

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

February 16, 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 16<sup>th</sup> day of February, 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; Ms. Esther Flores of Tax Tech, Inc., the District’s Tax Assessor/Collector; Mr. Robb Clark and Ms. Stefanie Miller of Hays Utility South Corporation, the District’s Operator; Mr. Josh Lee and Ms. Sherry Grant of Jones & Carter, Inc., the District’s Engineer; Mr. Stephen M. Eustis of Robert W. Baird & Co., the District’s Financial Advisor; Ms. Cherie Cross of Environmental Allies, the District’s Landscape Contractor; Mr. Jerry Hlozek of DR Horton, a Developer in the District; Mr. Jim Sheffield, the District’s General Manager; Mr. Ken England and Mr. Greg Kachnovitz, members of the Northampton Maintenance Board; Ms. Karen Nichols, a resident 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

Mr. Ken England and Mr. Greg Carrovite introduced themselves, and stated they wanted to observe the meeting. Ms. Karen Nichols introduced herself and informed the Board she is a resident of the District. She stated she received a letter from Gulf South Pipeline (“Gulf South”) informing her they are adding a natural gas compressor station in the area. Ms. Nichols noted Gulf South will hold an open house to provide more information to residents. Mr. Hlozek stated the pipeline runs through Hampton Creek, and the station is on Root Road. The Board expressed their appreciation to Ms. Nichols for bringing this matter to the Board’s attention.

## APPROVAL OF MINUTES

Minutes of the meetings of the Board of Directors of December 1, 2014, January 5, 2015, and January 19, 2015 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the December 1, 2014, January 5, 2015, and January 19, 2015 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 District has collected 78.3% of the 2014 tax levy to January 31, 2015. She then reported \$810,000 was transferred to the Debt Service Fund, and \$578,000 was transferred to the Operating Fund. Ms. Flores informed the Board the Defined Area taxes were received after the Tax Assessor/Collector’s report was closed out. She noted 94.54% of the Defined Area taxes were collected as of today.

Ms. Flores stated she has no new information on the Alexan Apartments. She noted the taxable value was estimated to be \$8,554,585 as of December 1, 2014. Mr. Lee informed the Board the developer estimated the taxable value of this property at \$20,000,000. Ms. Flores agreed to follow up with HCAD.

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

## TAX RESOLUTIONS

John Wallace reviewed a Resolution Concerning Exemptions from Taxation for the 2015 Tax Year, including a \$30,000 exemption for taxpayers over 65 years of age or disabled. A copy of the Resolution is attached hereto as an exhibit. Following discussion, upon motion duly made and seconded, the Board voted unanimously to adopt the Resolution Concerning Exemptions from Taxation for the 2015 Tax Year.

Mr. Wallace then reviewed a Resolution Implementing 20% Penalty on 2014 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes. Upon motion duly made and seconded, the Board voted unanimously to approve the Resolution as presented. A copy of the Resolution is attached hereto as an exhibit.

## BOOKKEEPER'S REPORT

Cindy Schmidt presented the Bookkeeper's Report and Investment Report, copies of which are attached hereto as exhibits. Ms. Schmidt then presented and reviewed with the Board the Depository Pledge Agreement with Central Bank. Upon motion duly made and seconded, the Board voted unanimously to approve the Depository Pledge Agreement with Central Bank.

John Wallace stated he has not succeeded in drawing on the Letters of Credit from one of the developers. Upon motion duly made and seconded, the Board voted unanimously to adopt resolutions to fund the Letter of Credit draws for the Wastewater Treatment Plant expansion.

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 informed the Board the District's water accountability number was 92.15% in January 2015, with no permit excursions at the Wastewater Treatment Plant ("Plant"). Mr. Clark reported the tap fee for the elementary school was received in the amount of \$204,224.66.

Mr. Clark reported Encanto Real Utility District ("Encanto Real") was connected to the interconnect with the District ten days ago. He stated Encanto Real expects to use the District's interconnect for approximately five weeks while work is being performed on their well. Mr. Clark informed the Board that Gosling Express began manhole work to connect to the sewer, but they have not made the water connection yet.

