

CAUSE NO. D-1-GV-09-002065

STATE OF TEXAS, Plaintiff,	§	IN THE DISTRICT COURT OF
	§	
VS.	§	
	§	
KATHIE BRYANT, dba BUENA VISTA WATER SYSTEM, Defendant.	§	TRAVIS COUNTY, TEXAS
	§	
	§	250 th JUDICIAL DISTRICT

RECEIVER'S MONTHLY REPORT
BUENA VISTA WATER SYSTEM
BURNET COUNTY, TEXAS
For the Month Ending July 31, 2010

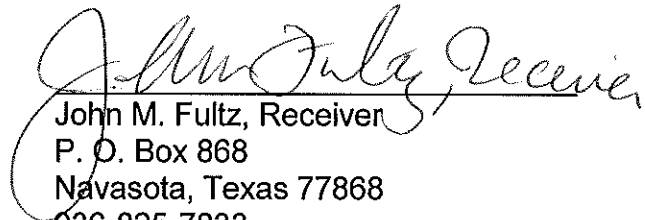
COMES NOW, JOHN M. FULTZ, duly appointed Receiver for Buena Vista Water System (the "Water System"), and files this Receiver's Monthly Report for the month ending July 31, 2010, and would show this Court the following:

1. John M. Fultz was appointed Receiver of the Water System by Receivership Order signed by this Court on July 8, 2010 (the "Order").
2. The Water System is alleged to be owned by Kathie Bryant, individually, d/b/a Buena Vista Water System.
3. The Order authorized the Receiver to take possession and control of the Water System located in Burnet County, Texas.
4. The Receiver filed his Oath and obtained and filed a Bond on July 12, 2010.
5. The Receiver contracted with Gulf Utility Service, Inc., ("GUS"), a company with whom the Receiver has worked for over four years, who has licensed operators skilled in the operations of water plants and water systems, to be the Water System's Operator and to take over the day-to-day operations of the Water System.
6. The Receiver will operate the Water System through the Operator.
7. The Operator will operate the Water System, perform monthly maintenance of the Water System, perform monthly testing, file the appropriate monthly water reports, read the meters, bill the customers, collect and deposit the funds received in payment, prepare checks for payment of the monthly bills and deliver the same to the Receiver for review and payment, and prepare monthly financial reports for the Receiver.

8. The Operator began the process of setting up customer accounts for billing purposes and no financials were available for the month of July.
9. The Operator on behalf of the Receiver went into possession of the water plant facilities and took control of the operations of the water plant.
10. The Receiver took the action described on the attachment from the date of appointment to July 20, 2010, which were reported to Dorothy Young with TCEQ.
11. On July 20, 2010, the Receiver prepared correspondence to Keith Kebodeaux, attorney for Kathie Bryant, requesting that all information required by the Order be turned over to the Receiver, including all written records of the Water System, customer lists, and bank accounts.
12. The Operator received one customer deposit for the Water System.
13. On July 22, 2010, the Receiver forwarded the Notice to the Customers of the appointment of John M. Fultz as Receiver, including information regarding billing, payments, and 24-hour response phone number, a copy of which Notice to Customers is attached hereto.
14. The Receiver scheduled a meeting with customers for August 28, 2010.
15. The Receiver, according to the Order, established a bank account for the receivership to be used for all accounts receivable and to make distributions for the accounts payable of the System. The Receiver will maintain an accounting for all income and expenses incurred during the tenure of the Receivership.
16. The Receiver will operate the System through the Operator.

This concludes the Receiver's Monthly Report for the month ending July 31, 2010.

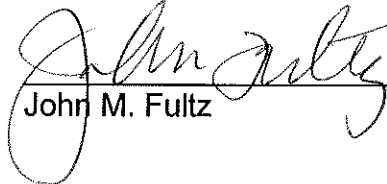
Respectfully Submitted,


John M. Fultz, Receiver
P. O. Box 868
Navasota, Texas 77868
936-825-7833
936-825-2354 fax

Certificate of Service

I, John M. Fultz, Receiver, certify that a copy of the foregoing Receiver's Monthly Report for the month of July, 2010, for the Buena Vista Water System, was forwarded via email on the 2nd day of November, 2010 to the following:

Mr. Ray Olah, Assistant Attorney General
Mr. Terence Webb, Receivership Coordinator
Mr. Keith Kebodeaux, Attorney for Kathy Bryant
Mr. Roger Borgelt, Attorney for the Buena Vista Property Owners Association



John M. Fultz

JOHN M. FULTZ
RECEIVER
BUENA VISTA WATER SYSTEM

P. O. Box 868
Navasota, Texas 77868
936-825-7833
936-825-2354 Fax

July 22, 2010

TO: All Customers of the Buena Vista Water System

This letter is being sent to you to notify you that John M. Fultz has been appointed Receiver of the Buena Vista Water System (the "System") by Agreed Order Appointing Receiver entered on July 8, 2010, in the 250th Judicial District Court of Travis County, Texas (the "Order").

