

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

April 18, 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 18th day of April 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 Director 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. Don Hays of Hays Utility South Corporation, the District's Operator; Mr. Erich Peterson, P.E. and Mr. Joshua Lee of Jones & Carter, Inc., the District's Engineer; Mr. Jim Sheffield, the District's General Manager; Mr. Doug Eibsen of Peramco Inc., a developer in the District; Ms. Shelly Kerr, a resident 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

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

PUBLIC COMMENTS

Shelly Kerr addressed the Board and expressed her concerns about the District's future development plans in relation to the playgrounds. Director Thomas said that the Board's main concern is safety, and worn playground equipment will be removed. Jim Sheffield commented that the Inway Park playground set was replaced recently and there is a new meeting facility at the Northcrest Park.

APPROVAL OF MINUTES

Minutes of the Board of Directors meetings of March 21, 2011, March 30, 2011 and April 4, 2011 were presented for review and approval. Upon motion duly made and seconded, the Board voted unanimously to approve such minutes as presented.

AUDIT REPORT

The Board determined to table consideration of the Audit Report until a later meeting.

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 96.73% of the 2010 tax levy as of March 31, 2011. She then reported that transfers were made from the Tax Fund in the amounts of \$35,000 to the Debt Service Fund, and to the Operating Fund in the amount of \$17,715. Ms. Flores noted that there were several tax refunds to customers.

Ms. Flores next reviewed with the Board the Delinquent Tax Roll for the District, dated April 14, 2011, a copy of which is attached hereto as an exhibit. She reported that the next set of delinquent tax statements will be mailed in May 2011. Upon motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's report as presented, 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. Mr. Sheffield recommended that the District apply for a release of escrowed park bond funds in about 60 days. Ms. Schmidt reported that the tennis center developers have a deficit deposit of \$1,576 and they will be billed next month. Josh Lee reported that construction of this facility is well underway, although the Operator is waiting on a service application. The Board determined to withhold service to the development until the balance has been paid. Ms. Schmidt next reported that the annexation deposit from Peramco Inc. ("Peramco") has been depleted and is overdrawn by about \$4,200. Mr. Wallace recommended that the District invoice Peramco for \$7,500, including the negative balance, in order to complete the annexation. 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

Don Hays presented the Operator's report, a copy of which is attached hereto as an exhibit. Mr. Hays reported that the District accounted for 96.14% of the water produced the previous month. Mr. Sheffield reported that during construction a missing water meter was located at the Northcrest facility and so there are separate numbers for the clubhouses now. Mr. Hays reported that all water sample test results were good, and there were no permit violations at the Wastewater Treatment Plant (the "Plant") during the reporting period.

Mr. Hays then reviewed with the Board a draft of the District's 2010 Drinking Water Quality Report/Consumer Confidence Report, a copy of which is attached hereto as an exhibit. He noted that the deadline for distribution of the report is July 1, 2011. Mr. Hays said that the lead and copper results are included in the report and are well within allowable limits. The Board agreed to consider approval of the Report at the next regular meeting.

Mr. Hays reported that the fire hydrant and valve work continues. He reported that the Operators are working on the broken stacks of which about 50 remain. Mr. Hays said that this project should be complete by the end of May.

Mr. Hays reported that the Operators sent an application for service to the Auburn Lakes Tennis Center but it has not been returned. Mr. Sheffield said that he will take care of the invoicing for this developer.

With regard to the wording on customer water billings, Director Braden said that the revised language will be implemented.

A discussion ensued regarding the District's Drought Contingency Plan. Director Thomas asked if the recoating project at Water Plant No. 2 has commenced and should it be postponed due to the current drought condition and fire ban in place. Mr. Hays reported that the glass-lined galvanized tank has a leak and should be taken out of service for repair. Mr. Lee reported that the two ground storage tanks are back online at the Water Plant, and only one hydrotank and ground storage tank will be out of service at a time.

Mr. Hays reviewed the drought stages, noting the triggers of 18, 20 and 22 hours of run time on the wells. Mr. Hays reviewed with the Board data on continuous run times and said that Oakmont Public Utility District's ("Oakmont") water well will assist in these run times. A discussion ensued and the Board determined to post the drought information on the District's website. Mr. Hays reported that the average run time currently for all three wells is 10.23 hours per day. The Board agreed that the District should raise awareness of the current drought conditions and to watch the well run times closely for any problems. Mr. Sheffield agreed to place a notice on the District's website about this matter.