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

## FINANCIAL ADVISOR'S REPORT

Stephen Eustiss presented and reviewed with the Board the Financial Advisor's Report. He informed the Board the Staff Memo and Texas Commission on Environmental Quality Order were received on the District's bond issue. Mr. Eustiss then reviewed the schedule of events, a copy of which is attached hereto as an exhibit. He stated the first draft of the Preliminary Official Statement ("POS") is out for review. Mr. Eustiss noted the POS will most likely be approved at the District's March 2, 2015 recreation meeting, with a March 16, 2015 sale date. He reported the closing will be held on April 13, 2015, and the Bond Anticipation Note will be paid off at that time. He informed the Board the values are way ahead of where they were anticipated to be, and interest rates are strong right now. Upon motion duly made and seconded, the Board voted unanimously to authorize preparation of the Preliminary Official Statement and Notice of Sale for the bond sale of the District's Series 2015 Bonds.

## ENGINEER'S REPORT

Joshua Lee presented the Engineer's Report, a copy of which is attached hereto as an exhibit. Mr. Lee reported Tar Tob Commercial Services, LLC, the contractor on the Water Plant No. 2 Hydropneumatic Tank ("Hydrotank") addition project, is working on submittals and started mobilizing equipment on-site. He stated the contractor will relocate the water line and then relocate the fencing. Mr. Sheffield recommended leaving the fence down during the construction.

Mr. Lee reported Liftwater Construction, Inc. continued work on the Wastewater Treatment Plant No. 2 expansion project. He stated the contractor is behind schedule and there is a conflict with the proposed location of the lift station on the Wastewater Treatment Plant No. 1 site and an existing sanitary sewer line. Mr. Lee informed the Board once the issue is resolved, the contractor plans to add a second crew to the project to meet the contract completion date. He noted some costs will be increased, and the Engineer will negotiate those costs with the contractor. Upon motion duly made and seconded, the Board voted unanimously to authorize the Change Order pursuant to the Engineer's recommendation, and review by Director Black and Director Thomas.

Mr. Lee then reported the Request for Proposal ("RFP") for the maintenance building at Wastewater Treatment Plant No. 2 was sent to Liftwater Construction, Inc. for the Wastewater Treatment Plant No. 2, Phase I project. He stated the contractor is working on a price for the RFP.

Mr. Lee next reported the Engineer is preparing the Use of Surplus Funds Application to reallocate the anticipated surplus funds from Bond Application Report No. 14 for Water Plant No. 3, including an Elevated Storage Tank. He noted the Bond Order for Bond Application Report No. 14 was received from the Texas Commission on Environmental Quality ("TCEQ") on January 20, 2015. Mr. Lee stated the Engineer plans to submit the application to the TCEQ under a 60-day expedited review before the March Board meeting. Mr. Lee noted the Board still needs to approve the earnest money contract with Mr. Frenchak for the Water Plant No. 3 site.

Mr. Lee informed the Board, that Mr. Wallace sent a response letter to Vera Poe at the TCEQ on Thursday, January 29, 2015, to request a revised letter pursuant to the meeting discussions on Tuesday, January 13, 2015, to narrow the scope of the requirements to comply with the water well violation and extend the time frame of the response. He stated the Public Information Act request sent to the Texas Department of Health did not produce the Approval to Use Letters for Water Well Nos. 1 and 2. Mr. Lee reported the Engineer and Mr. Sheffield spoke to State Representative Debbie Riddle's office regarding the Notice of Violation, and they agreed to help by contacting the TCEQ. Mr. Wallace recommended waiting until the TCEQ attempts to enforce the Notice of Violation. After discussion, the Board agreed to delay any other action until the TCEQ attempts to enforce the Notice of Violation.

Mr. Lee stated the Engineer is working with Mr. Sheffield and the Park Committee to determine alternatives for an M-103 pedestrian crossing due to the required height constraints

from the Harris County Flood Control District. He stated a low water crossing option is under investigation. Mr. Lee noted the Engineer sent a letter to Commissioner Cagle on Thursday, January 22, 2015, requesting installation of a pedestrian walkway on the eastern side of Gosling Road over Willow Creek.

Mr. Lee reported the Engineer notified Pamela Rocchi of Harris County Precinct 4 that the District has utilities in the vicinity of the Gosling Road widening improvements between Spring Stuebner Road and Mossy Oaks, and there was also no notification to the District or Encanto Real by Harris County's design engineer to obtain utility information. He informed the Board construction should begin in late 2015.

