

MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
NORTHAMPTON MUNICIPAL UTILITY DISTRICT

March 21, 2011

THE STATE OF TEXAS §

COUNTY OF HARRIS §

NORTHAMPTON MUNICIPAL UTILITY DISTRICT §

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 21st day of March 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:

E. C. Thomas	President
Bill Black	1 st Vice President
W. Paul Schneider	2 nd Vice President
Joyce Nelsen	Secretary
John A. Braden	Treasurer/Investment Officer

All directors were present, except Directors Thomas and Black, 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 Mr. Howard Wilhite of Hays Utility South Corporation, the District's Operators; Mr. Erich Peterson, P.E. and Mr. Joshua Lee of Jones & Carter, Inc., the District's Engineers; Mr. Jim Sheffield, the District's General Manager; Ms. Sonya Homan, Ms. Shelley Furrn and Mr. Chuck Bull, residents of 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

In the absence of Director Thomas, Director Schneider took the chair and led the meeting in the Pledge of Allegiance followed by an invocation.

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF MINUTES

Minutes of the Board of Directors meetings of February 21, 2011 and March 7, 2011 were presented for review and approval. 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 had collected approximately 93.81% of the 2010 tax levy. She next requested approval to write off delinquent personal property tax accounts that are over 10 years old. Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's report as presented, to authorize the write off of two personal property delinquent accounts for William D. Hill and Pro Motion Services Corp., and authorized payment of the checks presented for approval.

BOOKKEEPER'S REPORT

Cindy Schmidt presented the Bookkeeper's report and the Investment Report, copies of which are attached hereto as exhibits. Upon motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's report, the Investment Report, and the checks presented for payment.

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's Wastewater Treatment Plant (the "Plant") operated within permit compliance last month.

Howard Wilhite reviewed with the Board the new procedures for filing the District's Discharge Monitoring Reports with the Texas Commission on Environmental Quality ("TCEQ"). Mr. Clark reported that the main sewer line serving the tennis court facility was repaired, noting that this item was removed from the sanitary sewer rehabilitation project. He reported that there are about 70 valves left to locate or perform repairs and/or maintenance on. Mr. Clark reported that there were no customer complaints this month. He said that the Operator continues to work on revising the wording on customer billings. Mr. Clark recommended that the stern language be deferred until a second notice is sent. Mr. Clark said that he will continue to work with Director Braden on this matter.

Jim Sheffield reported that the cost for diesel fuel has exceeded the garbage collection contract rate, so the District should expect a fuel surcharge. The Board requested that Mr. Clark investigate the last fuel surcharge increase and report to Mr. Sheffield. The Board also requested that Mr. Clark receive the notices on rate changes.

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

PROPOSED AGREED ORDER WITH TCEQ

Mr. Clark reported that he met with Directors Black and Thomas to discuss the Agreed Order and fine proposed by the TCEQ as a result of permit violations at the Plant. Mr. Wallace summarized the details of the proposed Agreed Order and noted that the Operator has offered a \$10,000 credit to the District as partial compensation. Mr. Wallace said that Directors Black and Thomas recommended that the District approve the Agreed Order, pay the fine by entering into a Supplemental Environmental Project (“SEP”). Following review, upon motion duly made and seconded, the Board voted unanimously to approve the Agreed Order and to pursue an SEP for the “Spring Creek Greenway Project.” Director Braden said that the Board should consider the Operator’s offer and asked that this matter be tabled until a future date.

ENGINEER’S REPORT

Joshua Lee presented the Engineer’s report, a copy of which is attached hereto as an exhibit. Mr. Lee reported that the Plant expansion project contractor is working on blower piping, stairs, lift station modifications, headworks modifications, and underground conduit. He said that this project should be complete by late April or early May.

Mr. Lee reported that once JNA Painting & Contracting Company, Inc. (“JNA”) has completed recoating the 400,000 gallon ground storage tank at Water Plant No. 1 they will move to Water Plant No. 2. Mr. Lee reported that the contract completion date, including rain days, was March 12, 2011. He said that a letter was sent to JNA stating the contract time has expired and to use additional resources to expedite the project. Mr. Lee said that he expects completion of the project will now be the middle of April 2011. Mr. Sheffield observed that this contractor has not worked diligently on the project and there is no liquidated damages clause in the contract.

Mr. Lee reported that the revised drawings for the 10-acre tennis facility were approved and forwarded to the Operator. He reported that the developers will need to meet with the Operator for inspections and tap installation in accordance with the District’s Rate Order.

Mr. Lee reported that the Engineers continue to work with Mr. Wallace on the revised Waste Disposal Agreement with Klein Independent School District (“KISD”).

Mr. Lee reported that the Engineers continue to work on the costs to be included in the bond application report.

Mr. Lee presented the contract with Insituform Technologies, Inc. (“ITI”) for the sanitary sewer rehabilitation project for the Board’s review and execution. He reported that the second Town Hall Meeting is scheduled for March 30, 2011 with the contractor in attendance. He noted that regular monthly meetings will be held 30 minutes prior to the Board’s recreational meetings. Mr. Lee reported that a preconstruction conference with ITI is scheduled for March 24, 2011. Mr. Lee reported that notices of the meetings will be displayed on the District’s marquee, on the website, and via e-mail. He said that a direct mailing will also be sent to customers notifying them of the March 30, 2011 Town Hall Meeting.

Mr. Lee reported that the District's right-of-way consultant, Mark Dinges, has obtained verbal confirmations of "Right of Entry" from all property owners along the proposed utility extension route for surveying purposes on Gosling Road. Mr. Lee said that the Engineers identified an existing 65-foot perpetual easement condemned by Harris County in 1991 for future widening of Gosling Road, which is immediately adjacent to the east of the existing 60-foot Gosling Road right-of-way. He noted that Harris County has been taking 20 feet from each side of the road. Mr. Lee said that the Engineers are awaiting a response from Harris County on how to reconcile this matter. Upon motion duly made and seconded, the Board voted unanimously to ratify approval of the engagement of Mark Dinges as right-of-way consultant on the Gosling Road project.

Mr. Lee presented for the Board's approval Pay Estimate No. 15 in the amount of \$222,917 from Liftwater Construction, Inc. for their work to date on the Plant expansion project and Pay Estimate No. 5 in the amount of \$15,257 submitted by JNA for their work at the Water Plant.

The Board then reviewed an amended Residential Recycling Collection Agreement between the District and Residential Recycling of Texas, Inc. that was revised to include the potential for glass recycling. A copy of the agreement is attached hereto as an exhibit. Upon motion duly made and seconded, the Board voted unanimously to approve the amended agreement as presented.

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

ATTORNEY'S REPORT

Mr. Wallace reported that his office is awaiting a certificate of authority from KISD before submitting the annexation petitions to the City of Houston for approval.

GENERAL MANAGER'S REPORT

Mr. Sheffield reported that the swimming pool project is underway. He reported that recreational user fee registration has reached an all time high, with many bookings through June 2011.

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

Secretary, Board of Directors

(SEAL)