

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 25, 2011

THE STATE OF TEXAS
COUNTY OF FORT BEND FORT BEND COUNTY MUNICIPAL UTILITY
DISTRICT NO. 81

The Board of Directors (the "Board") of Fort Bend County Municipal Utility District No. 81 (the "District") met in regular session, open to the public, at the Fort Bend County Commissioner Precinct 3 Office Building, 8100 Highway 359 South, Fulshear, Texas 77441, on January 25, 2011, at 9:00 a.m.; whereupon roll was called of the directors, to-wit:

President	-	J.B. DuBois, Jr.
Vice President	-	Robert Machen
Secretary	-	Victor J. Zdunkewicz
Assistant Secretary	-	Joseph Ray LeBlanc
Treasurer	-	Robert Pfaffenberger

All members of the Board were present. Also attending all or part of the meeting were Mr. Harlen Wunsch of Severn Trent Environmental Services, Inc. ("ST"), operators for the District; Mr. Kenneth Byrd of Equi-Tax, Inc. ("Equi-Tax"), tax assessor and collector for the District; Mr. Terry Holland of Myrtle Cruz Inc. ("MCI"), bookkeeper for the District; Mr. Kenneth Martinec of Jones & Carter, Inc. ("J&C"), engineers for the District; Mr. Trent Thomas, Alderman for the City of Weston Lakes (the "City"); and Ms. Nancy Green of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District.

The meeting was called to order and, in accordance with notice posted pursuant to law, copies of certificates of posting of which are attached hereto as *Exhibit A*, the following business was transacted:

1. **Minutes.** Consideration was given to the minutes of the special meeting of December 21, 2010, previously distributed to the Board. Upon motion made by Director LeBlanc, seconded by Director Zdunkewicz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the special meeting of December 21, 2010, as presented. Consideration was given to the minutes of the special meeting of January 18, 2011, previously distributed to the Board. Upon motion made by Director Zdunkewicz, seconded by Director LeBlanc, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the special meeting of January 18, 2011.

2. **Consider property tax exemptions.** The Board reviewed the Order Adopting Exemption From Taxation For Individuals Who Are Disabled Or Are 65 Years Of Age Or Older (the "Exemption Order"), a copy of which is attached hereto as *Exhibit B*. Mr. Byrd reported that the current exemption is \$66,000 on the appraised value of the homestead for owners who are disabled or 65 years of age or older. Upon motion by Director Pfaffenberger,

seconded by Director LeBlanc, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Exemption Order granting a \$66,000 tax exemption on the appraised value of the homesteads owned by individuals who are disabled or 65 years of age or older.

3. **Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code.** The Board reviewed the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code, a copy of which is attached hereto as *Exhibit C*. Upon motion by Director Machen, seconded by Director LeBlanc, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code.

4. **Tax Assessor Collector's Report and Standby Fee Report.** Mr. Byrd presented to and reviewed with the Board the Tax Assessor and Collector's Report for December, 2010, a copy of which is attached hereto as *Exhibit D*. Mr. Byrd reported that the District has collected 31.8% of its 2010 taxes and 24.2% of its 2011 standby fees.

Upon motion by Director Machen, seconded by Director Zdunkewicz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Report and to authorize payment of check nos. 2805 through 2814 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

5. **Attorney's Report.** The Board reviewed the Emergency Water Supply Contract between the District and Aqua Texas, a copy of which is attached hereto as *Exhibit E*. Upon motion made by Director LeBlanc, seconded by Director Zdunkewicz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Emergency Water Supply Contract, with a requested response from Aqua Texas within a 30-day time frame.

6. **Bookkeeper's and Investment Report.** Mr. Holland presented to and reviewed with the Board the Bookkeeper's Report and Investment Report, a copy of which is attached hereto as *Exhibit F*. In response to a question from Director LeBlanc, Mr. Holland responded that he would update the maintenance tax transfer amounts on the report to reflect the current year. Mr. Holland reported that the \$18,655.04 amount reflected in budget under the fiscal year-to-date actual column for repairs and maintenance is related to the garbage collection fees.

Upon motion by Director Zdunkewicz, seconded by Director Machen, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Investment Report, the Bookkeeper's Report, and the payment of the District's bills noted therein.