The Order requires that the Receiver take over the operations of the Buena Vista Water System, manage the Water System, and provide continuous and adequate water utility service to you, its customers. The Receiver in conjunction with the Texas Commission on Environmental Quality ("TCEQ") will work to bring the System into compliance with the minimum standards set by TCEQ. The Receiver is the person responsible for collecting all revenue, making all expenditures, and overseeing the operation of the Water System. To assist the Receiver in the day to day operations, the Receiver has employed Gulf Utility Service, Inc., P. O. Box 1629, Spring, Texas 77383, to be the operator and manage of the Water System, as well as to make or oversee the construction of any necessary repairs, to make connections, meet customer service needs, and run the day to day business of the Water System. You can reach the Receiver by letter or telephone at the address and phone numbers listed on this letterhead. However, in the event of any questions regarding an emergency affecting the Water System or for Customer Service inquiries, please contact Gulf Utility Service, Inc., at 1-281-355-1312 or 1-888-649-4433.

Payments for water service should be made payable to **Buena Vista Water System Receivership**, and mailed to **Buena Vista Water System**, P. O. Box 1629, Spring, Texas 77383. Gulf Utility Service, Inc., will handle all meter reading, customer service matters, and all customer accounts and billing. I will supervise and control all funds.

Your next bill will be mailed between August 4, 2010 and August 7, 2010, and will contain your bill for water usage from June 30, 2010, and any past due amounts. Your payment will be due monthly within 16 days from the date of billing. In the event that payment is not received by 4:00 p.m. in the office of Gulf Utility Service, Inc., on the 17th day, a ten-day late notice will be mailed which will include late fees. In the event that payment in full is not received in the office of Gulf Utility Service, Inc., by 4:00 p.m. on the tenth (10th) day after late notice is mailed, you will be subject to disconnect and assessed a reconnect fee which must be paid with all charges, fees, and past due amounts in order to restore service.

As you may be aware, the **Buena Vista Water System** is not operating within the requirements of TCEQ. It is our intention to bring the Water System into compliance with the minimum standards of TCEQ. Please help us by reporting any problems immediately to the Gulf Utility Service, Inc., the Operator, at (888) 649-4433.

As Receiver, I intend to keep you informed of the status of the plans for the future of the Water System, as well as plans for corrective actions and efforts to meet TCEQ requirements. If you have any specific concerns or questions of me, please do not hesitate to contact me at the address listed above.

Sincerely,

John M. Fultz, Receiver

c: Mr. Tom Bohl, Office of the Attorney General Mr. Terence Webb, Receivership Coordinator
Mr. Keith Kebodeaux, Attorney for Defendant Mr. Roger B. Borgelt, Attorney for Intervenor

8:48 AM
11/02/10
Accrual Basis

Buena Vista Water System Receivership
Profit & Loss
July 2010

	<u>Jul 10</u>
Ordinary Income/Expense	
Cost of Goods Sold	
Chemicals	1,690.00
Lab Fees	3,756.00
Plant Utilities	
Electricity	454.19
Total Plant Utilities	454.19
Purchased Water	459.52
Total COGS	<u>6,359.71</u>
Gross Profit	-6,359.71
Expense	
Advertising and Promotion	195.15
Business Licenses and Permits	187.41
Office Supplies	175.03
Professional Fees	
Receiver Assistant Fees	250.00
Receiver Fees	1,555.75
Total Professional Fees	1,805.75
Travel Expense	878.82
Total Expense	<u>3,242.16</u>
Net Ordinary Income	<u>-9,601.87</u>
Net Income	<u><u>-9,601.87</u></u>

8:50 AM
11/02/10
Accrual Basis

Buena Vista Water System Receivership
Balance Sheet
As of July 31, 2010

	<u>Jul 31, 10</u>
ASSETS	0.00
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	8,979.57
Total Accounts Payable	<u>8,979.57</u>
Other Current Liabilities	
Receivers Escrow	622.30
Total Other Current Liabilities	<u>622.30</u>
Total Current Liabilities	<u>9,601.87</u>
Total Liabilities	9,601.87
Equity	
Net Income	-9,601.87
Total Equity	<u>-9,601.87</u>
TOTAL LIABILITIES & EQUITY	<u><u>0.00</u></u>