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MINUTES HORSEPEN BAYOU MUNICIPAL UTILITY DISTRICT

February 11, 2010

The Board of Directors (the "Board") of Horsepen Bayou Municipal Utility District of Harris County, Texas (the "District"), met in regular session, open to the public, on the 11th day of February, 2010, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Mark Janneck	President
Glenn Peters	Vice President
Ronnie J. Cutlip	Secretary
James Wilson	Assistant Secretary
Dennis Montesinos	Assistant Vice President

and all of the above were present, except Director Cutlip, thus constituting a quorum.

Also present were Delia Yanez of Assessments of the Southwest, Inc.; Lindsay Kovar, Dave Scholler, and Coleman Philley of Brown & Gay Engineers, Inc. ("B&G"); Beulah Kelly of Myrtle Cruz, Inc.; Bryan Chapline of Municipal District Services L.L.C. ("MDS"); Marsha Jan of McCall Gibson Swedlund Barfoot PLLC; Jon Spears of National Realty Group; Jim Boone and Greer Pagan of Allen Boone Humphries Robinson LLP; and Linda Sotirake as Recording Secretary.

MINUTES

The Board considered approving the minutes of the January 14, 2010, meetings. Following review and discussion, Director Peters moved to approve the minutes of the December 8, 2009, meeting as submitted. Director Wilson seconded the motion, which carried unanimously.

APPROVE DEVELOPER REIMBURSEMENT REPORT FOR SERIES 2009 BONDS

Ms. Jan reviewed a developer reimbursement report reflecting \$246,750.38 reimbursable by the District to JAROAL, Signat Business Park, L.P., and Frost National Bank for construction of the projects funded by the surplus funds. After discussion, Director Peters moved to approve the developer reimbursement report. Director Wilson seconded the motion, which carried unanimously.

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AUTHORIZE DISBURSEMENT OF FUNDS

The Board considered approving the disbursement of the funds to JAROAL, Signat Business Park, L.P., and Frost National Bank. Upon a motion made by Director Peters and seconded by Director Wilson the Board voted unanimously to approve the disbursement of funds as provided in the above-described developer reimbursement report, subject to verification of the recipient.

Mr. Spears stated that the disbursement of funds should only be to Frost National Bank. Mr. Pagan stated that JAROAL claims that they are also due reimbursement from the surplus funds and that he needs to look into this matter further.

BOOKKEEPER'S REPORT AND PAYMENT OF BILLS

The Board reviewed the monthly bookkeeper's report and submitted the bills of the District for the Board's review. The Board then reviewed monthly and year-to-date budget comparisons for the District's operating, water plant, and sewage treatment plant accounts. Ms. Kelly presented a monthly investment report to the Board for approval and execution by the District's Investment Officer. After discussion of the various invoices, Director Wilson moved that the bills be approved for payment and the investment report be approved for execution by the District's Investment Officer. Director Peters seconded the motion, which carried unanimously. A copy of the bookkeeper's report, including a list of the bills approved for payment, the monthly investment report, and the budget comparisons, is attached.

TAX REPORT

The Board reviewed the District's monthly tax report, which reflects that the District's 2009 taxes were 74.48% collected at the end of January. After discussion, Director Peters moved to approve the tax report and payment of the checks drawn on the District's tax account. Director Wilson seconded the motion, which carried unanimously. A copy of the tax report, including a list of the checks approved for payment, is attached.

DELINQUENT TAX REPORT AND HEARING REGARDING TERMINATION OF SERVICE TO DELINQUENT TAX ACCOUNTS

Ms. Yanez reviewed a list of delinquent tax accounts.

OPERATOR'S REPORT

Mr. Chapline presented a copy of the monthly operator's report and reviewed it with the Board. He pointed out that there were no wastewater treatment plant

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violations for the month of January. He reported that the accountability of water was 104.8% for the month of January. A copy of the operator's report is attached.

Mr. Chapline reported on routine maintenance and repair items in the District.

TERMINATION OF WATER SERVICE

Mr. Chapline next presented a list of delinquent utility service accounts. Mr. Chapline advised the Board that all of the accounts on the list had been given written notification, in accordance with the District's Rate Order, of the opportunity to appear before the District's Board of Directors, either in person or in writing, to explain, contest, or correct their bills and to show why utility service should not be terminated for reason of nonpayment. Mr. Chapline noted that the accounts in question had neither contacted his office nor had appeared at the Board meeting concerning their bills. Following discussion, Director Peters moved to authorize termination of utility service to said accounts. The motion was seconded by Director Wilson and carried unanimously. A copy of the list of delinquent utility service accounts is attached.

UPDATE ON INSTALLATION OF INFLOW PROTECTORS.

Mr. Chapline stated that he is working on the installation of the inflow protectors.

ENGINEER'S REPORT

Ms. Kovar distributed a written report from B&G, a copy of which is attached, and reviewed it with the Board.

Ms. Kovar updated the Board on the status of the New Quest Properties surplus funds application.

