

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 22, 2010

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 June 22, 2010, 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 and Ms. Kendra Pratt 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. Sonny Fisher, resident of the District; 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 May 25, 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 regular meeting of May 25, 2010, as presented.

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 May, 2010, a copy of which is attached hereto as *Exhibit B*. Mr. Byrd reported that the District has collected 97.1% of its 2009 taxes and 74.2% of its 2010 standby fees.

Director Machen arrived at this time.

Mr. Byrd reported that it will take approximately two to three months before the Pfordresher lot could be purchased by Mr. Reichardt at auction due to the time involved in

notifying all taxing authorities to join in the lawsuit. Mr. Byrd notified the delinquent tax attorney that Mr. Reichardt is a potential buyer for the property.

Mr. Byrd reviewed the updates on the 2010 preliminary certified values and noted that the values decreased by approximately \$11,000,000 from 2009. 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. 2778 through 2780 from the Tax Account in the amount, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Attorney's Report.** The Board stated that they enjoyed the F&J party at the Associated Water Board Directors Conference in San Antonio.

In response to a question, Ms. Green stated that she would verify that the District has a copy of the certificate of liability insurance for Cequel.

4. **Operations Report.** Director Zdunkewicz reviewed with the Board his water bill, a copy of which is attached hereto as *Exhibit C*. Director Zdunkewicz requested that ST revise the wording on the bill so that the due date is less confusing to residents. Discussion ensued. Ms. Pratt stated that ST would change the wording on the bill and email a revised bill to the Board for review and comment.

The Board reviewed a letter from Bob Poe requesting that the District implement automatic check drafts for water bill payments, a copy of which is attached hereto as *Exhibit D*. Ms. Pratt stated that the one-time fee to the District for setting up the bank draft option is \$100. Mr. Holland reported that MCI would also charge the District an additional \$50 per month for handling automatic bank drafts because of the extra time involved with processing the transactions. Discussion ensued. Upon motion by Director Zdunkewicz, seconded by Director Pfaffenberger, after full discussion and the question being put to the Board, the Board voted unanimously to authorize ST to initiate options for automatic check funding and other payment methods. Ms. Pratt noted that the Board would need to review and approve a new contract between the District and Compass Bank for the automatic bank draft option. Director DuBois stated that he would notify Mr. Poe by letter regarding the District's initiation of automatic bank drafts.

Mr. Wunsch reviewed with the Board the invoice items, work orders and tolls. Mr. Wunsch reported that it would take approximately four to six months to work out the problems with the new invoice system at ST.

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 seven months and 260,785,000 gallons remain on the District's Fort Bend County Subsidence District ("FBCSD") water permit. Mr. Wunsch stated that the District pumped 24,087,000 gallons of water in the month of May and that the water accountability for the month was 97.4%.

Mr. Wunsch reviewed with the Board the customer emails requesting automatic payment options for water bills, copies of which are attached to the Operations Report.

Mr. Wunsch requested the Board's approval to send three accounts to NCO for collection. Mr. Wunsch reported that 26 accounts are on the delinquent list and requested the Board's approval to disconnect the accounts on July 7, 2010, if payment is not received by 5:00 p.m. on July 6, 2010. 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 approve the Operations Report, to send three accounts to NCO for collection, and to disconnect the accounts on the delinquent list on July 7, 2010, if payment is not received by 5:00 p.m. on July 6, 2010.

5. **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*.

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

6. **Developer's Report.** There was no report.

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 water well no. 2 rework project and noted that the contractor, Alsay Inc. addressed the minor items at the water plant. J&C inspected the work and directed Alsay, Inc. to recoat a portion of the well piping that was poorly coated. Mr. Martinec stated that J&C is waiting for GM services to test the performance of the well before the final pay estimate is presented at the July meeting.

Mr. Martinec reported that Napco Chemical Company ("Napco") tested water samples from well no. 2 and determined that the polyphosphate product is correct, but recommended adjusting the polyphosphate injection pump settings to account for the increased capacity of the well. In addition, Napco recommended relocating the polyphosphate injection point for better results. Mr. Martinec reported that J&C worked with ST to adjust the pump settings and relocate the injection point.

Mr. Martinec reported that water well no. 3 at water plant no. 2 does not currently have a polyphosphate injection system. Mr. Martinec stated that J&C directed Napco to take a sample from well no. 3 to verify polyphosphate treatment is not necessary. Mr. Martinec noted that test results should be received next week.

Mr. Martinec reported that J&C directed AT&T to place additional sodding on the disturbed area at the site near Water Plant No. 2. Mr. Martinec stated that J&C is working with Director DuBois to determine who will maintain the adjacent area.

Mr. Martinec reported that the Amended and Restated Lease Agreement requires a proper legal description for the Property Owner Association's site near the wastewater treatment plant. Mr. Martinec stated that the cost to prepare the legal description and map of the

area would cost approximately \$1,500 to \$1,800. 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 authorize J&C to prepare the legal description and map for the Amended and Restated Lease Agreement at an estimated cost of \$1,500 to \$1,800.

Mr. Martinec discussed the options for refurbishing well no. 3 and stated that the pump could be replaced with a different type and size impeller. Mr. Martinec estimated that the cost to review the refurbishing options for water well no. 3 is \$500. Discussion ensued regarding using the option information in the budget planning.

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 Engineer's Report.

8. **Public Comments.** There were no public comments.

9. **Other business matters.** It was the consensus of the Board to hold a special budget meeting at 9:00 a.m. on August 17, 2010.

The Board reviewed the Interlocal Agreement between the District and the Harris Galveston Subsidence District for the Water Wise program, a copy of which is attached hereto as *Exhibit H*. Director DuBois stated that if approved, 82 students would participate in the program at a cost of \$34.50 per student. Director DuBois stated that Susan Brown would coordinate with Huggins Elementary School to schedule the date of the presentation. In response to a request by Director DuBois, Ms. Green stated that she would telephone Ms. Brown to confirm the presentation date before the Board approves the agreement.

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 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 July 27, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors