

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

January 19, 2015

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 19th day of January, 2015, 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; Mr. Greg Ordeneaux 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. Jerry Hlozek of DR Horton, a Developer in the District; Mr. Alejandro Ortiz of Aventura Development, a Developer in the District; Mr. Richard Stromatt, a real estate broker representing Aventura Development; Mr. Randy Zator, President of the Willow Creek Golf Club, Inc.; Mr. Jim Sheffield, the District's General Manager; Mr. Bill White and Ms. Wanda White, residents 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

Randy Zator, President of the Willow Creek Golf Club, Inc., informed the Board he still wants to pursue the water re-use agreement. He noted Club Corp. of America, their parent company, is moving slowly, but he thinks the project will move forward. He thanked the Board for their consideration and patience.

APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors of November 17, 2014, December 1, 2014 and December 15, 2014 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the November 17, 2014 minutes as amended, and the December 15, 2014 minutes as presented, with Director Flood abstaining. The Board tabled discussion of the December 1, 2014 minutes.

TAX ASSESSOR/COLLECTOR'S REPORT

Greg Ordeneaux presented the Tax Assessor/Collector's Report, a copy of which is attached hereto as an exhibit. Mr. Ordeneaux informed the Board the District has collected 18.53% of the 2014 tax levy to date. He then presented and reviewed with the Board four checks for disbursement. Mr. Ordeneaux noted Esther Flores is looking into the undervaluation of the Alexan Apartments.

Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's Report as presented.

RESOLUTIONS

John Wallace presented a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Use of Surplus Funds out of the District's 2015 Bond Issue, authorizing \$719,000 for engineering for Water Plant No. 3 and the land costs. Upon motion duly made and seconded, the Board voted unanimously to adopt the Resolution as presented.

Mr. Wallace then presented a Resolution Authorizing Application for TCEQ Approval of Release of Escrowed Funds from the park bond issue. It was determined this matter would be tabled at this time. Jim Sheffield stated he will update the status of this matter in his report.

FINANCIAL ADVISOR

Mr. Wallace reported he received the proposal from Jan Bartholomew prior to January 2, 2015. He informed the Board he spoke to Gene Shepherd at RBC Capital Markets, and they are not going to contest or try to retain the District's business. Upon motion duly made and seconded, the Board voted unanimously to terminate the Financial Advisor's contract with RBC Capital Markets. A copy of the letter of termination is attached hereto as an exhibit.

Mr. Wallace next presented an agreement to engage Robert W. Baird & Co. as the District's financial advisor. Upon motion duly made and seconded, the Board voted unanimously to engage Robert W. Baird & Co. as the District's financial advisor.

BOOKKEEPER'S REPORT

Cindy Schmidt presented the Bookkeeper's Report and Investment Report, copies of which are attached hereto as exhibits. She reported the majority of the Maintenance and Operating taxes have not been received. Ms. Schmidt stated she will create a spreadsheet for the Wastewater Treatment Plant expansion, including the first payment to Liftwater Construction, Randy Roan Construction, and engineering fees for the Frenchak and DR Horton developments. She stated she needs to draw on the Buffington Capital account. She will receive a bill and pay it from the developer loan draw. Ms. Schmidt noted Buffington Capital is secured by a Letter of Credit. Upon motion duly made and seconded, the Board voted unanimously to adopt the Resolutions to draw on the Letters of Credit.

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 108 new taps were installed in the District during 2014. He informed the Board the District's water accountability number was 100.16% in December 2014, with no permit excursions at the Wastewater Treatment Plant ("Plant").

Mr. Clark reported Encanto Real Utility District ("Encanto Real") asked to go on interconnect with the District, and the well contractor is on site. He stated Encanto Real's average water use is 80,000 GPD, so the District should have adequate capacity to serve the proposed interconnect usage beginning this week. Mr. Clark informed the Board the Gosling Express water tap was installed, but the sewer line is not complete. He stated the well has not been disconnected.

Jim Sheffield reported the District has been experiencing trash and recycling issues. He stated the information is being provided to new residents. Mr. Sheffield noted contact numbers are being provided to new residents when they sign up for their water account. He reported the District's contact information is also on the website.

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

PROPOSED DEVELOPMENT

Joshua Lee reported Richard Stromatt of Aventura Developments is seeking annexation into the District, and the property is now under contract. Upon motion duly made and seconded,

the Board voted unanimously to ratify the annexation letter agreement with Aventura Developments. Mr. Lee confirmed the deposit has been received.

Mr. Lee reviewed the feasibility study for the 5.97 acre proposed development. He noted the developer plans to construct four one-story office buildings and one two-story mixed office and retail space. Mr. Lee reported the proposed construction start will be December 2015. He informed the Board the water lines are on the east side of Gosling Road, and the lines will need to be extended to the west side of the roadway. Mr. Lee stated the developer requested 12,000 GPD for water usage, and 10,000 GPD of sewer capacity. He noted proposed easements will be needed from the developer. Mr. Lee reported the developer's pro-rata share of the utilities will be \$190,000, and his pro-rata share of the District's future Wastewater Treatment Plant is \$182,400. He reported the estimated Bond Issue Requirement for the water and sanitary sewer facilities will be approximately \$465,000. Mr. Lee noted that it will be the developer's responsibility to determine the drainage outfall and any detention requirements for this tract. He informed the Board the estimated value of this development is \$13,000,000, and the projected debt service revenue is approximately \$45,100 per year. Mr. Lee stated \$32,700 is needed to amortize the debt at the existing rate. He reported the development will support itself, and the project is feasible. Upon motion duly made and seconded, the Board voted unanimously to approve the feasibility study as presented.

Mr. Wallace stated he will proceed with the annexation petition and Development Financing Agreement once they acquire the tract, in approximately one to two months.

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") addition project is underway. He noted the contractor, Tar Tob Commercial Services, LLC, is working on submittals.

Mr. Lee stated the contractor, Liftwater Construction, Inc., mobilized and began work on Wastewater Treatment Plant No. 2 expansion, Phase I. He noted the contractor plans to mobilize a second crew to meet the contract completion date. Mr. Lee reported the contract completion date is November 1, 2015.

Mr. Lee next reported the final inspections of the Detention and Mitigation Ponds to serve the Wastewater Treatment Plant No. 2 were held on August 4, 2014. He noted the contractor, Randy Roan Construction, Inc., 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 noted the contractor will send a crew out next week to complete the punch-list items.

Mr. Lee informed the Board the final inspection for the Harris County Municipal Utility District No. 1 ("MUD 1") water line interconnect project was held on November 14, 2014. He stated the gravel trail is undergoing work, and he is not sure if the project has been closed out. Mr. Lee reported the Request for Proposal was sent to Lift Water Construction, Inc. for the

Maintenance Building project. He stated the contractor is working on pricing, and Mr. Sheffield will present the details.

Mr. Lee next presented and reviewed a cost summary of the Water Plant No. 3 design and financing. He also reviewed the status of the District's Surplus Funds Application from the 2015 Bonds. Mr. Lee noted the Engineer plans to submit the Application under a 60-day expedited review after receipt of the Bond Order from the TCEQ next week.

Mr. Lee then presented an update on the TCEQ Notice of Violation letters regarding Water Well Nos. 1 and 2. He informed the Board the Engineer and Mr. Wallace met with Tobin Synatch of the TCEQ on Tuesday, January 13, 2015, regarding Approval to Use letters for Water Well Nos. 1 and 2. Mr. Lee stated it was a frustrating meeting, with no real rationale for their enforcement. He reported the meeting was successful, in that it narrowed the scope of the response, in the event the two approval letters are not located. Mr. Lee noted both wells have been in use for over forty years. He informed the Board the Engineer will spend thirty days sending Public Information Act Requests to various agencies. Mr. Lee stated there is nothing to indicate the protocols were not found, and some documents were located. The Board authorized the Engineer to continue searching for documents, and noted Mr. Sheffield has some records.

Mr. Lee then presented and reviewed Pay Estimate No. 1 in the amount of \$357,439.50 for the Wastewater Treatment Plant No. 2, Phase 1 project. He next presented and reviewed Pay Estimate No. 1 in the amount of \$67,530.78 from Lexton Construction, LLC for Hampton Creek Sections 4 and 5 – Paving. Upon motion duly made and seconded, the Board voted unanimously to approve the Pay Estimates as presented.

Mr. Lee next presented and reviewed the Harris County detention maintenance form letter for Hampton Creek Section 6. Upon motion duly made and seconded, the Board voted unanimously to approve the Harris County detention maintenance form letter for Hampton Creek Section 6 as presented.

Mr. Lee informed the Board the Engineer met with the Harris County Flood Control District ("HCFCD") on Tuesday, January 13, 2015, and then met with Mr. Sheffield on Thursday, January 15, 2015, to discuss the proposed park projects and the required documentation for each project to include in a Change in Scope Application. Mr. Lee presented the District's proposals for a M-103 pedestrian crossing wood bridge on concrete pylons, or alternatively, a concrete box culvert. He noted the HCFCD did not like the concrete box culvert option. Mr. Lee noted the Engineer will prepare a no impact analysis at one foot above the 100 year flood event. He stated the survey work is underway.

Mr. Lee presented a letter drafted to Commissioner Cagle requesting installation of a pedestrian walkway on the eastern side of Gosling Road over Willow Creek. Upon motion duly made and seconded, the Board voted unanimously to authorize the President of the Board to execute the letter.

Mr. Lee then presented and reviewed a letter from DAC Engineering on behalf of The Woodlands Academy Preparatory School ("Woodlands School") and a proposed mixed-use

development. He stated the letter concerns the Woodlands School's request to the TCEQ for a new discharge permit for a proposed 45,000 GPD wastewater treatment plant to be located on Kuykendahl Road. Mr. Lee noted the TCEQ requires entities applying for a permit to contact all entities with a wastewater treatment plant within three miles to determine if any existing facility has the ability to serve the development. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to submit a negative response.

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

DEVELOPMENT REPORT

Jerry Hlozek reported 27 homes have sold in Hampton Creek out of the 110 which are available. He noted Phase 2, which includes §§ 3, 4 and 5, are currently being paved, and the recreation center contracts will soon be executed. Mr. Hlozek stated the § 6 designs and plans are under review, and § 7 is also under design. He noted the engineering for § 8 has just begun.

Mr. Hlozek informed the Board he is working with Commissioner Cagle's office to dedicate land for the Spring Creek trails project. He noted he is also working on the Gosling Road expansion regarding shared detention mitigation for road expansion.

GENERAL MANAGER'S REPORT

Mr. Sheffield reported he is working with Director Black on the parks plan. He stated Jason Johnson, a resident in the District, notified him of a Christmas tree light problem. He noted the lights were set out on garbage day, and they were picked up by the District's trash vendor. Mr. Sheffield noted Mr. Johnson requested the District reimburse him.

KLEIN ISD SERVICE AGREEMENT

Mr. Lee stated the agreement with Klein ISD for the agricultural barn can be taken off the agenda for now.

DISTRICT 2015 MEETING CALENDAR

Mr. Wallace presented and reviewed the District's 2015 meeting calendar. Upon motion duly made and seconded, the Board voted unanimously to approve the meeting calendar as presented.

ATTORNEY'S REPORT

Mr. Wallace reported he is working with Mr. Frenchak regarding the Water Plant No. 3. site acquisition. He stated he received details from Mr. Sheffield, and is drafting the Oakmont PUD recreational agreement. Mr. Wallace informed the Board he is also working on the amendment to the Wastewater Treatment Plant Expansion Agreement with Oakmont PUD. He

stated the title work was straightened out for the Inway Oaks annexation, and will be submitted to the City of Houston tomorrow.

OTHER BUSINESS

A discussion ensued among the Board regarding hiring a constable. The Board determined to discuss these matters further at the District's next recreational meeting.

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




Secretary, Board of Directors