

MINUTES OF MEETING OF BOARD OF DIRECTORS
November 24, 2009

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 24, 2009, 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; Ms. Pat Hall 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. Mark Eyring, C.P.A., auditor 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 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 27, 2009 and the special meeting of November 11, 2009, previously distributed to the Board. Upon motion made and duly seconded, 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 27, 2009 and the special meeting of November 11, 2009, as presented.

2. **Approve audit for the fiscal year ending September 30, 2009.** The President recognized Mr. Eyring, who presented to and reviewed with the Board the draft Annual Audit Report for fiscal year ending September 30, 2009, and the Representation Letter, copies of which are attached hereto as *Exhibit B*. Mr. Eyring noted that the old builder deposits need to be refunded. Mr. Wunsch reported that he would try to locate addresses for the builders so that the deposits can be refunded. Discussion ensued on various items. 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 audit, as revised, for the fiscal year ended September 30, 2009.

3. **Tax Assessor Collector's Report and Standby Fee Report.** Ms. Hall presented to and reviewed with the Board the Tax Assessor and Collector's Report and the Delinquent Tax Report for September, copies of which are attached hereto as *Exhibit C*. Ms. Hall reported that the District has collected 98.5% of its 2008 taxes and 74.9% of its 2009 standby fees.

Mr. Byrd reported that he would email a copy of the uncertified accounts to the Directors, per their request.

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. 2725 and 2726 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

4. **Attorney's Report.** The Board requested that the attorney provide the Board a copy of the letter that was sent to VLI. Director LeBlanc requested that Ms. Green provide the Board a copy of the 2010 Calendar of Events to review the election timeline. 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 Attorney report.

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 D*. Mr. Holland reported that he would correct the Budget for the fiscal year ending September 30, 2010 to reflect the correct utility costs and would email the corrected copy to the Board and Ms. Green (for inclusion with the meeting minutes). 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.

Operations Report. Mr. Wunsch reported that the District is obtaining bids for sludge haulers to remove three to four sludge hauls per year.

Mr. Wunsch reviewed with the Board the invoice items.

Mr. Wunsch presented to and reviewed with the Board the Operations Report and Well Run Report, copies of which are attached hereto as *Exhibit E*. Mr. Wunsch reported that there are two months and 92,440,000 gallons remaining on the District's Fort Bend County Subsidence District ("FBCSD") water permit. Mr. Wunsch stated that the District pumped 77,129,000 gallons of water in the month of October and that the water accountability for the month was 92.33%.

Mr. Wunsch reported on the builder damages and noted that one Westwood home remains unoccupied.

Mr. Wunsch reported on the Sewage Treatment Plant Summary and noted that during the cleaning of the lift station, spikes in the effluent flow occurred at the meter at the end of the plant (where the effluent comes out).

Mr. Wunsch requested the Board's approval to send two 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 December 3, 2009, if payment is not received by 5:00 p.m. on December 2, 2009. Upon motion by Director Machen, seconded by Director Pfaffenberger, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report, , to send two accounts to NCO for collection, and to disconnect the accounts on the delinquent list on December 3, 2009, if payment is not received by 5:00 p.m. on December 2, 2009.

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 F*.

Mr. Martinec reported that he spoke with the developer who confirmed plans to construct the driveway to the lift station concurrently with home construction. Mr. Martinec reported that he expects the driveway to be installed in the next 30 to 60 days. Mr. Martinec stated that J&C will provide standard details and specifications for the driveway and meet the developer onsite to review the placement of the driveway.

Mr. Martinec reported that J&C is proceeding with the design to rework and increase the capacity of Water Well No. 2 at Water Plant No. 1, as authorized at the special meeting on November 11, 2009. Mr. Martinec reported that the preliminary cost estimate for construction of the water well no. 2 rework is attached to the Engineer's Report. Mr. Martinec reported that the estimated start date for the project is April, 2010.

Mr. Martinec discussed water quality testing with cast iron bowls and the lead times for the construction contract and materials. In response to a question, Mr. Martinec reported that he believes the life span of a submersible pump is approximately the same as the life span of the line shaft (which is seven to ten years).

Mr. Martinec reported that engineering fees would probably be between \$20,000 to \$24,000.

Mr. Martinec reported on the well performance and stated that CenterPoint confirmed that the high amperage imbalance noted in both well tests was associated with the incoming power. Mr. Martinec stated that CenterPoint does not think it is a high enough imbalance to be concerned. The operator recently noticed a decrease in the imbalance, which is to be expected during lower power usage months. Mr. Martinec stated that J&C will monitor the issue and expects an imbalance increase next summer. Mr. Martinec reported that J&C can pursue the matter further with CenterPoint should the District direct J&C to do so.

Mr. Martinec reported on the Groundwater Rule ("GWR") and stated that the Texas Commission on Environmental Quality ("TCEQ") added a section to its rule, 290.116 Groundwater Corrective Actions and Treatment Techniques, which incorporates federal corrective action and treatment technique requirements for groundwater systems. Mr. Martinec stated that all groundwater systems providing water are required to conduct source water monitoring required by the GWR. Mr. Martinec stated that there are three monitoring options

for a Public Water System to use under the GWR. Mr. Martinec stated that the most applicable option for the District is to take no action unless there is a fecal indicator positive test result in the distribution system. Mr. Martinec stated that J&C verified with the operator that there is no history of positive fecal indicators (sometimes referred to as “fecal coliform” in the distribution system. Mr. Martinec recommends that the District take no action at this time.

Mr. Martinec reported that FEMA has provided the District new flood plane maps and noted that the Flood Plane Manager has been transferred to Fort Bend County. Mr. Martinec reported that Mr. Martinec would mail copies of the map to Fort Bend County.

Mr. Martinec reported that an isolated area at the first intersection at Weston Lakes, Section 9 indicates a storm sewer blockage.

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 Engineer’s Report.

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

9. **Other business matters.** The Board reviewed insurance proposals from Highpoint Insurance Group, L.L.C. (“Highpoint”), Harco Insurance Services, Aquasurance, L.L.C., and Anco McDonald Waterworks Insurance, copies of which are attached hereto as *Exhibit G*. Discussion ensued regarding the various differences between the proposals. 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 Highpoint proposal.

Director DuBois stated that the Water Smart program changed its period to conform with the calendar year January through December. Director DuBois requested that Mr. Wunsch submit the application information before April, 2010.

The Board requested that the electricity review and proposal presentations be included in the May 2010 agenda items.

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 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 22, 2009.

President, Board of Directors

ATTEST:

Secretary, Board of Directors