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MINUTES HORSEPEN BAYOU MUNICIPAL UTILITY DISTRICT

April 8, 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 8th day of April, 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:

Vacant	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, thus constituting a quorum.

Also present were Delia Yanez of Assessments of the Southwest, Inc.; Lindsay Kovar and Coleman Philley of Brown & Gay Engineers, Inc. ("B&G"); Beulah Kelly of Myrtle Cruz, Inc.; Rebecca Marcucci of Municipal District Services L.L.C. ("MDS"); Jon Spears of National Realty Group; Karen Sears of Acclaim Energy Advisors; Jack Hollis, a resident of the District; Greer Pagan of Allen Boone Humphries Robinson LLP; and Linda Sotirake as Recording Secretary.

MINUTES

The Board considered approving the minutes of the March 17, 2010, meeting. Following review and discussion, Director Wilson moved to approve the minutes of the March 17, 2010, meeting as revised. Director Cutlip seconded the motion, which carried unanimously.

RECEIVE PRESENTATION ON DEMAND RESPONSE PROGRAM

Ms. Sears reviewed with the Board Demand Response Program (the "Program"). She stated that the 2010 Program is full, but there should be a 2011 Program. She also discussed the generator lease program from Acclaim. The Board then concurred to authorize Acclaim to contact the District's operator and engineer regarding the lease program.

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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 Cutlip moved that the bills be approved for payment and the investment report be approved for execution by the District's Investment Officer. Director Montesinos 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 95.39% collected at the end of March. After discussion, Director Wilson moved to approve the tax report and payment of the checks drawn on the District's tax account. Director Montesinos 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. She then stated that the District's delinquent tax attorney recommended that the Board authorize 14 delinquent accounts in the amount of \$2,685.36 to be moved to an uncollectible list. After discussion, Director Wilson moved to authorize 14 delinquent accounts to be moved to an uncollectible list. Director Montesinos seconded the motion, which carried unanimously.

OPERATOR'S REPORT

Ms. Marcucci presented a copy of the monthly operator's report and reviewed it with the Board. She pointed out that there were no wastewater treatment plant violations for the month of March. She reported that the accountability of water was 97.5% for the month of March. A copy of the operator's report is attached.

Ms. Marcucci reported on routine maintenance and repair items in the District.

Ms. Marcucci then requested that the Board authorize 12 delinquent accounts in the amount of \$1,642.11 to be written off. Following discussion, Director Montesinos

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moved to authorize the 12 accounts to be written off. Director Cutlip seconded the motion, which carried unanimously.

TERMINATION OF WATER SERVICE

Ms. Marcucci next presented a list of delinquent utility service accounts. She 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. Ms. Marcucci noted that the accounts in question had neither contacted his office nor had appeared at the Board meeting concerning their bills. Following discussion, Director Montesinos moved to authorize termination of utility service to said accounts. The motion was seconded by Director Cutlip and carried unanimously. A copy of the list of delinquent utility service accounts is attached.

APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Ms. Marcucci reviewed with the Board the annual report on implementation of Water Conservation Plan. Following discussion, Director Montesinos moved that the Board approve the annual report on implementation of Water Conservation Plan. Director Cutlip seconded the motion, which carried unanimously.

UPDATE ON INSTALLATION OF INFLOW PROTECTORS.

Ms. Kovar reported that 105 inflow protectors have been installed.

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 reviewed with the Board the engineering proposal to complete inspections and GPS mapping of the District's utilities in order to update the existing GIS system. She pointed out that the engineering fees for the scope of services would be \$55,000. Following discussion, Director Wilson moved to approve the engineering proposal. Director Montesinos seconded the motion, which carried unanimously.

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 the District's Emergency Preparedness Plan was submitted to the Texas Commission on Environmental Quality on February 26, 2010.

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Ms. Kovar reported that on March 18, 2010, Preventive Services, LP inspected the hydropneumatic tanks at water plant nos. 1 and 2. She stated that B&G recommends that the hydropneumatic tanks at water plant no. 2 be re-coated within the next 2 years.

Ms. Kovar presented a compilation of wastewater flow data through March, 2010, a copy of which is attached.

APPROVE PAY ESTIMATES AND CHANGE ORDERS FOR WASTEWATER TREATMENT PLANT IMPROVEMENTS

Ms. Kovar updated the Board on the status of the wastewater treatment plant improvements. She stated that she had no pay estimates from RP Constructors, Inc. for the Board's approval.

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 then recommended approval of Pay Estimate No. 1 in the amount of \$31,032.00 from Alsay, Inc. Following discussion, Director Wilson moved that the Board approve Pay Estimate No. 1 in the amount of \$31,032.00. Director Montesinos seconded the motion, which carried unanimously.

DISCUSS WEBSITE

Ms. Sotirake presented copies of a proposal from The Texas Network, a copy of which is attached, regarding setup and maintenance of the District's website. Following discussion, the Board deferred action on this matter pending receipt of additional information.

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

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

DEVELOPER'S REPORT

Mr. Spear updated the Board on possible commercial development.

ACCEPT CONVEYANCE OF DEEDS

The Board considered accepting a deed conveying a detention pond site to the District by A-S 41A Eldridge Lakes II, L.P. After discussion, Director Wilson moved that the Board accept the deed conveying the detention pond site. Director Montesinos seconded the motion, which carried unanimously.

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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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