

# DRAFT

## MINUTES HORSEPEN BAYOU MUNICIPAL UTILITY DISTRICT

May 13, 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 13th day of May, 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.; Bryan Chapline of Municipal District Services L.L.C. ("MDS"); Jon Spears of National Realty Group; Karen Sears of Acclaim Energy Advisors; Perry Galloway, a resident of the District; Jim Boone of Allen Boone Humphries Robinson LLP; and Linda Sotirake as Recording Secretary.

### MINUTES

The Board considered approving the minutes of the April 8, 2010, meeting. Following review and discussion, Director Cutlip moved to approve the minutes of the April 8, 2010, meeting as submitted. Director Wilson seconded the motion, which carried unanimously.

### APPOINTMENT OF DIRECTOR

Director Peters introduced Perry Galloway and stated that Mr. Galloway is both willing and qualified to serve on the Board of Directors. After discussion, Director Wilson moved to appoint Perry Galloway to the Board of Directors. The motion was seconded by Director Cutlip and carried by unanimous vote.

### APPROVE CERTIFICATE OF ELECTION AND DISTRIBUTE TO EACH NEWLY ELECTED BOARD MEMBER

Ms. Sotirake reviewed a Certificate of Election executed by the Secretary of the Board of Directors, reflecting the terms of office of Directors Peters and Cutlip. Director

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Wilson moved to accept the Certificate of Election. Director Cutlip seconded the motion, which passed by unanimous vote.

## APPROVE SWORN STATEMENT, BOND, AND OATHS OF OFFICE

The Board considered approving Sworn Statements and Oaths of Office executed by Glenn Peters and Ron Cutlip in conjunction with their election to the Board of Directors and the Sworn Statement, Bond, and Oath of Office executed by Perry Galloway in conjunction with his appointment to the Board of Directors. Following discussion, Director Wilson moved to approve the Sworn Statements and Oaths of Office and direct that the documents be filed in the permanent records of the District and the Oaths be filed with the Secretary of State as required by law. Director Montesinos seconded the motion, which carried unanimously.

## REORGANIZE THE BOARD OF DIRECTORS AND ELECT OFFICERS

After discussion, Director Montesinos moved that Director Peters serve as President, Director Cutlip serve as Vice President, Director Montesinos serve as Assistant Vice President, Director Wilson serve as Secretary, and Director Galloway serve as Assistant Secretary. Director Cutlip seconded the motion, which carried unanimously.

## AUTHORIZE EXECUTION AND FILING OF DISTRICT REGISTRATION FORM

The Board next considered approving a District Registration Form for Board members of Water Districts and Authorities in Texas, revised to reflect the Board members and their respective terms. After review, Director Cutlip moved to authorize the execution and filing of the District Registration Form. The motion was seconded by Director Montesinos and carried by unanimous vote.

## RECEIVE PRESENTATION ON DEMAND RESPONSE PROGRAM

Ms. Sears reported that she met with the District's operator regarding the lease program. The Board deferred action on this matter.

## 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 Cutlip 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 96.84% collected at the end of April. After discussion, Director Montesinos moved to approve the tax report and payment of the checks drawn on the District's tax account. Director Cutlip 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 violations for the month of April. He reported that the accountability of water was 96% for the month of April. A copy of the operator's report is attached.

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

Mr. Chapline then requested that the Board authorize five delinquent accounts in the amount of \$598.52 to be written off. Following discussion, Director Cutlip moved to authorize the five accounts to be written off. Director Montesinos seconded the motion, which carried unanimously.

## TERMINATION OF WATER SERVICE

Mr. Chapline next presented a list of delinquent utility service accounts. He 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 Cutlip moved to authorize termination of utility service to said accounts. The motion was seconded by Director Montesinos and carried unanimously. A copy of the list of delinquent utility service accounts is attached.

## APPROVE CONSUMER CONFIDENCE REPORT

The Board considered approving the District's Consumer Confidence Report ("CCR") for 2009. After discussion, Director Wilson moved that the Board approve the CCR and authorize the MDS to mail the CCR to the District's customers by July 1, 2010, and certify the filing with the TCEQ by August 1, 2010. The motion was seconded by Director Cutlip and carried by unanimous vote.

## CONDUCT ANNUAL REVIEW AND RECEIVE REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM AND ADOPT IDENTITY THEFT PREVENTION PROGRAM AMENDMENT

Mr. Chapline reviewed with the Board the Identity Theft Program and stated that no amendments are necessary. Upon a motion made by Director Wilson and seconded by Director Cutlip, the Board voted unanimously to make no amendments at this time.

## UPDATE ON INSTALLATION OF INFLOW PROTECTORS.

Mr. Chapline updated the Board 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 reviewed with the Board additional detail regarding the engineering proposal to complete inspections and GPS mapping of the District's utilities in order to update the existing GIS system.

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 presented a compilation of wastewater flow data through April, 2010, a copy of which is attached. She reported that the effluent flow meter was calibrated and B&G compared the influent pump run times with the historical flow. Ms. Kovar stated that B&G determined that the flow meter has recorded inconsistent data. She then reported that Mr. Chapline is working on costs for a new flow meter.

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## 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. 2 in the amount of \$42,300.00 from Alsay, Inc. Following discussion, Director Cutlip moved that the Board approve Pay Estimate No. 2 in the amount of \$42,300.00. Director Wilson seconded the motion, which carried unanimously.

## DISCUSS WEBSITE

The Board deferred action on this matter.

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

Mr. Boone 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 took no action on this matter..

## RECEIVE REPORT FROM PATROL SERVICES COMMITTEE

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

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

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Secretary, Board of Directors

(SEAL)

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