

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

December 19, 2011

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 December 2011, 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:

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|-------------------|------------------------------|
| 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; 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 Mr. Erich Peterson, P.E. of Jones & Carter, Inc., the District’s Engineers; Mr. Jim Sheffield, the District’s General Manager; Mr. Doug Eibsen of Peramco, Inc., 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.

APPROVAL OF MINUTES

Minutes for the Board of Directors meeting held on November 27, 2011 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve such minutes as presented. The Board then considered approval of the minutes for the Board of Directors meeting held on December 5, 2011. Upon motion duly made and seconded, the Board voted unanimously to approve such 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 reported that the District has started receiving the 2011 tax payments.

Ms. Flores next presented for the Board's review the District's Delinquent Tax Roll as of December 16, 2011, a copy of which is attached hereto as an exhibit.

Following review and discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's report and to authorize payment of the checks listed thereon.

BOOKKEEPER'S REPORT

Cindy Schmidt presented the Bookkeeper's report and the Investment Report, copies of which are attached hereto as exhibits. Director Thomas noted that the District has not released the check to Liftwater Construction because the debris pile on the far northwest corner of the property needs to be removed. He stated that the Board has discussed removal of the debris for the past four months. The Board directed Ms. Schmidt to hold the check to Liftwater Construction until Director Thomas authorizes release. Mr. Lee noted that the outfall repair project will be paid in connection with the contract with Insituform Technologies. Following discussion, upon motion duly made and seconded, the Board voted unanimously to refund any money due to Oakmont Public Utility District ("Oakmont") in connection with the Plant expansion project, and then to bill Oakmont for its share of the cost for the outfall repair.

Following review and discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's report and to authorize payment of the checks presented for approval, with the exception of the check to Liftwater Construction. Following review and discussion, upon motion duly made and seconded, the Board voted unanimously to approve the Investment Report.

OPERATING BUDGET

Ms. Schmidt next presented for approval drafts of the operating budget and Wastewater Treatment Plant ("Plant") budget for the fiscal year ending December 31, 2012, copies of which are attached hereto as exhibits. Upon motion duly made and seconded, the Board voted unanimously to approve the budgets for 2012 as presented.

CONSULTANT CONTRACTS

Following discussion, the Board voted unanimously to renew the contracts for the District's Bookkeeper, Tax Assessor/Collector, Operator and Attorneys for 2012. It was noted that the Engineer and Operator were waiting on approval from management before submitting their contracts for 2012.

OPERATOR'S REPORT

Robb Clark presented the Operator's report, a copy of which is attached hereto as an exhibit. Mr. Clark reported that the District accounted for 89.7% of the water produced during the previous month, and that the accountability rate should go back up next month. Mr. Clark noted that the District's well pumpage has decreased over the last two months.

Mr. Clark next reported that the Wastewater Treatment Plant ("Plant") operated within permit parameters during the month. Mr. Clark next reviewed the customer service log, a copy of which is attached hereto as an exhibit. He noted that a sewer line stoppage was repaired on Knollview. Mr. Clark informed the Board that the contractor was able to address the problem with what appeared to be a stuck valve on a blower at the Plant. He also reported that Blower No. 2, which is not new, has begun to make some bearing noises.

With respect to the agenda item concerning the quarterly review of water and sewer rates, Mr. Clark said there is no need for changes at this time.

Upon motion duly made and seconded, the Board voted unanimously to approve the Operator's report and to authorize termination of services to the accounts listed as delinquent.

TCEQ SUPPLEMENTAL ENVIRONMENTAL PROJECT

Mr. Wallace reported that the District received the funds back from the Texas Commission on Environmental Quality (the "TCEQ") for the Bayou Land Conservancy project, and the District's check has been released to the Bayou Land Conservancy.

ENGINEER'S REPORT

Josh Lee presented the Engineer's report, a copy of which is attached hereto as an exhibit. Mr. Lee reported on the status of the Sanitary Sewer Rehabilitation Project and noted that the contractor has completed the CIPP portion of the project with only one point repair remaining. Mr. Lee explained that the remaining point repair will require re-installation of a service connection that is located beneath an existing greenhouse. He said the Engineer is working with the homeowner to resolve the greenhouse encroachment and waiting on a proposal from the contractor to reroute the line.

Mr. Lee next reported on the status of the Gosling Road utility extension project. He noted that the comments on the plans have all been addressed, and they are waiting on completion of the easements.

Mr. Lee reported that Insituform Technologies' subcontractor, LN McKean, began work on the Plant outfall pipe repair project on December 14, 2011, including installation of the new timber bent and rip-rap around the outfall pipe. Mr. Lee noted that Insituform Technologies expects to mobilize in the first or second week of January to install the cured-in-place pipe.

Mr. Lee next reported that the rework of Water Well No. 2 is underway. He said that the pre-construction meeting with the contractor was held on December 14, 2011, the materials have been ordered, and the contractor will mobilize in January 2012.

Mr. Lee then reported that there has been no progress on the proposed reclaimed water contract with Spring Gardens Nursery.

Mr. Lee next reported that the Engineer received a draft financing agreement from Paul Cheng for development of the Lakes of Northampton tract. Mr. Lee said they will submit comments to the Attorney after reviewing the proposed agreement. Mr. Lee noted that the financing agreement covers annexation, the defined area issue, tax rates, easements, bonds, etc. A discussion ensued regarding the easement requirements, the proposed capacity commitment for the retirement project, and concerns with the timing of various events.

Mr. Lee reported that the Application for Change of Scope for the Water Well No. 2 rework project was submitted to the TCEQ on December 12, 2011. Mr. Lee noted that the TCEQ may take up to 120 days to review the application.

Mr. Lee next reported that Mark Dinges has obtained right-of-entry permission from each of the landowners to allow Moore Archeological to begin work on the survey required by the Texas Historical Commission. After discussion, upon motion duly made and seconded, the Board voted unanimously to authorize execution of the agreement for the archeological survey.

Mr. Lee reported that the Engineer expects to submit Bond Application Report No. 13 to the TCEQ this week, including a 45-day expedited review request.

Mr. Lee reported that Klein Independent School District will be contacted again to request comments on the latest revisions to the Amended and Restated Waste Disposal Agreement with the District.

Mr. Lee next informed the Board that the District received a letter from CenterPoint Energy stating that all District facilities are on the Critical Load List.

Mr. Lee then reported a directional flushing plan has been prepared, and a meeting with Director Black and the Operator has been scheduled this week to review the plan.

Mr. Lee reported that Shearer & Associates will be on site in early January to complete repairs to the glass-lined Ground Storage Tank at Water Plant No. 2.

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

ENCANTO REAL UD

Mr. Wallace reported that Encanto Real Utility District board of directors will meet tomorrow and consider approval of the Amended Emergency Water Supply Contract with the District. The Board determined to table any action on this matter.

OAKMONT RECREATIONAL FACILITIES

Mr. Sheffield informed the Board that once a final decision on background checks is made, the proposed Second Amendment to the Agreement for Management of Oakmont Parks and Recreational Facilities (the "Agreement") will be submitted to Oakmont for review and approval. Following discussion, upon motion duly made and seconded, the Board approved the Agreement with Oakmont and authorized Mr. Sheffield to submit the Agreement to Oakmont.

TRAFFIC SIGNAL PROJECT

Doug Eibsen reported on the status of the traffic signal construction project at Gosling Road and West Rayford. Mr. Eibsen said Harris County has not yet approved the plans for the project and is waiting on consent from CenterPoint Energy and AT&T.

DEVELOPER'S REPORT

Doug Eibsen reported that Harris County has the authority to acquire the necessary right of way along Mossy Oaks Boulevard from the Exxon tract to Gosling Road. Mr. Eibsen stated that the County may be considering a project to widen Gosling Road, but this has not been confirmed.

BAYOU LAND CONSERVANCY

It was noted that Bayou Land Conservancy plans to perform an inspection of the Plant site on January 15, 2012.

ARBITRAGE COMPLIANCE

Mr. Wallace presented for Board approval the arbitrage rebate calculation reports for the District's Series 1993, Series 1993-A and Series 1998 Bonds. Following review, upon motion duly made and seconded, the Board voted unanimously to approve the arbitrage reports, copies of which are attached hereto as exhibits.

VRA SUBMISSION LETTER

Following review and discussion, upon motion duly made and seconded, the Board voted unanimously to authorize the Attorney to proceed with submission of the Voting Rights Act submission letter required in connection with the 2012 Directors Election.

DISTRICT CALENDAR

Mr. Wallace presented the proposed 2012 District calendar. Following review, upon motion duly made and seconded, the Board voted unanimously to adopt the 2012 District calendar.

GENERAL MANAGER'S REPORT

Mr. Sheffield reported that the garage roofing project is complete, and the contractor is proceeding to work on the Northampton Center building. Mr. Sheffield noted that the District should strengthen the cleaning policies for building rentals.

Director Black recommended that the Board authorize construction of a security fence around the Northcrest Lift Station and improve the aesthetics, since the Lift Station is located on the golf course. Mr. Sheffield said the Lift Station has minimal impact on the landscape, with a minimum height of 9 feet 11 inches, dimensions of 43 feet by 38 feet, and located only 28 feet off the road. Mr. Sheffield said after a consultation with police, it was determined that the facility is secure. He suggested installation of a wrought iron fence, with windscreen and plantings. He said two gates would be needed to service the facility. Mr. Eibsen noted that the Lift Station was designed to be secure without the need for fencing. The Board determined to take the various options under advisement.

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

Secretary, Board of Directors

(SEAL)