

## NOTICE OF ELECTION

### TO THE DULY QUALIFIED RESIDENT VOTERS OF HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT:

Notice is hereby given that a bond election (the "Election") will be held for the Horizon Regional Municipal Utility District (the "District"), pursuant to an Order of the Board of Directors of said District passed on August 20, 2012. Said Order is on file in the District's office located at 1001 McKinney, Suite 1000, Houston, Texas 77002-6424, where any interested person may refer to it for all purposes.

- (1) The Election shall be held between 7:00 a.m. and 7:00 p.m. on Tuesday, November 6, 2012, at the El Paso County Courthouse, 500 E. San Antonio Avenue, El Paso, El Paso County, Texas 79901, which is a public place outside the boundaries of the District, and shall conform to all the requirements of Chapters 49 and 54, Texas Water Code, and all of the requirements of the Texas Election Code, so far as applicable.
- (2) Only duly qualified resident electors of the District may vote at the Election.
- (3) The proposition to be voted on in the Election is as follows:

#### PROPOSITION NO. 1

SHALL THE BOARD OF DIRECTORS (THE "BOARD") OF THE HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE THE BONDS OF THE DISTRICT IN ONE OR MORE ISSUES OR SERIES IN THE MAXIMUM PRINCIPAL AMOUNT OF \$73,000,000 MATURING SERIALLY OR OTHERWISE IN SUCH INSTALLMENTS AS ARE FIXED BY SAID BOARD OVER A PERIOD OR PERIODS NOT EXCEEDING 40 YEARS FROM THEIR DATE OR DATES, BEARING INTEREST AT ANY RATE OR RATES, AND TO SELL SAID BONDS AT ANY PRICE OR PRICES, PROVIDED THAT THE NET EFFECTIVE INTEREST RATE ON ANY ISSUE OR SERIES OF SAID BONDS SHALL NOT EXCEED THE MAXIMUM LEGAL LIMIT IN EFFECT AT THE TIME OF ISSUANCE OF EACH ISSUE OR SERIES OF BONDS, ALL AS MAY BE DETERMINED BY THE BOARD OF THE DISTRICT, FOR THE PURPOSE OR PURPOSES OF PURCHASING, CONSTRUCTING, ACQUIRING, OWNING, LEASING, OPERATING, REPAIRING, IMPROVING, OR EXTENDING, INSIDE AND OUTSIDE THE DISTRICT'S BOUNDARIES, ANY AND ALL DISTRICT WORKS, IMPROVEMENTS, FACILITIES, PLANTS, EQUIPMENT, AND APPLIANCES, AS WELL AS ALL EXPENSES IN ANY MANNER INCIDENTAL THERETO, AND PAYING FOR ALL COSTS ASSOCIATED WITH FLOOD PLAIN AND WETLANDS REGULATION AND ENDANGERED SPECIES AND STORMWATER PERMITS, INCLUDING MITIGATION, NEEDED TO ACCOMPLISH THE PURPOSES OF THE DISTRICT AUTHORIZED BY THE TEXAS CONSTITUTION, THE TEXAS WATER CODE OR ANY OTHER LAW, INCLUDING THE WORKS, IMPROVEMENTS, FACILITIES, PLANTS, EQUIPMENT AND APPLIANCES NEEDED TO PROVIDE A WATERWORKS

SYSTEM, SANITARY SEWER SYSTEM, DRAINAGE AND STORM SEWER SYSTEM AS WELL AS ALL EXPENSES IN ANY MANNER INCIDENTAL THERETO, INCLUDING, BUT NOT LIMITED TO, ALL ADDITIONS TO SUCH SYSTEMS AND ALL WORKS, IMPROVEMENTS, FACILITIES, PLANTS, EQUIPMENT, APPLIANCES, INTERESTS IN PROPERTY, AND PURCHASE AND CONTRACT RIGHTS NEEDED THEREFOR AND ADMINISTRATIVE FACILITIES NEEDED IN CONNECTION THEREWITH AND TO PROVIDE FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH BONDS AND THE COSTS OF ANY CREDIT AGREEMENTS EXECUTED OR AUTHORIZED IN ANTICIPATION OF, IN RELATION TO, OR IN CONNECTION WITH SAID BONDS, BY THE LEVY AND COLLECTION OF A SUFFICIENT TAX, WITHOUT LIMITATION AS TO RATE OR AMOUNT, UPON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, ALL AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS?

