

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 27, 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 July 27, 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. Clay Brandenburg 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; 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 June 22, 2010, previously distributed to the Board. 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 minutes of the regular meeting of June 22, 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 June, 2010, a copy of which is attached hereto as *Exhibit B*. Mr. Byrd reported that the District has collected 97.7% of its 2009 taxes and 74.8% of its 2010 standby fees.

Mr. Byrd reported that \$211,000,000 is the certified value on the District's property to-date. Mr. Byrd stated that he has not received numbers for the uncertified values, but would email the Board and Cliff Kavanaugh when he receives the numbers sometime in August. Extensive discussion ensued regarding the values.

Mr. Byrd reported on the Pfardresher lot and noted that the delinquent tax attorney filed suit to foreclose on the tax lien and served notice to all other taxing units. Mr. Byrd reported that one of the two lien holders on the property have been served notice. After the second lien holder has been served, Mr. Byrd stated that the hearing and the date of sale would be set. Mr. Byrd stated that he would contact Mr. Reichardt regarding the date of sale on the property.

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. 2781 through 2784 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 reviewed the certificate of liability insurance for Cequel Communications Holdings, LLC ("Cequel"), a copy of which is attached hereto as *Exhibit C*. Director Zdunkewicz stated that general liability coverage has decreased from \$2,000,000 to \$1,000,000 and the umbrella liability coverage has decreased from \$10,000,000 to \$5,000,000 in the last few years. As requested by the Board, Ms. Green stated that she would ask the attorney if the coverage is adequate for the District. 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 attorney's report.

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 LeBlanc, seconded by Director Pfaffenberger, 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. Brandenburg reviewed with the Board the invoice items, work orders and tolls. The Board discussed the \$3,500 invoice to replace a misplaced tap connection (which was performed by a plumber and subsequently inspected by ST). Mr. Brandenburg stated that the plumber tapped into an old Y-tap instead of the new Y-tap and the mistake occurred because the old Y-tap was not removed from the ground. The Board discussed methods to prevent this type of mistake from happening again. Mr. Brandenburg reported that the District might have to go back to the original plumber to determine the problem. Extensive discussion ensued. Director LeBlanc suggested that ST photograph the tap to prevent a similar occurrence. Mr. Martinec reported this is an unusual occurrence and that ST generally contacts J&C when an original lead cannot be located.

The Board requested that the work orders include attached invoices.

In response to a question, Mr. Brandenburg reported that he would check with ST's billing department to determine the reason that the aged receivables are higher than normal.

Mr. Brandenburg presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as *Exhibit E*. Mr. Brandenburg reported that six months and 229,377,000 gallons remain on the District's Fort Bend County Subsidence District ("FBCSD") water permit. Mr. Brandenburg stated that the District pumped 31,408,000 gallons of water in the month of June and that the water accountability for the month was 89.41%.

Mr. Brandenburg requested the Board's approval to send one account to NCO for collection. Mr. Brandenburg reported that 28 accounts are on the delinquent list and requested the Board's approval to disconnect the accounts on August 3, 2010, if payment is not received by 5:00 p.m. on August 2, 2010. Upon motion by Director Zdundewicz, seconded by Director LeBlanc, 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 August 3, 2010, if payment is not received by 5:00 p.m. on August 2, 2010.

In response to a question from Director LeBlanc, Mr. Brandenburg reported that the cost to the District to hang red tags is a pass-through cost to the customer.

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 on the water well no. 2 rework project and noted that there is no pay estimate this month. Mr. Martinec reported that a coupling which was installed by the contractor failed during the GM Services well performance test and requires replacement. Mr. Martinec reported that the contractor ordered a new coupling and the correct part should be delivered this week. Mr. Martinec reported that once the part is delivered and installed, GM Services can retest the well's performance during their annual test.

Mr. Martinec reported that Napco Chemical Company ("Napco") tested a sample from well no. 3 and verified that polyphosphate treatment is unnecessary.

Mr. Martinec reported that a copy of the metes and bounds description (Exhibit A) and the Amended and Restated Lease Agreement (the "Agreement") between the District and the Weston Lakes Property Owner's Association (the "POA") is attached to the Engineer's Report. In response to a question from Director Zdunkewicz, Mr. Martinec stated that J&C did not invoice the POA for the engineering costs to prepare the metes and bounds description. Director Zdunkewicz stated that according to section 4 (C) of the Agreement, the POA is responsible for paying for the preparation costs. Mr. Martinec reported that he would invoice the POA for the preparation costs and reference the section of the Agreement that pertains to the preparation cost.

Mr. Martinec reported that in November 2009, the Texas Commission on Environmental Quality ("TCEQ") adopted new rules that will add E. coli monitoring requirements in all wastewater discharge permits issued after January 2010. Mr. Martinec reported that this requirement will be included in the District's next wastewater permit. Mr. Martinec stated that the District's current permit expires July 1, 2014 and noted that while the

wastewater treatment plant is designed according to TCEQ criteria, and should be able to meet the new requirements, there is no data to confirm it will do so. Mr. Martinec reported that prior to applying for a permit renewal in 2013, J&C recommends performing preliminary effluent sampling and testing to confirm the plant will meet the new E.coli requirements. Mr. Martinec recommends collecting a grab sample of the effluent during weekly sampling and following rain events for a period of six months. Mr. Martinec reported that a sample should be analyzed for fecal coliform or E. coli, and turbidity. Mr. Martinec stated that the estimated cost of the analysis over the six month period is \$2,700.

Mr. Martinec reported that FEMA continues to recognize the District as the flood plain manager. Mr. Martinec requests authorization to file an appeal to have the District removed as the flood plain manager and designate the City of Weston Lakes as the responsible entity. Mr. Martinec stated that he would send a certified letter to FEMA and send a copy of the letter to the City.

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.

Director DuBois reported 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. Director LeBlanc suggested that the Board postpone the review until after the well performance test is performed.

8. **Public Comments.** Mr. Fisher reported that he overpaid his water bill before leaving for vacation at the direction of an ST representative. Mr. Fisher stated that the water bill did not reflect the overpayment. Discussion ensued. Mr. Brandenburg stated that he would relay the information to ST regarding ST's failure to note the overpayment on Mr. Fisher's water bill.

Mr. Thomas commended the Board on their hard work.

9. **Other business matters.** 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 G*. 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 confirmed with Ms. Green that she has scheduled May 25, 2011 for the presentation to Huggins Elementary School. 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 Interlocal Agreement between the District and the Harris Galveston Subsidence District for the Water Wise program.

It was the consensus of the Board to hold a special budget meeting at 9:00 a.m. on August 17, 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 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 August 24, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors