

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

June 16, 2014

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 June, 2014, 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
Joyce Nelsen	Secretary
John A. Braden	Treasurer/Investment Officer

All members of the Board were present, with the exception of Director Black and Director Braden, 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 and Ms. Stephanie Miller of Hays Utility South Corporation, the District’s Operator; Mr. Joshua Lee, P.E., Ms. Sherry Grant, and Ms. Mackenzie Massey of Jones & Carter, Inc., the District’s Engineers; Ms. Cherie Hyatt Cross of Environmental Allies, the District’s Landscape Contractor; Mr. Cody Christoph of CST Brands, Inc.; Mr. J. D. Brooks, his engineer; Mr. Raul Peralta, employee of Northampton Municipal Utility District; and Mr. John R. Wallace of Bacon & Wallace, L.L.P., the District’s Attorneys.

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 followed by the invocation.

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF MINUTES

Minutes of the meeting of the Board of Directors of May 19, 2014 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve these 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 stated that 97.58% of the 2013 tax levy had been collected as of May 31, 2014, and the total Taxes Receivable was currently \$86,437.39. Ms. Flores stated delinquent bills were sent out in May. Ms. Flores informed the Board the Harris County Appraisal District ("HCAD") determined the District's Preliminary Value for 2014 to be \$388,777,870, which included 2013 business personal property, representing an increase of \$49 million. She reported she was waiting on a Certified Estimate of Value, which she expects to receive very soon. She informed the Board she was still working with HCAD to set up the Defined Area accounts, but continues to wait on certification of additional accounts for CST Valero for 2013.

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 the Bookkeeper's Report and Investment Report, copies of which are attached hereto as exhibits. Ms. Schmidt noted that Mr. Wallace had sent out demand letters to Trammel Crow and Bryan Frenchack on developer advance accounts. She stated that no funds had been received yet.

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.

OPERATOR'S REPORT

Robb Clark presented the Operator's Report, a copy of which is attached hereto as an exhibit. Mr. Clark stated the District's water accountability was 97% during the prior month, with no excursions at the Wastewater Treatment Plant ("WTP"). He notified the Board of a new Operator, Steve Odell, who will work with the District in the future. Mr. Clark reported there was nothing unusual on the customer service log. He then presented the Klein Independent School District ("KISD") water billing summary. Mr. Clark reported the Operator had begun tracking water taps in new subdivisions, having commenced in January, 2014.

Mr. Clark reported a 4-inch valve stuck in the closed position on the line that supplies the KISD campus. He stated Accurate Meter broke the valve during work they were performing. Mr. Clark noted the Operator did an emergency repair, and will replace the valve when the campus is closed.

Mr. Clark reported he was working on the Annual Inspection checklist items. He noted the well hours were up to 600 hours total, approximately 10 hours per day per well.

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

INSURANCE RENEWAL

Mr. Wallace presented and reviewed with the Board the proposal for renewal of the District's insurance policy with AquaSurance. He noted the only significant change was the District had an increase in value to \$17,637,000 according to the Engineer. Upon motion duly made and seconded, the Board voted unanimously to approve the insurance renewal as presented.

ENGINEER'S REPORT

Joshua Lee presented the Engineer's report, a copy of which is attached hereto as an exhibit. He introduced Cody Cristoph of CST Brands., Inc., and J.D. Brooks, Engineer. Mr. Brooks presented a site plan. He stated they are requesting an annexation feasibility study for the 3.0 acres on the east side of Gosling Road at West Rayford Road for a future Valero gas station. Mr. Lee informed the Board this location is north of Mr. Frenchak's northern boundary. Mr. Brooks informed the Board they are proposing to construct a small car wash, which would not be a recycling unit.

Mr. Lee stated a \$15,000 deposit would be required, as well as some on-site detention. Upon motion duly made and seconded, the Board voted unanimously to enter into an annexation letter agreement and to authorize the Engineer to begin the annexation feasibility study, subject to receipt of the required deposit.

Mr. Lee reported the Engineer had obtained jurisdictional agency plan approvals for the additional 25,000 gallon hydropneumatic tank at Water Plant No. 2. He noted the General Manager requested the proposed hydropneumatic tank be shifted north to maintain the tree buffer, so the Engineer agreed to revise plans to reflect the changes. Mr. Lee stated the Engineer would advertise this project for bids after the sale of the Bond Anticipation Note, which was expected to occur in July or August, 2014.

Mr. Lee informed the Board the 0.45 MGD WTP expansion plans were submitted for approval from the appropriate jurisdictional agencies. He informed the Board the Engineer was advertising for bids, which he expected to receive on June 25, 2014. Mr. Lee stated he expects to present bid results and recommendation of the award at the July Recreational Board meeting. He

reported the clearing and grubbing and detention/mitigation plans for the Wastewater Treatment Plant No. 2 were approved by all jurisdictional agencies, and that the Developer would deposit funds for their share soon. Mr. Wallace stated he was still working to get Bryan Frenchak's plant expansion funds by July 1, 2014.

Mr. Lee next reported that the Bond Application should be submitted in the next two weeks. He also noted the Contractor completed the Water Well No. 3 rework-construction project, and indicated it should go on line soon. He noted there was no pay estimate on this project or on the Hampton Creek project. Mr. Lee next presented and reviewed the Waterford Springs Gosling Road Left Turn Lane Pay Estimate No. 3, in the amount of \$104,064.43, to El Dorado Paving Company, Inc. Upon motion duly made and seconded, the Board voted unanimously to approve pay estimate No. 3 and authorize payment to El Dorado Paving Company, Inc.

Mr. Lee presented and reviewed with the Board the contracts for the Detention & Mitigation Ponds project to serve Northampton Wastewater Treatment Plant No. 2. He noted Randy Roan Construction, Inc. submitted the low bid in the amount of \$336,041.50. Upon motion duly made and seconded, the Board voted unanimously to approve the contracts as presented, and authorized the President to execute same.

Mr. Lee introduced Mackenzie Massey, a senior at Texas A&M, who is interning at Jones & Carter, Inc.

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

ATTORNEY'S REPORT

Mr. Wallace reviewed with the Board an acknowledgement of Notice and Indemnity ("Notice") for MRE, L.L.C., and Texas Capital Bank. He recommended approval of the Notice. Upon motion duly made and seconded, the board voted unanimously to approve the Notice, as presented.

Mr. Wallace informed the Board that easements for the water and sewer extensions into Section 2 would be conveyed to the District from BLD Gosling, L.L.C. He stated BLD Gosling needs to execute the easements first.

Mr. Wallace reported he is still working on the detention pond maintenance agreements. He noted the conveyance from Bryan Frenchak on the Water Plant No. 3 site was expected to occur by July 1, 2014. Mr. Wallace stated he advised Mr. Frenchak to clean the site.

GENERAL MANAGER'S REPORT

Jim Sheffield reported Raul Peralta is working on park maintenance. He stated the sewer crossing pipe next to the sewer plant near Willow Creek had been cleaned. Director Thomas

expressed concern with the erosion behind the gabions at Willow Creek. Mr. Lee indicated that Mr. Sheffield had inspected the site and found no issues.

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

Secretary, Board of Directors

(SEAL)