Mr. Lee stated notification was received that 4-C Construction Services has not paid their bills for the construction of Water, Sanitary Sewer, Drainage and Detention Facilities in Hampton Creek Section 3. He reported the developer, D.R. Horton-Texas, Ltd., plans to pay the contractor's current pay estimate, and then terminate their construction contract. Mr. Lee noted another contractor will complete the Stage II inlets. Jerry Hlozek informed the Board D.R. Horton is trying to get this resolved this week, and the developer wants to make joint payments to the contractor and subcontractors. Upon motion duly made and seconded, the Board voted unanimously to approve termination of the 4-C Construction Services contract by D.R. Horton as outlined.

Mr. Lee then reported the second submission of plans for the proposed Shops at Gosling on the Atlas-Texas Development tract were received, and comments were provided to the developer on January 28, 2015. He noted the Engineer has not received revised plans for approval. Mr. Lee stated the project is moving forward and the developer is maintaining communication.

Mr. Lee then presented and reviewed Pay Estimate No. 2 in the amount of \$605,332.58 to 4-C Construction Services for Water, Sanitary, Drainage and Detention facilities in Hampton Creek Section 3, subject to resolution of the issues described by D.R. Horton. Upon motion duly made and seconded, the Board voted unanimously to approve all Pay Estimates as presented.

Mr. Lee next requested authority from the Board to advertise for bids for the Inway Oaks Estates Lift Station. Upon motion duly made and seconded, the Board voted unanimously to approve the advertisement for bids for the Inway Oaks Estates Lift Station.

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

## DEVELOPMENT REPORT

Jerry Hlozek reported 120 lots were delivered, and 102 homes are currently under construction. Mr. Hlozek stated 28 homes have been sold. He informed the Board the average small lots are selling for \$285,000, and the average large lots are selling for \$335,000. Mr. Hlozek noted paving is underway in Sections 3, 4 and 5, and the notice to proceed was issued for the recreation center. He reported bids are out for utilities in Section 6, and bidding for clearing

and grubbing in Section 7 is underway. Mr. Hlozek stated the land plan will be submitted for Section 8.

Mr. Hlozek reported Harris County is doing a right of way mapping project on Gosling Road. He stated the bridge portion of the project is under discussion, and noted the pedestrian crossing needs to be on the east side of the roadway. Mr. Hlozek informed the Board he is still working on the Spring Creek greenway trails project, and the left turn lane on Gosling is also a pending project.

Mr. Lee stated there has been no activity in Dovershire Place for sixty days, while Buffington Capital is supposedly renegotiating their loan. He stated their payments are also behind. Mr. Lee reported the first stage underground utilities are complete and the contractor has been paid.

#### GENERAL MANAGER'S REPORT

Mr. Sheffield reported the trail cutting looks good. He stated the pool surfacing at the Northcrest pool will begin on March 6, 2015. Mr. Sheffield informed the Board the residents of Hampton Creek are buying memberships. He noted several options regarding employment of Constables will be discussed at the District's recreation meeting.

#### ATTORNEY'S REPORT

Mr. Wallace presented and reviewed with the Board the Earnest Money Contract with Gosling Village, LLC on behalf of Bryan Frenchak. Mr. Wallace noted the property is being sold for \$1.25 per square foot, for a total sales price of \$163,350. He stated the District will put down 1% earnest money in the amount of \$1,633.50. Upon motion duly made and seconded, the Board voted unanimously to approve the Earnest Money Contract as presented.

Mr. Wallace next presented and reviewed with the Board the Third Amendment to the recreation agreement with Oakmont Public Utility District ("Oakmont PUD"). Mr. Wallace informed the Board the contract is at cost plus 15%. Upon motion duly made and seconded, the Board voted unanimously to approve the Third Amendment to the recreation agreement with Oakmont PUD.

Mr. Wallace next presented and reviewed with the Board the Second Amendment to the Wastewater Treatment Plant Expansion Agreement with Oakmont PUD. He stated ownership capacities have been rearranged in the amendment. Upon motion duly made and seconded, the Board voted unanimously to approve the Second Amendment to the Wastewater Treatment Plant Expansion Agreement with Oakmont PUD as presented.

Mr. Wallace informed the Board the Inway Oaks annexation documents are still at the City of Houston.

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

OTHER BUSINESS

Mr. Hlozek stated Harris County wants to participate in their detention ponds in order to drain new Gosling Road. He noted there are many issues, and he will keep the Board informed.

Mr. Lee reported Klein ISD is considering the placement of sidewalks to the new French Elementary School. He noted Northcrest and West Rayford Road are the most likely routes.

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



  
Secretary, Board of Directors