

MINUTES OF MEETING OF BOARD OF DIRECTORS  
February 22, 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 February 22, 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 regular meeting of January 25, 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 regular meeting of January 25, 2011.

2. **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 January 2011 and the Perdue, Brandon, Fielder, Collins & Mott L.L.P. Delinquent Tax Report, copies of which are attached hereto as *Exhibit B*. Mr. Byrd reported that the District has collected 84.3% of its 2010 taxes and 48.4% of its 2011 standby fees.

Upon motion 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 Tax Assessor and Collector's Report and to authorize payment of check nos. 2815 through 2823

from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

Director Machen entered the meeting at this time.

3. **Attorney's Report.** Director DuBois reported that Steve Dunnahoe of Aqua Texas notified the District by email that Aqua Texas will not need an interconnect agreement with the District, a copy of such email is attached hereto as *Exhibit C*. Director DuBois noted that Aqua Texas is working to better utilize its water storage facility.

4. **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 D*.

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 Investment Report, the Bookkeeper's Report, and the payment of the District's bills noted therein.

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

Mr. Wunsch reported that the blower and fire hydrant repair costs had increased the invoice amounts. The Board discussed transferring the chlorine invoice payments from ST to MCI to reduce the 10% to 15% markup for the chlorine costs. Mr. Wunsch stated that ST verifies that the quantity of chlorine containers delivered matches the invoiced amounts. Upon motion by Director LeBlanc, seconded by Director Zdunkewicz, after full discussion and the question being put to the Board, the Board voted unanimously to authorize MCI to begin receiving the chlorine invoices for payment.

Mr. Wunsch presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as *Exhibit E*. Mr. Wunsch reported that 11 months of water usage remains on the District's aggregate Fort Bend Subsidence ("FBSD") water permit. Mr. Wunsch stated that the District pumped 10,669,000 gallons of water in the month of January and that the water accountability for the month was 91.77%.

Director DuBois requested that Mr. Wunsch begin work on the Water Smart Application. Mr. Wunsch noted that he would contact Director DuBois regarding the application.

Mr. Wunsch requested Board approval to turn over one account to NCO for collection. Mr. Wunsch reported that 23 accounts are on the delinquent list and requested Board approval to disconnect the accounts on the delinquent list on March 2, 2011, if payment is not received by 5:00 p.m. on March 1, 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 one account to NCO for collection, and to disconnect the accounts on the delinquent list on March 2, 2011, if payment is not received by 5:00 p.m. on March 1, 2011.

6. **WCA Annual Rate Adjustment.** Director DuBois reviewed with the Board the WCA letter regarding the \$0.31 increase in cost per connection for solid waste collection, a copy of which is attached hereto as *Exhibit F*. Director DuBois reported that the rates would increase from \$21.86 to \$22.17 per connection. Upon motion 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 rate increase with no amendments to the Rate Order.

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

Mr. Martinec reported on the GM Services well performance test reports for the District's water wells. Mr. Martinec reported that Water Well No. 2 is producing excessive sand (61 parts per million ("ppm") to 100 ppm)). Mr. Martinec speculated that the seal has probably broken loose and reported that similar issues occurred in 2003 when the capacity of the well was increased to 1,000 gallons per minute ("gpm"). Mr. Martinec reported that reducing the capacity to 700 gpm and repairing the seal between the upper casing and the screen reduced the sand production. Mr. Martinec recommended repairing the well and reducing its capacity back to 700 gpm immediately and requested authorization to solicit proposals to pull the pumping equipment, televise the well, and pending results of the television survey, make repairs and replace the pump with a 700 gpm pump. Discussion ensued regarding the quality of the screens. Mr. Martinec explained that the failure of the screen is directly related to the 1,000 gpm pressure. In response to a question from Director Zdunkewicz, Mr. Martinec reported that to meet requirements per annum, the District needs to increase production capacity or build another well. Mr. Martinec reported that the District would be better served with another well. Director Zdunkewicz reported that the engineer has recommended building a third well since 2003 and requested that the Board consider undertaking the project while construction costs are low. Mr. Martinec reported on the time table for initiating and funding the project. Discussion ensued regarding authorizing Alsay to perform the project so that the District can utilize its one-year maintenance contract or soliciting bids to perform the project to obtain better pricing. 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 authorize Alsay to pull the pump and televise the well to determine the problem; to authorize Director Machen to act as liaison with the engineer on behalf of the Board, to convene a meeting to talk about the well repair and water needs, and to add consider water well no. 4 proposition to the March agenda. Mr. Martinec noted that the repair can be classified as an emergency with the Texas Commission on Environmental Quality ("TCEQ").

Mr. Martinec reported that Well No. 3 is performing within acceptable parameters and that J&C recommends continuing bi-annual testing. Director LeBlanc requested that GM Services update their graph for Well #3.

Mr. Martinec reported that as discussed at the January meeting, the FBSD requires calibration certificates for the District's wells every three years and that J&C is working with GM Services to prepare the necessary forms for submission to the FBSD. Mr. Martinec reported that J&C will also file the rebate application for the unused portion of the 2010 permit this week. In response to a question, Mr. Martinec noted that the District will someday be

required to convert to surface water and that a third water well will not change the timetable for the conversion.

Mr. Martinec reported that J&C completed the mechanical and electrical inspections for the District's water plant facilities. Mr. Martinec stated that several issues were noted during the inspections at both water plants and that a copy of the report, pictures, detailed cost estimates, and recommendations are attached to the Engineer's Report. Mr. Martinec reported that recommendations include recoating and repairing some of appurtenances at both water plants. Mr. Martinec reported that costs of the improvements are estimated to be \$442,120, including contingencies and engineering. Mr. Martinec stated that the interior of ground storage tank ("GST") No. 2 needs to be recoated, but that the exterior is acceptable. Mr. Martinec reported that the recoating project can be delayed until next winter after the project items are included in the budget this August. Mr. Martinec reported that the screens need to be added to the vent cover and that the screens can be added by ST. Mr. Martinec stated that page six of the water plant inspection report lists additional items that can be performed by the operator. 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 authorize ST to perform the items listed on page six of the water plant inspection report and to authorize J&C to design the improvements so that the cost of these items can be included in the budget in August. The Board directed Mr. Martinec to send notification to the manufacturer of the problems to obtain offers toward a solution.

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

8. **Public Comments.** Mr. Thomas reported that he is unhappy with Aqua Texas' decision not to proceed with the emergency interconnect agreement with the District on behalf of the residents of Riverwood. Discussion ensued regarding using effluent water for the golf course. Mr. Thomas reported that as a resident of Weston Lakes, he appreciates that the District is considering constructing a third water well now versus later.

Director Zdunkewicz reported that Mr. Thomas notified him that water was running from Water Plant No. 1. Director Zdunkewicz stated that he contacted ST and the relief valve malfunction was repaired within 30 minutes.

9. **Other business matters.** Director DuBois reported that Directors Machen, Pfaffenberger and himself attended the AWBD winter conference and that conference topics included legislative changes which will release districts from using electronic ballots for their elections. Director DuBois noted that the AWBD summer conference would be held in Fort Worth June 9<sup>th</sup> through 11<sup>th</sup>.

Upon motion made by Director Pfaffenberger, seconded Director LeBlanc, 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 March 22, 2011.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

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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 March 22, 2011.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors