

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 23, 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 November 23, 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"), operator 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"); Mr. Sonny Fisher, resident of the District; Mr. Jerry Lavey of Harco Insurance Services ("Harco"); 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 October 26, 2010. Director Machen requested that the minutes reflect that he did not attend the meeting. 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 minutes of the regular meeting of October 26, 2010, as revised.

2. **Approve audit for the fiscal year ending September 30, 2010.** This item was deferred.

3. **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 October, 2010 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 99.2% of its 2009 taxes and 77.8% of its 2010 standby fees.

Upon motion by Director Pfaffenberger, 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 no. 2236 from the Tax Account in the amount, to the person, and for the purpose described in the Tax Assessor and Collector's Report.

4. **Attorney's Report.** Director DuBois reported that the Board reviewed the Ethics Policy which was emailed to the Board by Ms. Green.

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 C*.

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. **Operations Report.** The Board noted that Mr. Poe has complained about receiving late fees from his electronic water bill payments. Ms. Pratt stated that ST received approximately three calls this month regarding late fees on electronic payments. Ms. Pratt reviewed the payment options and procedure reviews and noted that electronic water payments can take between seven to fourteen business days to register as paid. Ms. Pratt stated that the payments can be delayed from being deposited into the account if the check doesn't reflect a complete account number. Ms. Pratt stated that she would review Mr. Poe's water payments to investigate the delay in his payment deposit. Ms. Pratt reported that ST is mailing a letter to residents regarding the different payment options today. Ms. Pratt noted that she would include an automatic draft audit form to include with the bill.

Mr. Wunsch reported on the preventative maintenance program and noted that ST repaired the fire hydrants that weren't operating properly and noted that all of the hydrants are working. Director Pfaffenberger reported that the fire hydrant on his street is blocked by a tree. Mr. Wunsch stated that he would investigate the hydrant and add it to the list of repairs.

Mr. Wunsch reported on the news item related to gross alpha radioactivity contaminants in water wells and stated that the District is on a nine-year schedule by the Texas Commission on Environmental Quality ("TCEQ") for radiation testing because of the District's low radiation average (2.8 alpha) on both of its wells. Mr. Wunsch stated that the TCEQ recommends an average alpha ratio of less than 15. Extensive discussion ensued regarding the District's need to independently test the radiation levels in the wells. Mr. Martinec stated that he would review the sampling history by the TCEQ to see how the it trended before 2006 and create a graph with upper limits of radiation for the Board to review at the next meeting. Prior to placing the information on the District website, the Board requested that Mr. Wunsch and Mr. Martinec investigate whether the District can obtain a current sample of the gross alpha radioactivity contaminants in the wells for Board review.

Mr. Wunsch reviewed with the Board the invoice items and work orders and discussed the back charges.

Mr. Wunsch presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as *Exhibit D*. Mr. Wunsch reported that two months and 117,726,000 gallons remain on the District's Fort Bend County Subsidence District ("FBCSD") water permit. Mr. Wunsch stated that the District pumped 31,164,000 gallons of water in the month of October and that the water accountability for the month was 88.57%.

Mr. Wunsch reported that 35 accounts are on the delinquent list and requested the Board's approval to disconnect the accounts on December 2, 2010, if payment is not received by 5:00 p.m. on December 1, 2010. Upon motion made 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 Operations Report and to disconnect the accounts on the delinquent list on December 2, 2010, if payment is not received by 5:00 p.m. on December 1, 2010.

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

Mr. Martinec reported that J&C recommended in January that the District conduct an inspection of the wastewater treatment plant and water plant facilities and the Board deferred the matter to a later date. Mr. Martinec stated that an annual inspection of the water plant facilities is required by the TCEQ and it has been over one year since the last inspection was completed. Mr. Martinec recommended that the District conduct the inspection this winter. Mr. Martinec stated that J&C estimates that the cost to complete a full mechanical and electrical inspection of the District's water plants and wastewater treatment plant is \$3,500 and \$4,700, respectively. The inspection will include a brief report with J&C's recommendations and cost estimates for maintenance at each facility. Discussion ensued. Upon motion by Director LeBlanc, seconded by Director Machen, after full discussion and the question being put to the Board, the Board voted unanimously to approve the full mechanical and electrical inspection of the District's water plants at an estimated cost of \$3,500 and to forgo the inspection of the sewage treatment plant. In response to a question from Director LeBlanc, Mr. Martinec stated that the sewage treatment plant inspection is more expensive because it has more moving parts.

In response to a question from Director LeBlanc, Mr. Martinec stated that J&C is looking into the horsepower measurements shown on the GM Services report.

Mr. Martinec reported on the Preliminary Flood Insurance Rate Maps ("FIRM") and noted that the City of Weston Lakes filed an official protest to the preliminary FIRMs. Mr. Martinec reported that the protest included another request to remove the District from the maps as a community.

Upon motion made 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 Engineer's Report.

8. **Review insurance proposals and renew insurance.** The Board reviewed proposals from Aquasurance, LLC, Anco McDonald Waterworks Insurance, Highpoint

Insurance Group, LLC., and Harco, copies of which are attached hereto as *Exhibit F*. The Board recognized Mr. Lavey, who answered questions regarding the Harco proposal. Discussion ensued. 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 Harco proposal without the Chubb policy.

9. **Public Comments.** Alderman Thomas commended the Board on the water quality.

Ms. Pratt reported that District's cost to set up the credit card vendor for payment options is \$100.

Director Pfaffenberger requested that the Directors return any old copies of the Emergency Plans to him so that the final copy does not get confused with any old copies.

10. **Other business matters.** The Board discussed the December meeting date and requested that it be moved to December 21, 2010.

Upon motion duly made and seconded, 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 December 21, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors