

# DRAFT

## MINUTES HORSEPEN BAYOU MUNICIPAL UTILITY DISTRICT

August 12, 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 12th day of August, 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:

Glenn Peters	President
Ronnie J. Cutlip	Vice President
James Wilson	Secretary
Perry Galloway	Assistant Secretary
Dennis Montesinos	Assistant Vice President

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

Also present were Cathy Brittain 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"); Mike Goodwin of Acclaim Energy Advisors; Debbie Gibson of McCall Gibson Swedlund Barfoot PLLC; Greer Pagan of Allen Boone Humphries Robinson LLP; and Linda Sotirake as Recording Secretary.

### MINUTES

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

### RETAIN AUDITOR TO PREPARE THE DISTRICT'S AND JOINT FACILITIES AUDIT REPORTS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010

The Board next considered retaining an auditor to prepare the District's and joint facilities audit reports for the fiscal year ending September 30, 2010. Following discussion, Director Wilson moved to retain McCall Gibson Swedlund Barfoot PLLC to prepare the District's and joint facilities audit reports for fiscal year ending September 30, 2010, and authorize execution of the engagement letter. The motion was seconded by Montesinos and carried unanimously.

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## DEVELOPER REIMBURSEMENT REPORT

The Board considered retaining an auditor to prepare the developer reimbursement report regarding amounts subject to reimbursement to the developer from surplus funds. After review, Director Wilson moved to retain McCall Gibson Swedlund Barfoot PLLC to prepare the developer reimbursement report. Director Montesinos seconded the motion, which carried unanimously.

## RECEIVE PRESENTATION ON DEMAND RESPONSE PROGRAM

Mr. Goodwin stated that he is working on the demand response program.

## 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 Montesinos moved that the bills be approved for payment and the investment report be approved for execution by the District's Investment Officer. Director Galloway 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.

## DISCUSS AND ADOPT OPERATING, WATER PLANT, AND WASTEWATER TREATMENT PLANT BUDGETS FOR FISCAL YEAR ENDING SEPTEMBER 30, 2011

The Board reviewed the proposed District operating, water plant, and wastewater treatment plant operating budgets. The Board deferred action on this matter.

## TAX REPORT

The Board reviewed the District's monthly tax report, which reflects that the District's 2009 taxes were 98.77% collected at the end of July. After discussion, Director Montesinos 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.

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

The Board reviewed a report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., regarding the status of the District's delinquent tax collections, including the accounts recommended for water service termination. After discussion, Director Montesinos moved to authorize termination letters to be sent to the delinquent tax accounts. Director Wilson seconded the motion, which carried unanimously. A copy of the delinquent tax report is attached.

## 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 July. He reported that the accountability of water was 97.2% for the month of June. 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 the write-off of four delinquent accounts in the aggregate amount of \$343.01. Following discussion, Director Montesinos moved to approve the operator's report and to authorize writing-off four accounts. Director Wilson 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 Montesinos 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 reported that the installation of the inflow protectors has been completed.

## GARBAGE COLLECTION CONTRACT

The Board discussed two options for garbage collection services from WCA Waste Corporation of Texas, L.P. Following discussion, Director Wilson moved to approve the Residential Solid Waste Collection Contract in the amount of \$12.95 per home per month which includes recycling. Director Montesinos seconded the motion, which carried unanimously.

## ENGINEER'S REPORT

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

Mr. Philley reviewed the presentation of the District's updated GIS database.

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 reported that the District's Emergency Preparedness Plan has been approved by the Texas Commission on Environmental Quality.

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

Ms. Kovar then discussed the final phase of construction of the District's walking trails and pointed out that the estimated cost would be \$145,000. The Board deferred action on this matter.

## 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 stated that she had no pay estimates from Alsay, Inc. for the Board's approval.

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

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

## DEVELOPER'S REPORT

The Board did not receive a report on development.

## ACCEPT CONVEYANCE OF DEEDS

The Board took no action on this matter.

## ARBITRAGE REBATE/YIELD RESTRICTION ANALYSIS

Mr. Pagan reviewed a proposal from OmniCap Group, LLC, for an Arbitrage Rebate/Yield Restriction Analysis of the District's Series 2005 Bonds. Upon a motion made by Director Wilson and seconded by Director Galloway, the Board voted unanimously to accept the proposal from OmniCap Group, LLC.

## APPROVE WEBMASTER AGREEMENT

The Board reviewed the Webmaster Agreement (the "Agreement") from Jeff Etter. Following discussion, Director Montesinos move to approve the Agreement. Director Wilson seconded the motion, which carried unanimously.

## RENEW DISTRICT'S INSURANCE POLICIES

The Board reviewed proposals from Anco-McDonald Waterworks Insurance Services, L.L.C. and AquaSurance, LLC for the District's property, boiler and machinery, general liability, auto liability, umbrella liability, pollution liability, worker's compensation, law enforcement liability, directors and officers liability insurance, public employee blanket bond, and directors bond. The Board deferred action on this matter.

## RECEIVE REPORT FROM PATROL SERVICES COMMITTEE

Director Peters stated that he had nothing new to report on patrol services in the District.

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

(SEAL)

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Secretary, Board of Directors

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