board meeting and their attorney did not recommend going forward with the tennis court project; however, the Board is still discussing the project. Director Black suggested a presentation to Oakmont PUD's Board in an effort to clear up any misconceptions. He then noted Oakmont PUD did form a tennis court committee to meet with Director Black.

Mr. Sheffield informed the Board that there were several instances of teenager break-ins and vandalism over the last four or five days. He indicated he will meet with the Constables to form a task force. He also told the Board that he wanted to start an outreach program in the neighborhood. Mr. Sheffield stated he was working to update the facilities usage reports. He mentioned the baby pool was not operational and he will shut it down for service. He then informed the Board he had received no further contact from Strack Homes since the District's last meeting.

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

ORDER CALLING DIRECTORS ELECTION

Mr. Wallace reviewed with the Board the Directors Election for May 7, 2016. He informed the Board that candidates applications will be accepted starting January 20, 2016 thru February 19, 2016 which is the filing deadline. He then inform the Board that the District is expected to have a contested election and the District need to determine a polling place and election officials. He mentioned that the District can use paper ballots. Upon motion duly made and seconded, the Board voted unanimously to approve the Order as presented.

ATTORNEY'S REPORT

Mr. Wallace presented and reviewed with the Board the Tennis Court Development Agreement, a copy of which is attached hereto as an exhibit. He informed the Board that Oakmont Board was considering the agreement. Mr. Wallace then presented the new version of the Joint Use of Tennis Facilities Agreement between Oakmont, Northampton and the Club at

Auburn Lakes. He indicated the new Agreement includes pricing for the single court rentals. The Board noted they had reviewed and approved the new version. Upon motion duly made and seconded, the Board voted unanimously to authorize Director Thomas to execute the revised Joint Use of Tennis Facilities Agreement as presented, subject to review by Director Black and Mr. Sheffield.

Mr. Wallace informed the Board he received the new Operator's contract from Hays Utility South Corporation which he will review. Upon motion duly made and seconded, the Board voted unanimously to approve the Attorney's report as presented.

HOUSE BILL 1295

Mr. Wallace then presented and reviewed with the Board a memorandum regarding the new requirements for House Bill 1295. He noted he was taking steps to implement the new requirements related to the Disclosure of Interested Parties for all contracts entered into after January 1, 2016. A copy of the memorandum is attached hereto as an exhibit.

OTHER BUSINESS

It was noted the Board will adopt a resolution to delegate some contract functions to the General Manager and the Operator's subcontractors.

It was also noted the Drinking Water Advisory Group will meet on January 21, 2016.

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


Secretary, Board of Directors

(SEAL)