- (4) The District's Board and the District's consultants estimate the following costs for purchasing, constructing, acquiring, owning, operating, repairing, improving and extending a water and sanitary sewer system, including water plants and wastewater treatment plants within the District:

|   |                      |
|---|----------------------|
| <b>CONSTRUCTION COSTS</b>                                       |                      |
| <b>Water Supply Projects</b>                                    |                      |
| 1.0 MG Blending Water Tank                                      | \$ 1,000,000         |
| 5.0 MG (10.0 MGD) RO Treatment Plant with Building and Controls | \$ 10,000,000        |
| 1.0 MGD Feedwater Tank  | \$ 1,000,000         |
| Booster Pump Station  | \$ 1,125,000         |
| Well site acquisition and development (6-500 GPM wells)         | \$ 2,850,000         |
| 45,000 LF of 24-inch Well Gathering Line                        | \$ 4,500,000         |
| <b>Subtotal Water Supply Projects</b>                           | <b>\$ 20,475,000</b> |
|   |                      |
| <b>Water Distribution Projects</b>                              |                      |
| 40,000 LF of 16-inch PVC Water line from RO Plant to GST-4      | \$ 2,800,000         |
| 1.5 MG EST  | \$ 4,500,000         |
| 20,000 LF of 16-inch EST5 Feedline with valves                  | \$ 1,400,000         |
| 24" PVC Horizon Blvd Transmission Main (Ashford to Kenazo)      | \$ 900,000           |
| Purple Pipe Water Transmission Mains                            | \$ 2,500,000         |
| <b>Subtotal Water Distribution Projects</b>                     | <b>\$ 12,100,000</b> |

|   |                      |
|---|----------------------|
|   |                      |
| <b>Wastewater Treatment Projects</b>  |                      |
| 2.5 MGD WWTP Expansion  | \$ 17,500,000        |
| 1.75 MGD Tertiary Treatment and Distribution Infrastructure (Purple Pipe Water) | \$ 2,500,000         |
| <b>Subtotal Wastewater Treatment Projects</b>                                   | <b>\$ 20,000,000</b> |
|   |                      |
| <b>Wastewater Collection System Projects</b>                                    |                      |
| Section 32 lift station expansion   | \$ 583,333           |
| El Paso Hills Lift Station Replacement (series lift station)                    | \$ 1,800,000         |
| <b>Subtotal Wastewater Collection System Projects</b>                           | <b>\$ 2,383,333</b>  |
|   |                      |
| <b>Engineering (10%)</b>  | <b>\$ 5,495,833</b>  |
| <b>Contingencies (10%)</b>  | <b>\$ 5,495,833</b>  |
| <b>TOTAL CONSTRUCTION COSTS</b>   | <b>\$ 65,950,000</b> |
| <b>NON-CONSTRUCTION COSTS</b>   |                      |
| Legal Fees  | \$ 1,460,000         |
| Financial Advisor Fees  | \$ 730,000           |
| Bond Discount   | \$ 2,190,000         |
| Texas Commission on Environmental Quality Fees                                  | \$ 182,500           |
| Engineering Reports   | \$ 250,000           |
| Capitalized Interest  | \$ 2,190,000         |
| Other Costs   | \$ 47,500            |
| <b>TOTAL ESTIMATED NON-CONSTRUCTION COSTS</b>                                   | <b>\$ 7,050,000</b>  |
| <b><u>TOTAL ESTIMATED CONSTRUCTION AND NON-CONSTRUCTION COSTS</u></b>           | <b>\$73,000,000</b>  |

The report fully explaining the costs listed above is on file in the District's office and open to inspection by the public.

(5) The El Paso County Elections Department shall appoint the Presiding Judge and any required Alternate Presiding Judges or Clerks.

(6) Early voting by personal appearance shall be conducted at the El Paso County Courthouse, 500 E. San Antonio Avenue, El Paso, El Paso County, Texas 79901, as well as other satellite locations through El Paso County.

Early voting ballots for voting by mail may be obtained from and mailed to the Early Voting Clerk at El Paso County Courthouse, Elections Department, 500 E. San Antonio Avenue, #L115, El Paso, Texas 79901. The Early Voting Clerk shall keep the office for early voting by personal appearance open for such purposes from 8:00 a.m. until 5:00 p.m. from Monday, October 22, 2012, until Friday, November 2, 2012, on each day which is not a Sunday, or official State holiday.

/s/ Benny Davis  
President, Board of Directors

ATTEST:

/s/ Gordon (Bob) Jarvis  
Secretary, Board of Directors