

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

December 15, 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 15<sup>th</sup> day of December, 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 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, Ms. Stefanie Miller and Mr. Don Hays 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. Alejandro Ortiz of Aventura Development, a Developer in the District; Mr. Richard Stromack, a real estate broker representing Aventura Development; Mr. Jim Sheffield, the District's General Manager; 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 November 3, 2014 and November 17, 2014 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the November 3, 2014 minutes as amended, and tabled the November 17, 2014 minutes.

## 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 District collected 5.36% of the 2014 tax levy. She reported the District's assessed value is currently \$380,619,516, with approximately \$5 million remaining uncertified. Ms. Flores noted the Defined Area accounts are in the process of being collected.

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 asked the Board to defer approval of the Depository Pledge Agreement with Central Bank and circulated signature cards for execution for the new accounts at Central Bank. Jim Sheffield noted Residential Recycling of Texas is billing the District one-half of the year in advance, and he had approved the billing and is satisfied with the vendor. Ms. Schmidt noted the check is listed on the Bookkeeper's Report.

Director Flood stated the bills to maintain the generator have been high. Mr. Sheffield stated his opinion that the District is not getting a good deal on the generator maintenance. Robb Clark stated he disagrees, and believes the vendor does good work.

Ms. Schmidt then presented and reviewed with the Board the proposed Operating Budget for the Fiscal Year Ending 12/31/15. A copy of the proposed budget is attached hereto as an exhibit. It was noted that the proposed budget was reviewed by Director Flood and Mr. Sheffield. It was further noted that 190 new homes are projected for the District in 2015. Ms. Schmidt reported \$325,000 is projected for net revenue in 2015. She noted the charges to customers appear to cover the Operator charges for these services. After discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Operating Budget as presented.

Mr. Sheffield informed the Board he is collecting articles for the District's Annual Newsletter and noted he will update the District's website with the articles as well.

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 reported five new taps were installed in the District during the prior month. He informed the Board the District's water accountability number was 97.02% in November 2014, with no permit excursions at the Wastewater Treatment Plant ("Plant"). Mr. Clark noted work has begun on installation of the tap line under West Rayford for French Elementary School within the Klein Independent School District.

Mr. Clark stated the well contractor is having issues with the Encanto Real Utility District proposed interconnect usage from the District. He noted the project will be delayed. He then informed the Board the new bleach tank was installed at the Plant. Mr. Clark also reported the new gas line near the Plant has been completed.

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

Don Hays noted this is the forty-fourth business anniversary of Hays Utility South beginning work in Northampton. Ms. Schmidt stated she started working with the District twenty-five years ago this month.

#### PROPOSED DEVELOPMENT

Joshua Lee reported a request was received from Alejandro Ortiz with Terraventura Developments, LLC for service to a 5.971-acre tract located at 24527 Gosling Road, outside the boundaries of the District. Mr. Alejandro Ortiz of Aventura Development introduced himself, and Richard Stromack, the broker for the buyer. Mr. Ortiz informed the Board he recently developed an office project in The Woodlands, which was sold as condos. He stated the project consisted of 60,000 square feet of office and retail space within four buildings. Mr. Ortiz noted the deal is in due diligence, and he is working with Jones & Carter. He wants to get utilities to the tract and seek annexation, and he stated he understands sewer capacity will be available next fall. Mr. Ortiz informed the Board he wants to break ground in the fourth quarter of 2015, and he anticipates lines will be on the west side of the road. Upon motion duly made and seconded, the Board voted unanimously to authorize a feasibility study, subject to the annexation letter agreement and payment of the deposit.

#### ENGINEER'S REPORT

Joshua Lee presented the Engineer's Report, a copy of which is attached hereto as an exhibit. Mr. Lee reported the pre-construction meeting for the Water Plant No. 2 Hydropneumatic Tank ("Hydrotank") Addition project was held on Tuesday, November 18,

2014. He noted a contract completion time of 180 calendar days, with the substantial completion date of May 29, 2015, and the contract completion date of June 28, 2015. He then noted the contractor, Tar Tob Commercial Services, LLC, is working on submittals.

Mr. Lee stated that Liftwater Construction, Inc. is working on submittals for the Wastewater Treatment Plant No. 2 – Phase 1 project. He reported the contractor mobilized on site the week of October 21, 2014, and the contract completion date is October 11, 2015. Mr. Lee noted he expects to receive Change Order No. 001 in the amount of \$131,545.90, as some items have been removed from the contract, including one less fine screen, and adding variable frequency drives on the blowers. Upon motion duly made and seconded, the Board voted unanimously to approve the Change Order as presented.

Mr. Lee reported the final inspection for the Harris County MUD No. 1 waterline interconnect project was held on Friday, November 14, 2014. He informed the Board the Request for Proposal (“RFP”) for the Wastewater Treatment Plant No. 2, Phase I, was sent to Liftwater Construction, Inc. for pricing on the RFP.

Mr. Lee then reported the Engineer is preparing the Use of Surplus Funds Application to reallocate the surplus funds from Bond Application No. 14 for Water Plant No. 3 land cost and a portion of the engineering design fees for Water Plant No. 3, including an Elevated Storage Tank. He noted the application will be filed with the Texas Commission on Environmental Quality (“TCEQ”) under a 60-day expedited review after receipt of the Bond Order for Bond Application Report No. 14. Mr. Lee stated the Engineer expects to receive the Bond Order from the TCEQ by early January 2015.