The Board asked about the violation letter from the Texas Commission on Environmental Quality ("TCEQ") of March 22, 2011 resulting from the annual compliance inspection. Mr. Hays assured the Board that the violations have been addressed.

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.

ENGINEER'S REPORT

Mr. Lee presented the Engineer's report, a copy of which is attached hereto as an exhibit. Mr. Lee reported that the Plant expansion project should be substantially complete in about three weeks, and a tour will be scheduled. Mr. Lee reported that the hydrotank and ground storage tank at Water Plant No. 2 are being taken out of service for the recoating project. Mr. Lee reported that the annual facilities inspection and report will be completed and presented to the Board in about two months. Mr. Lee reported that the amended Waste Disposal Agreement with Klein Independent School District ("KISD") is still pending. He reported that a meeting with Directors Thomas and Black will be scheduled to review the water well testing proposal. He next reported that the bond application report is pending resolution of the Gosling Road right-of-way.

With regard to the sanitary sewer rehabilitation project, Mr. Lee reported that the contractor was in the District today placing notices for residents. He reported that the utility marking program has not yet commenced.

Mr. Lee reported on the Gosling Road utility extension and the 65-foot perpetual easement to Harris County discovered for future widening of Gosling Road, which is east of the existing 60-foot right-of-way. He said that the Engineers are trying to schedule a meeting with Harris County Public Infrastructure Department representatives to review this matter and plan to place the utilities on the east side of the road.

Mr. Lee presented for the Board's approval Pay Estimate No. 16 in the amount of \$217,741 from Liftwater Construction, Inc. for their work to date on the Plant expansion project, and Pay Estimate No. 6 in the amount of \$56,853 and Change Order No. 2 in the amount of \$9,961 submitted by JNA Painting & Contracting Company, Inc. for their work at the Water Plant. He said that the change order was for changing out the remainder of the bolts. Upon motion duly made and seconded, the Board voted unanimously to approve the pay estimates and change order as presented.

Mr. Lee then reported on a change order from Insituform Technologies, Inc. ("ITI") for additional sanitary sewer rehabilitation work at a price of \$75,785.50. Mr. Lee said that certain point repairs can be eliminated due to new technology and cutting tools, which will reduce the costs. Upon motion duly made and seconded, the Board voted unanimously to approve the change order request from ITI.

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

DEVELOPER'S REPORT

Doug Eibsen reported that he is working with the commercial property developers to determine the amount of utility capacity needed. Mr. Eibsen said that the Gosling Road extension project is very important and they are looking for an anchor store before finding other tenants for the development. The Board requested a copy of the land plan of the new school when available.

ATTORNEY'S REPORT

With regard to the TCEQ Agreed Order, Mr. Wallace reported that the TCEQ accepted the Supplemental Environmental Project for the Spring Creek Greenway Project. Mr. Wallace said that a revised Order was sent to the TCEQ and the signature pages were replaced. He said that the District may be re invoiced. Ms. Schmidt reported that Oakmont has paid their share of the fine. Mr. Wallace said that there are ongoing discussions with the Operator regarding the offer to participate in the settlement. Following review and discussion, upon motion duly made and seconded, the Board voted unanimously to ratify approval of the agreement to accept a \$1,000 credit per month from the Operator for 10 months relating to the Agreed Order.

Mr. Wallace reported that the annexation petitions have been submitted to the City of Houston for review and approval.

GENERAL MANAGER'S REPORT

Mr. Sheffield reported that all of the stone work on the Northcrest building will be complete by Wednesday, and the project should be completed soon. Mr. Sheffield reported that the gates and fences will be redone with an acrylic finish.

Mr. Sheffield said that there is a plan for a directory mailing to all residents, who can fill out the form online or manually. Once the information is received, the printer will format and print the directory. The Board requested that the directory cover have a photograph of the swim team to commemorate the 40 year history of the team. A discussion ensued regarding contacting organizations to contribute information.

Mr. Sheffield reported that a yard repair account has been established at Spring Gardens using a voucher system for residents affected by the sanitary sewer rehabilitation project. The Board agreed that the vouchers should be valid for one year.

Mr. Sheffield then reported that consideration is being given to later office hours in the summer using existing personnel.

Director Nelsen requested that Mr. Sheffield place information in the newsletter regarding sprinkler systems, pursuant to the Water Smart program guidelines.

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

(SEAL)

Secretary, Board of Directors