7. **Operations Report.** Mr. Wunsch reviewed with the Board the invoice items and work orders and discussed the back charges.

Mr. Wunsch reported that ST investigated the water issue surrounding the resident's home in the District and theorized that the irrigation system is leaking. Mr. Martinec

reported that he visited the residence and noted that the water covers a large area of the yard. Mr. Wunsch reported that ST is still researching the issue and will report to the Board its findings.

Mr. Wunsch presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as *Exhibit G*. Mr. Wunsch reported that zero months and 80,398,000 gallons remain on the District's Fort Bend County Subsidence District ("FBCSD") water permit. Mr. Wunsch stated that the District pumped 17,746,000 gallons of water in the month of December and that the water accountability for the month was 90.32%.

Mr. Wunsch reported that the District installed 18 taps within the last three months. Director LeBlanc requested that Mr. Wunsch add a 60-day column under the aged receivables chart.

Mr. Wunsch requested Board approval to turn over two accounts to NCO for collection. Mr. Wunsch reported that 35 accounts are on the delinquent list and requested Board approval to disconnect the accounts on the delinquent list on January 28, 2011, if payment is not received by 5:00 p.m. on January 27, 2011. Upon motion made by Director Pfaffenberger, seconded by Director Machen, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to turn over two accounts to NCO for collection, and to disconnect the accounts on the delinquent list on January 28, 2011, if payment is not received by 5:00 p.m. on January 27, 2011.

8. **Resident water table.** This item was discussed under the Operator's Report.

9. **Engineer's Report.** Mr. Martinec reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit H*.

Mr. Martinec reported that J&C submitted a proposal and cost estimates to Aqua Texas to design the interconnect. Mr. Martinec reported that J&C will discuss the project with the Texas Commission on Environmental Quality and determine the approval requirements. Mr. Martinec reported that an exhibit of the proposed interconnect location is attached to the Engineer's Report for the Board to review.

Mr. Martinec reported that J&C completed the inspection of Water Plant No. 1 and Water Plant No. 2 and are preparing a report with J&C's recommendations and cost estimates for presentation at the February meeting.

Mr. Martinec reported that the Fort Bend Subsidence District ("FBSD") requires calibration certificates for the District's wells every three years. Mr. Martinec stated that J&C will prepare the forms after the upcoming GM Services well performance tests and submit them to the FBSD. Mr. Martinec reported that J&C also received a Permit Fee Statement from the FBSD for the District's well permit in the amount of \$5,250 and forwarded the statement to the bookkeeper for payment. Mr. Martinec reported that J&C will also file a rebate application for the unused portion of the 2010 Permit.

In response to a question from Director Zdunkewicz regarding irrigation systems in the District right-of-ways, Mr. Martinec stated that the District usually only discovers irrigation systems in the right-of-ways when an irrigation meter is requested. Mr. Wunsch reported that new homeowners are notified that irrigation systems should not be placed in the right-of-ways.

Upon motion made by Director LeBlanc, seconded by Director Pfaffenberger, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

Mr. Wunsch noted that he is researching the number of days that the District was without power during Hurricane Ike.

10. **Public Comments.** Mr. Thomas reported that he has a 20 kw natural gas generator at his home which automatically turns on during power outages.

11. **Other business matters.** Director DuBois stated that the Associated Water Board Directors ("AWBD") winter conference is scheduled for February 4th through 5th at Moody Gardens in Galveston. Director DuBois noted that Directors Pfaffenberger, Machen and himself would be attending the conference.

Director DuBois reported that the deadline for the Water Smart application is Monday, April 4, 2011. Mr. Wunsch reported that he would begin work on the application.

Director DuBois reported that the AWBD summer conference will be held June 9th through 11th in Fort Worth. Director DuBois noted that no door prizes or giveaways will be offered since the policy requires giveaways to be less than \$50. Director DuBois stated that the winter conference is a Mardi Gras theme and the summer conference is a western theme.

Upon motion made by Director LeBlanc, seconded Director Zdunkewicz, after full discussion and the question being put to the Board, the Board voted unanimously to adjourn the meeting.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The above and forgoing minutes were passed and approved by the Board of Directors on February 22, 2011.

President, Board of Directors

ATTEST:

Secretary, Board of Directors