

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

August 18, 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 18<sup>th</sup> day of August, 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
Vacant	Treasurer/Investment Officer

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. Don Hays, Mr. Robb Clark, and Ms. Stephanie Miller of Hays Utility South Corporation, the District's Operator; Mr. Joshua Lee, P.E., Mr. Erich Peterson, P.E. and Ms. Sherry Grant of Jones & Carter, Inc., the District's Engineers; Mr. Stephen Eustis of RBC Capital Markets, the District's Financial Advisor; Ms. Cherie Hyatt Cross of Environmental Allies, the District's Landscape Contractor; Mr. Jim Sheffield, the District's General Manager; Ms. Juanita Jackson, a resident of the District; Mr. Jerry Hlozek, with DR Horton, 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 followed by the invocation.

## COMMENTS

Juanita Jackson, a resident at 2515 Northampton Forest, reported that she had received high water bills in the amount of \$400 to \$500 for the past three months. The plumbers have confirmed that the problem is not a leak. Mr. Sheffield stated he is willing to investigate. The Board authorized Mr. Sheffield to look into the cause of Ms. Jackson's high bills, and they will review the findings at the recreational meeting. Stephanie Miller noted the customer has been on a payment plan since last month.

## APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors of July 7, 2014 and July 21, 2014 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve these minutes as presented.

## BOND ANTICIPATION NOTE

Stephen Eustis presented and reviewed with the Board matters relating to the sale of the \$2,930,000 Bond Anticipation Note, Series 2014 ("BAN"). He stated bid packages were sent to six banks. He noted one bid was received from Regions Equipment Finance Corporation at 0.885%, which is a very low bid. Mr. Eustis recommended awarding the sale of the BAN to Regions Equipment Finance Corporation.

Mr. Wallace next reviewed and presented for Board approval the various documents required for the bond sale. Following review, upon motion duly made and seconded, the Board voted unanimously to approve the Commitment letter, Note Resolution, Note, General Certificate, Federal Tax Certificate, Form 8038-G, and the Signature Identification and No-Litigation Certificate. Upon motion duly made and seconded, the Board voted unanimously to authorize the Attorney and Financial Advisor to do all things necessary to complete the sale and delivery of the BAN.

Mr. Wallace stated the BAN will fund next Monday, which will complete the funding for the Wastewater Treatment Plant expansion and the Water Plant No. 2 hydrotank projects.

## 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 98.49% of the 2013 tax levy had been collected as of July 31, 2014. She noted she expects to receive the certified tax roll next month. Ms. Flores reported the Harris County Appraisal District ("HCAD") is still working on the Defined Area accounts. Mr. Wallace stated HCAD appears to be responsive to resolving this matter.

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. She mentioned to the Board the District's Investment Officer had been Director Braden. Ms. Schmidt stated the Bookkeeper may be appointed as the Investment Officer. She noted she has had the training and is qualified for this position. Upon motion duly made and seconded, the Board voted unanimously to appoint Cindy Schmidt as the District's Investment Officer.

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.

Ms. Schmidt stated Trammel Crow and Bryan Frenchak owe developer deposit amounts, and the Attorneys are pursuing these payments.

## 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 98.63% during the prior month, and the Wastewater Treatment Plant ("WTP") was within compliance. Mr. Sheffield noted there was high odor at the WTP on Sunday. Mr. Clark agreed to investigate.

Mr. Clark reported 31 new taps were completed in July, with a total of 53 new taps for the year. He noted the annual inspection punchlist items are almost complete. Mr. Clark stated the customer service inspection was done at the Trammel Crow Alexan Apartments, and the apartments will open for tenants soon. He reported the Water Smart inserts were sent out to customers.

Director Black reported the WTP inflow problem is persisting at five times the volume during rainfall periods. He noted the ratio is now about 3 to 1, and it remains an issue. Director Black noted there is a way to collect data to see which manholes are surcharging. He noted three areas have been determined to be sources of potential inflow, and he would like to follow up with a smoke test of these areas. Director Black presented a proposal from Source Point Solutions in the estimated amount of \$7,800 for the smoke test. Joshua Lee described the three areas of inflow. Upon motion duly made and seconded, the Board voted unanimously to accept the proposal from Source Point Solutions and move forward with the smoke testing.

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

## ENGINEER'S REPORT

Joshua Lee presented the Engineer's Report, a copy of which is attached hereto as an exhibit. He reported jurisdictional agency plan approvals had been received for the additional 25,000 gallon hydropneumatic tank ("hydrotank") at Water Plant No. 2. He requested

authorization to advertise this project for bids. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to advertise for bids for the hydrotank project at Water Plant No. 2. Mr. Lee noted this project will deliver District water to 3200 connections.

Mr. Lee next presented contracts awarded to Liftwater Construction, Inc. for the Wastewater Treatment Plant No. 2, Phase 1 project, for review and approval by the Board. Upon motion duly made and seconded, the Board voted unanimously to approve the contracts as presented, and authorized execution by the President of the Board.

Mr. Lee reported the Randy Roan Construction, Inc. contract is complete except for the punchlist. He stated he will present the final pay estimate next month. Mr. Lee noted Water Well No. 3 is online, and the contractor punchlist is complete. He informed the Board he will present the final pay estimate next month.

Mr. Lee then presented the feasibility study for the 3.046 acre CST Corner Store Development gas station and car wash. He stated the tract will need to be annexed into the boundaries of the District to receive service. Mr. Lee estimated the tract's water capacity requirement to be 2,000 gpd average daily flow based on information provided by the owner/developer, and some phase of Water Plant No. 3 would need to be instigated. He noted a water line extension is necessary, and the District will need an easement outside of the potential right-of-way widening of Gosling Road. He said the existing WTP capacity is fully subscribed. Mr. Lee reported there will be no interim capacity available until November 2015, when Wastewater Treatment Plant No. 2 is completed. He noted the developer is aware of this, and it will likely alter their schedule. Mr. Lee stated a sanitary sewer line extension will also be required. He reported the tract will be required to be platted, and will have a developed value of \$1.4 million. Mr. Lee stated the sanitary sewer lines are eligible for reimbursement, and the estimated construction cost is \$172,000. He informed the Board the Engineer and Operator are monitoring additional flow to the plant. Upon motion duly made and seconded, the Board voted unanimously to approve this feasibility study.

Mr. Lee next presented the feasibility study for the 1.623 acre Atlas-Texas Development, which is in the District. He stated this property is the final piece of the Peramco tract, located at the northwest corner of West Rayford and Gosling. Mr. Lee reported the proposed development is a retail site and grocery. Mr. Lee estimated the tract's water capacity requirement to be 2,600 gpd average daily flow for water, and 2,200 for sewer. He stated no line extensions will be necessary, as this tract was included in the original Peramco allocation. Mr. Lee reported no reimbursement is projected, and the project has an estimated assessed value of \$3.0 million. Upon motion duly made and seconded, the Board voted unanimously to approve this feasibility study.

Mr. Lee presented Pay Estimate No. 2, in the amount of \$243,261.36, to Lindsey Construction, Inc. for the Hampton Creek Excavation and Grading Phase 2. He also presented Pay Estimate No. 4 and Final, in the amount of \$30,985.16, to El Dorado Paving Company, Inc., for the Gosling Road Left Turn Lane. Upon motion duly made and seconded, the Board voted unanimously to approve both Pay Estimates.

Mr. Lee next reported the low bidder for the Hampton Creek Section 3 Water, Sanitary, Drainage and Detention Facilities was 4-C Construction Services, with a total base bid in the amount of \$876,876.00. Mr. Lee then presented the bid for the Hampton Creek Sections 4 & 5 Water, Sanitary and Drainage Facilities from Lonnie Lischka Company, LP, with a total base bid in the amount of \$480,743.47. He stated D.R. Horton will fund the contracts, but they are on behalf of the District because a portion of these funds are potentially reimbursable. Upon motion duly made and seconded, the Board voted unanimously to approve award of both contracts.

Mr. Lee informed the Board the construction log has been updated.

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

#### PENDING DEVELOPMENTS

Jerry Hlozek reported two model homes are open in Hampton Creek, and eight homes have sold to date. He stated 28 speculative homes are under construction, and 19 homes are in the permitting stage. Mr. Hlozek informed the Board the front end landscaping was finished, but they have not yet started a big marketing push. He noted valuation projections were sent to the Financial Advisor and the Engineer.

Mr. Lee reported that the Inway Oaks Estates development is still moving forward, although some projects are not being bid due to the low reimbursement rate. He stated the site has been cleared and the pond excavation has begun. Mr. Lee noted a detention pond maintenance agreement will be prepared.

#### GENERAL MANAGER'S REPORT

Jim Sheffield reported he is reviewing uses for the park bond funds and expansion. He stated Auburn Lakes residents are the primary users of the facilities, and the swim team is maxed out at 400. The facilities will feel the impact of the new development starting next year. Director Schneider agreed to assist in the discussions.

Mr. Sheffield stated the Board should discuss the options of whether to exclude the residents of Hampton Creek from using the District's recreational facilities. He also noted the Board could sever relations with Auburn Lakes, or charge them a user fee. The Board determined to hold a full discussion on the options at the next recreational meeting.

Mr. Sheffield reported the pools will be open on weekends only starting next week, and the facilities have bookings all the way to October 2015.

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

ARBITRAGE COMPLIANCE SPECIALISTS, INC.

Mr. Wallace presented for Board approval Engagement Letters for Arbitrage Compliance Services for the District's Series 2010 \$4.0 million Unlimited Tax Bonds, and the \$6,965,000 Unlimited Tax Refunding Bonds. Following review, upon motion duly made and seconded, the Board voted unanimously to approve the Engagement Letters, copies of which are attached hereto as exhibits.

ATTORNEY'S REPORT

Mr. Wallace reported he is working on the Water Plant No. 3 site acquisition and clearing by Bryan Frenchak. He next presented and reviewed with the Board a letter from the Water Users Coalition, who is seeking support to lobby the North Harris County Regional Water Authority. The Board determined to take the matter under advisement.

OTHER MATTERS


It was noted that the installation of the Harris County Municipal Utility District No. 1's ("HC MUD 1") interconnect disturbed the District's sidewalk. Mr. Lee agreed to follow up with HC MUD 1's engineer. The Board stated they would like to consider a Safe Routes to School ("SRTS") grant because they are considering a pedestrian walkway across the railroad track. Mr. Hlozek stated he thinks this may take a year. Mr. Wallace noted dealing with the Texas Department of Transportation is difficult. The Board requested information regarding any funding that is still available, and whether a pedestrian crossing across a railroad track would be eligible.

It was noted that the District needs to get Detention Pond Maintenance Agreements in place for Hampton Creek.

A discussion ensued regarding appointment of a replacement on the Board for John Braden. The Board determined they want to appoint a new Board member at the Recreational Meeting.

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



  
Secretary, Board of Directors