Mr. Lee next reported on the status of the TCEQ Notice of Violation letters regarding Water Well Nos. 1 and 2. He stated the “approval to use” letters are missing from 1968 to 1972. Mr. Lee then reviewed the summary of events, and reported all documentation for both wells was sent to the TCEQ. He informed the Board the District’s request was denied. Mr. Lee then reviewed the five page letter received from the TCEQ, and noted the estimated cost to respond to the extension is approximately \$40,000. He requested the Board authorize a meeting with the TCEQ. The Board approved the Engineer’s request for a meeting with the TCEQ.

Mr. Lee then requested authorization to perform the annual facility inspection of the District’s facilities. He informed the Board the facilities to be inspected include Water Plant Nos. 1 and 2, all four lift stations, Ditch M102 north of West Rayford Road, and the Willow Creek sanitary sewer crossing. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to proceed with the District’s annual facility inspection.

Mr. Lee reported a letter was received from Jacobs Engineering Group, Inc. on behalf of Northwest Harris County Municipal Utility District No. 32 (“MUD 32”) concerning their request to the TCEQ for a major amendment to their permit for a proposed 0.754 MGD plant expansion located 0.75 miles south of the intersection of FM 2920 and Kuykendahl Road. He noted the TCEQ requires all entities applying for a major amendment to the wastewater treatment plant permit to contact all entities with a wastewater treatment plant permit within three miles to determine if any existing facility has the ability to serve the development.

Mr. Lee presented and reviewed Pay Estimate No. 1 from 4-C Construction Services in the amount of \$118,785.15 for Hampton Creek Section 3 – Water, Sanitary, Drainage and Detention Facilities. He next presented and reviewed Pay Estimate No. 2 from Monarch Civil Constructors in the amount of \$102,466.05 for Dovershire Place Section 1 - Water, Sanitary Drainage, Detention and Floodplain Mitigation. Upon motion duly made and seconded, the Board voted unanimously to approve the Pay Estimates as presented.

Mr. Lee informed the Board BLD Gosling is behind on their payments to the contractor in Dovershire Place due to problems with their lender. Mr. Wallace stated his office received the demand letter from Monarch Civil Constructors, and noted all payments come from the developer. He informed the Board the Attorney will pursue the matter.

Mr. Lee then presented the proposal for the M-103 pedestrian bridge in the amount of approximately \$160,000. He noted the proposal is not in line with the District's budget, and the Engineer will continue to look at other options.

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

#### DEVELOPMENT REPORT

Mr. Lee reported the Hampton Creek project is going well, with approximately 100 taps installed to date. He stated the first phase of the SC Waterford Springs development is close to completion. Mr. Lee informed the Board three homes have been constructed in Stratton Woods, and three or four lots have sold. He noted no movement has occurred in the Frenchak tracts, as Mr. Frenchak is working on overall drainage issues. Mr. Lee reported the utilities are in the ground and ready to pave in Dovershire Place, but the payment issues are now being addressed. He stated lots of construction activity is occurring in Inway Oaks.

#### KLEIN HIGH SCHOOL SERVICE AGREEMENT

Mr. Lee stated he does not expect any contact from Klein Independent School District regarding the agriculture facility until after the new year.

#### GENERAL MANAGER'S REPORT

Mr. Sheffield presented and reviewed with the Board a letter from Fred Parrow, President of the Homeowners Association ("HOA") for the Courts at Auburn Lakes. He reported the HOA initiated water conservation in the common areas of the berms, then the new water rates took effect. Mr. Sheffield informed the Board the berms are maintained by a small subdivision, rather than the maintenance association. He stated this is public property, and the HOA is appealing to the District for assistance. A discussion ensued among the Board. The Board determined to table this matter until the District's next recreational meeting.

CONSULTANT AGREEMENTS

Mr. Wallace submitted a request for amendment to the Attorneys' contract. Upon motion duly made and seconded, the Board approved the Attorneys' request for amendment to the legal contract.

CERTIFIED ESTIMATE OF VALUE

Upon motion duly made and seconded, the Board voted unanimously to ratify the Resolution Requesting Estimate of Value from the Harris County Appraisal District.

Director Thomas stated the Board should discuss a memorial to John Braden. A discussion ensued among the Board.

ATTORNEY'S REPORT

Mr. Wallace reported the District's bond funding was approved by the Attorney General today, and will close on Thursday morning. Mr. Wallace presented Form 8038-G and the Federal Tax Certificate for signature by the Board.

Mr. Wallace then reported he is still working on two agreements with Oakmont Public Utility District. He informed the Board additional title work was required for the Inway Oaks annexation, and deeds were prepared to clean up the title problems, which has delayed the annexation. Mr. Wallace noted the Attorney will prepare new petitions and start the process over.

OTHER BUSINESS

Director Black stated he met with the Willow Creek Golf Club ("Willow Creek"), who feel the District should provide them with water. He explained how the District intends to address the problem, which goes back to the District issuing a bond and then charging Willow Creek enough to service the debt. Director Black informed the Board that Willow Creek wants a guarantee that the TCEQ will not undo the project.

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



  
Secretary, Board of Directors