

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

February 17, 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 17<sup>th</sup> day of February, 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
John A. Braden	Treasurer/Investment Officer

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. Don Hayes, Mr. Robb Clark and Ms. Stephanie Miller of Hays Utility South Corporation, the District’s Operator; Mr. Joshua Lee, P.E., and Sherry Grant of Jones & Carter, Inc., the District’s Engineers; Mr. Jim Sheffield, the District’s General Manager; Mr. Jerry Hlozek of D.R. Horton, a developer in the District; Ms. Cherie Cross of Environmental Allies, the District’s Landscaper; Sherry Grant of McCall Gibson Swedlund Barfoot, PLLC, the District’s Auditor; Mr. John Elder of Acclaim Energy Advisors, the District’s Energy Broker; Mr. Ron Walkoviak of Lakeview Land Group, a Developer in the District; and Mr. John R. Wallace of Bacon & Wallace, L.L.P., the District’s Attorneys.

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.

## PUBLIC COMMENTS

There were no public comments at this time.

## APPROVAL OF MINUTES

Minutes of the meeting of the Board of Directors of January 6, 2014 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve the minutes as amended. The Board then considered approval of the minutes for the Board of Directors meeting held on January 20, 2014. Following review, upon motion duly made and seconded, the Board voted unanimously to approve these minutes, as amended.

## TAX ASSESSOR/COLLECTOR'S REPORT

Greg Ordeneaux presented the Tax Assessor/Collector's report, a copy of which is attached hereto as an exhibit. He reported that approximately 95% of the District's 2013 tax levy had been received through February 17, 2014. Mr. Ordeneaux reported that \$133,073.16 in rollback taxes had been paid by D. R. Horton. Jerry Hlozek noted that Harris County Appraisal District ("HCAD") caused the delay in reconciling their accounts. Upon duly made motion and second, the Board voted unanimously to approve the Tax Assessor/Collector's report as presented.

## BOOKKEEPER'S REPORT

Cindy Schmidt presented the Bookkeeper's report, a copy of which is attached hereto as an exhibit. She then reviewed the tap fees for S.C. Waterford Springs of \$121,797.91 with construction costs of \$41,000, and the Trammell Crow tap fees for Alexan Auburn Lake of \$162,021 with construction costs of \$54,047. Ms. Schmidt stated she is still closing out the December 31, 2013 statements for the auditor. She then presented the Investment report for January 2014, a copy of which is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the Operating 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. He reported that the District has had issues with contractors using unmetered fire hydrants. Mr. Clark noted that the District's water accountability for the month of January 2014 was 91.46% and stated that there were no excursions at the Wastewater Treatment Plant.

Stephanie Miller reported that school billing had been implemented pursuant to the new contract with Klein Independent School District ("KISD"). Don Hays stated the Operator will keep a running spreadsheet to watch for anything unusual. Jim Sheffield discussed relocating the power connection to the lift station behind Dave's Express. He recalled the cost to relocate off of Root Road was very high. Mr. Sheffield stated that he would present more details at the next recreational meeting, noting that the costs would be approximately \$5,000 for a new power drop

and \$3,600 plus for underground connections, and an easement will be necessary. Josh Lee stated this is hurting the use of the ½ acre balance of the property. He stated that, at this time, the District had no easement for the lift station. Mr. Lee also noted that the District took over the maintenance years ago and only serves Dave's Express. Director Black proposed splitting the cost with the owner to reroute the power and convey the lift station to the District with ingress rights and to dedicate an easement. Upon motion duly made and seconded, the Board voted unanimously to authorize Jim Sheffield to negotiate these terms.

Mr. Clark next reported that U.S. Motors declined warranty coverage on Water Well No. 3. He noted the cost to rebuild the motor is approximately \$9,000 and the insurance deductible is \$25,000, stating that the insurance would not be an option. Mr. Clark further stated that the motor would also fit at Water Well No. 2. He then recommended that the District abandon the motor altogether as the new, high efficiency motor is currently on order at a cost of approximately \$12,000.

### ENGINEER'S REPORT

Joshua Lee presented the Engineer's report, a copy of which is attached hereto as an exhibit. He reported he was notified by Bryan Frenchak's title company that they are proceeding with the acquisition of the site for Water Plant No. 3 for conveyance to the District. Mr. Lee noted that the District is in the process of obtaining structures and will need to figure out the use of the property. He stated the District had received jurisdictional approval for the new hydrotank and that bids will begin after the planned sale of the Bond Anticipation Note ("BAN"), which will fund the hydrotank and a portion of the Wastewater Treatment Plant expansion.

Mr. Lee then reported on the status of the Wastewater Treatment Plant No. 2 expansion and presented an updated construction schedule, which is attached hereto as an exhibit. He stated the Engineer will begin advertising for bids in June 2014 with the start of construction in July 2014. Mr. Lee stated the Letter of Map Revision ("LOMR") will reduce the base flood plain, reduce mitigation, and reduce costs of the Wastewater Treatment Plant detention pond. He also stated the SCADA system is still under evaluation and the bond application is underway.

Mr. Lee next reported that Weisinger was on site for the Water Well No. 3 rework and the camera surveying has been authorized. He presented the following pay estimates for approval and payment:

Bridgway, Kingscrest, and Northcrest lift station rehabilitation – Pay Estimate No. 2 and final in the amount of \$60,021.00 to GML Coatings, LLC.

Stratton Woods – water, sanitary, drainage and detention facilities – Pay Estimate No. 5, in the amount of \$10,893.89, to American Site Builders, LLC.

Mr. Lee then requested authorization to advertise for bids for Dovershire Place Section 1 for water, sanitary, drainage, detention and floodplain mitigation. Upon motion duly made and seconded, the Board voted unanimously to authorize the Engineer to advertise for bids in

Dovershire Place Section 1. He also reported there would be two phases of development and the District would need to mitigate wetlands to do Phase II.

Mr. Lee discussed Willow Creek Golf Club, stating the Engineer needs some indication as to whether the golf club will pay for the costs of the feasibility study.

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

### DEVELOPERS' REPORTS

Ron Walkoviak reported on the progress of Stratton Woods development, stating the model and sales office are near completion and the landscaping and monuments will begin soon. He further noted the detention pond sidewalk, landscaping and irrigation would be installed also. Mr. Walkoviak reported that Center Point will need to install the power, gas, phone and cable which should be completed within 60 days.

Jerry Hlozek reported that the left turn lane for Hampton Creek Phase I has been completed and they are waiting on the final recording of the plat. He also noted that construction on houses would begin in mid March. Mr. Hlozek reported a contract for perimeter fencing had been awarded and construction will begun on monuments, landscaping and irrigation. He also noted D.R. Horton had begun working on plans for Phase II.

Mr. Wallace reported that two Development Financing Agreements for the Frenchak development were ready to sign. Mr. Wallace stated that Mike Wilkenson with MRE is working on the Development Financing Agreement.

### ENERGY RESPONSE PROGRAM

John Elder reported the District had received \$2,100 back from the Energy Response Program. He stated there were over 50 municipal utility districts in the program at this time. Mr. Elder reported a new generator is being introduced that would pay for itself in approximately eight years. He stated the generator would export power back to the grid during emergencies, and he requested an opportunity to present the economics to the Board in a proposal. Upon discussion the Board decided to pursue purchase of this generator and will coordinate with Mr. Sheffield.

### ENVIRONMENTAL ALLIES

Cherie Cross reported the District proceed with over-seeding and fertilizing at the West Pond in early March. Mr. Sheffield stated it looks expensive.

### ORDER CALLING DIRECTORS ELECTION

Mr. Wallace presented and reviewed with the Board an Order Calling Directors Election for May 10, 2014, a copy of which is attached hereto as an exhibit. Upon motion duly made and

seconded, the Board voted unanimously to approve the Order as presented.

GENERAL MANAGER'S REPORT

Jim Sheffield reviewed options for flooring repairs versus replacing the floors in the large recreation building at Northcrest. He presented a solid vinyl that interlocks which has a 20 year warranty. He noted it is a very good product. Mr. Sheffield noted that the costs would be approximately \$10,000 and that tile would be another option. The Board took this matter under advisement.

ATTORNEY'S REPORT

Mr. Wallace stated he is working on collecting the capital fee due from KISD. He also reported that he received a response regarding the Trammell Crow noise complaints and had forwarded the information to Jim Sheffield. Mr. Wallace also noted the capacity deposit for Buffington Capital is still pending. He reported the Harris County Regional Water Authority, pumpage fee will increase on April 1, 2014 to \$2.00 plus 20%, for a total of \$2.40.

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

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Secretary, Board of Directors

(SEAL)