Ms. Kovar reported that B&G has prepared a 5-year Capital Improvement Projects Plan. She pointed out that the Capital Improvement Projects Plan includes information regarding available funds and potential projects.

Ms. Kovar then reported that B&G revised the District's Emergency Preparedness Plan (the "Plan"). She stated that the Plan will be submitted to the Texas Commission on Environmental Quality by March 1, 2010.

Ms. Kovar reported that B&G analyzed the placement of fire hydrants surrounding the intersection at Park Borough at Canaan Bridge. She stated that B&G recommends the installation of two new fire hydrants. Following discussion, Director Peters moved that the Board authorize the installation of two fire hydrants. Director Montesinos seconded the motion, which carried unanimously.

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Ms. Kovar then reported that Harris County Municipal Utility District No. 255 ("MUD 255") requested that B&G review its capacity allocated by the District. She stated that MUD 255's water capacity is 13.35% and its wastewater capacity is 15.62%.

Ms. Kovar reported that the storm water quality permits for McKendree Park and Signat Business Park expire on March 7, 2010. She then requested that the Board approve the renewal of the storm water quality permits. Following discussion, Director Peters moved that the Board approve the renewal of the storm water quality permits. Director Montesinos seconded the motion, which carried unanimously.

Ms. Kovar then reported that Harris County requested that B&G review plans for North Eldridge Parkway improvements approximately 500 feet north of West Little York to approximately 500 feet north of FM529. She stated that B&G reviewed the plans and found no existing conflicts.

Ms. Kovar presented a compilation of wastewater flow data through December, 2009, a copy of which is attached.

REVIEW BIDS AND AWARD CONTRACT FOR WASTEWATER TREATMENT PLANT IMPROVEMENTS

Ms. Kovar reported that the District received 10 bids for the wastewater treatment plant improvements. She then recommended that the Board accept the low bid in the amount of \$978,000.00 submitted by RP Constructors, Inc. The Board concurred that award of a contract to RP Constructors, Inc. will be most advantageous to the District and will result in the best and most economical completion of the District's facilities. After discussion, Director Peters moved to accept the low bid in the amount of \$978,000.00 submitted by RP Constructors, Inc. for wastewater treatment plant improvements. Director Montesinos seconded the motion, which carried unanimously.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR WATER WELL NO. 1 REHABILITATION

Ms. Kovar updated the Board on the status of the water well no. 1 rehabilitation. She stated that she had no pay estimates from Alsay, Inc. for the Board's approval.

ADOPT RESOLUTION NOMINATING A CANDIDATE TO SERVE AS DIRECTOR ON THE BOARD OF DIRECTORS OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The Board considered adopting a Resolution Nominating a Candidate to Serve as Director on the Board of Directors of the West Harris County Regional Water Authority. Upon a motion made by Director Peters and seconded by Director Wilson, the Board

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voted unanimously to adopt a Resolution Nominating Mark Janneck to be Placed on the Ballot for the Board of Directors of West Harris County Regional Water Authority.

DISCUSS 2010 DIRECTORS ELECTION AND SET PAY FOR ELECTION OFFICIALS

Ms. Sotirake informed the Board that the terms of office for Directors Janneck, Cutlip and Peters will expire in May and that the directors election will be held on May 8, 2010. Mr. Pagan informed the Board that the election officials must be paid at least minimum wage an hour for their services. Following discussion, Director Peters moved that the election officials be paid \$10 per hour for their services. Director Montesinos seconded the motion, which carried unanimously.

ADOPT ORDER CALLING DIRECTORS ELECTION

Mr. Pagan then presented a proposed Order Calling Directors Election for May 8, 2010. Upon a motion made by Director Peters and seconded by Director Montesinos, the Board voted unanimously to adopt the Order as presented.

REVIEW AND APPROVE VOTING RIGHTS ACT SUBMISSION LETTER

Mr. Pagan explained that the District will need to make a submission to the U.S. Department of Justice under the Voting Rights Act for approval of the change in polling place if the District conducts an election. After discussion, Director Peters moved that the Board authorize the preparation and submittal of a letter to the U.S. Department of Justice under the Voting Rights Act requesting approval of the change in polling place, if necessary. This motion was seconded by Director Montesinos and carried unanimously.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT SUMMER CONFERENCE

Mr. Pagan informed the Board that the AWBD will hold its summer conference in San Antonio, Texas. Following discussion, Director Peters moved to authorize any interested board members to attend the Association of Water Board Directors summer conference and to approve reimbursement of eligible expenses from the AWBD winter conference. Director Wilson seconded the motion, which carried unanimously.

RECEIVE REPORT REGARDING THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

Mr. Boone stated that he had nothing new to report.

DEVELOPER'S REPORT

The Board did not receive a developer's report.

ACCEPT CONVEYANCE OF DEEDS

The Board took no action on this matter.

RECEIVE REPORT FROM PATROL SERVICES COMMITTEE

Director Peters updated the Board on patrol services in the District.

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

Secretary, Board of Directors

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