

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

November 17, 2014

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 17th day of November, 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
Roger A. Flood	Treasurer

All members of the Board were present, with the exception of Director 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 of Jones & Carter, Inc., the District's Engineers; Ms. Cherie Cross of Environmental Allies, the District's Landscape Contractor; Mr. Jim Sheffield, the District's General Manager; Ms. Jan Bartholomew, the District's Financial Advisor; Mr. Glenn McDowell and Mr. Matthew Gilbert of Brooks & Sparks, engineers for Klein Independent School 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

There were no comments from the public.

APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors of October 6, 2014 and October 20, 2014 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve these minutes as presented.

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 the tax statements have been sent out, and the District's total taxes receivable is \$2,430,085. Upon motion duly made and seconded, the Board voted unanimously to approve the total taxes receivable as presented. Ms. Flores reported a supplemental roll will be issued for the Defined Area Accounts. She noted the 2013 taxes receivable are approximately \$94,000, with two accounts paid after the report was finalized. Ms. Flores stated she expects to receive the 2014 tax roll shortly.

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 reported the bank wants to issue a new letter of credit ("LOC") on the Frenchak account. She stated she did not draw on the Frenchak LOC because she is still working with the District's attorney on this account. Ms. Schmidt informed the Board she wants to move nine accounts at Compass Bank to Central Bank because they are familiar with handling public funds and the fees are lower. The Board authorized Ms. Schmidt to proceed with moving the accounts to Central Bank. She stated she will present new signature cards at the District's next meeting.

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.

FINANCIAL ADVISOR'S REPORT

Jan Bartholomew presented and reviewed with the Board a summary of the private placement refunding opportunities for the District's \$4,320,000 Series 2014 Refunding Bonds. She informed the Board the 20-year Bond Buyer Index rates are lower, with a 3.5% rate available in the open market. Ms. Bartholomew reported seven potential buyers were contacted. She stated Regions Equipment Finance Corporation submitted the only bid at 2.7281%, which she said was very competitive and in line with the current market. Ms. Bartholomew stated two

series of Bonds are being refunded, the Waterworks and Sewer System Unlimited Tax Bonds, Series 2006, as well as a portion of the Unlimited Tax Park Bonds, Series 2006, to produce debt service savings. She reported the gross savings results of refunding, after all expenses, will be approximately \$383,757, with present value savings of \$304,992, subject to verification. Ms. Bartholomew stated the present value savings as a percentage of par is 7.38%, which is a very strong result.

Mr. Wallace then reviewed the Series 2014 Refunding Bond documents, and stated Regions Bank will act as the Paying Agent. He stated the bond transcript will include two elections and two annexations of land. Mr. Wallace noted the Board needs to be assured this is a market deal, and appears to be somewhat better than that, as the fees are in line with the market. He informed the Board the transaction meets the City of Houston criteria for refunding.

Upon motion duly made and seconded, the Board voted unanimously to approve the Private Placement Agreement, Bond Order, Notices of Redemption and Refunding, General Certificate, Paying Agent/Registrar Agreement, Signature Identification and No Litigation Certificate, letters to the Texas Attorney General and Comptroller of Public Accounts, and Escrow Agreement. The Board also authorized the Attorney to complete the sale and delivery of the Series 2014 Unlimited Tax Refunding Bonds.

OPERATOR'S REPORT

Robb Clark presented the Operator's Report, a copy of which is attached hereto as an exhibit. Mr. Clark reported he continues to work with the school district on the tap fees for the new elementary school. He informed the Board the automatic gate at the Wastewater Treatment Plant was not functioning, and it has been repaired.

Mr. Clark stated Encanto Real Utility District ("Encanto") requested interconnect usage from the District due to problems with their well. He informed the Board the District's water usage is down, so there should be no problems providing the water to Encanto. Mr. Sheffield stated the District had received high bills for water testing on water delivered to the nursery. He noted the fees were reduced by approximately 50% to \$10,000. Mr. Sheffield requested permission to work on a solution to the water testing costs because the water is being tested twice. He noted the water re-use has its own permit.

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. Mr. Lee reported the Water Plant No. 2 Hydropneumatic tank ("Hydrotank") contract was awarded to Tar Tob Commercial Services, LLC with the low bid of \$195,000. He stated the pre-construction meeting for the Hydrotank project is scheduled for November 18, 2014 at 2:00 p.m.

Mr. Lee stated that Liftwater Construction, Inc. is working on submittals for the Wastewater Treatment Plant No. 2 – Phase 1 project and mobilized October 21, 2014.

Mr. Lee then informed the Board that Randy Roan Construction completed the Detention and Mitigation Ponds. He stated the final inspection was held on August 4, 2014, and the contractor is addressing the remaining punch-list items from the final inspection, including repairing a broken storm sewer inlet and 80% grass growth coverage.

Mr. Lee then reported on the schedule for projected need and Phase 1 options for the design and construction of Water Plant No. 3 (“WP 3”). He stated September 2017 will eclipse the time to have WP3 and the Elevated Storage Tank constructed, which will add approximately 4,000 connections to the District. Mr. Lee noted the future Frenchak development is uncertain, and Phase II of Waterford Springs is also a major factor in expediting the project. He stated the WP3 site was cleaned recently, but the site is not in satisfactory condition yet. Mr. Lee reviewed the options for construction, and noted Option B allows the District to proceed with the new well and elevated storage at the same time. He reported the TCEQ reviewer for the District’s current bond application is expected in December 2014, and the timing of the sale will need to be calculated at that time. Mr. Lee stated the schedule is showing potential surplus funds from the present projects of approximately \$719,000. He informed the Board he recommends not changing the bond application, then preparing a change in scope application to reallocate funds to engineering costs and Water Plant site acquisition costs. Mr. Lee stated the design will be completed, then the timing for bidding and construction can be calculated. He suggested the District could sell another Bond Anticipation Note, or wait to sell the bonds.

Mr. Lee presented and reviewed Pay Estimate No. 4 from Lindsey Construction, Inc. in the amount of \$303,610.03 for Hampton Creek Excavation and Grading, Phase 2. He next presented and reviewed Pay Estimates No. 1 and 2 from Lonnie Lischka Company, LP in the amount of \$296,347.01 and \$16,463.72 for Hampton Creek Sections 4 and 5 Water, Sewer and Drainage Facilities. Mr. Lee then presented and reviewed Pay Estimate No. 1 from Monarch Civil Constructors, LLC in the amount of \$594,589.88 for Water, Sewer, Drainage, Detention and Floodplain Mitigation in Dovershire Place Section One. Upon motion duly made and seconded, the Board voted unanimously to approve the pay estimates as submitted.

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

KLEIN HIGH SCHOOL SERVICE AGREEMENT

Glenn McDowell reported Klein Independent School District (“KISD”) wants to amend the Klein High School service agreement. KISD plans to develop land east of Northcrest for use as an agricultural facility. The facility would be served via the existing connection for the high school. Sanitary Sewer services may not be required. Mr. McDowell and Mr. Gilbert stated they are interested in opening dialog. Mr. Lee stated the District has no public facilities south of the railroad track, and noted the District’s system to the school site is private. He noted further development may not be able to serve KISD unless the District secures easements to serve these

areas. Mr. Sheffield stated irrigation land can be a problem, and the District will need a clear plan from KISD.

CONSULTANT AGREEMENTS

The Board requested the consultants submit contract renewals for 2015.

GENERAL MANAGER'S REPORT

Mr. Sheffield reported the chili cook-off was a success. He informed the Board the fence by the creek at Inway may need to be removed because it is rotting. Mr. Sheffield stated he will obtain estimates for the fence and discuss them at the District's next recreational meeting. He stated the District's facilities are booked for the holiday season. Mr. Sheffield reported the recreation committee is meeting tomorrow.

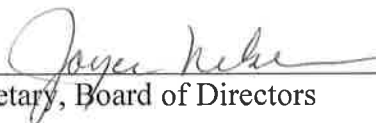
ATTORNEY'S REPORT

Mr. Wallace reported the Detention Pond Maintenance Agreement with DR Horton is complete. He stated he is proceeding with the Water Plant No. 3 site acquisition from Mr. Frenchak, and the site will be paid out of a future Bond Application or surplus funds from the 2015 Bonds. Mr. Wallace noted he has received calculations from the engineer working on the Amendment to the Wastewater Treatment Plant Agreement with Oakmont Public Utility District ("Oakmont PUD"). He informed the Board he is working with Mr. Sheffield on the Recreational Facilities Agreement with Oakmont PUD, and cost plus 15% has been proposed.

Mr. Wallace reported the Inway Oaks annexation has become a little difficult, due to multiple ownership and lien holders. He stated he has been required to redraft some of the documents.

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




Secretary, Board of Directors