

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 28, 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 September 28, 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 except Director Machen. Also attending all or part of the meeting were Mr. Harlen Wunsch and Mr. Larry Loudemilk 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"); and Mr. Neil Thomas 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 August 24, 2010, previously distributed to the Board. 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 minutes of the special meeting of August 24, 2010, as presented.

2. **Public Hearing on Tax Rate for 2010.** The President opened the public hearing. There were no public comments. The President closed the public hearing.

3. **Adopt Order Setting Tax Rate for 2010.** 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 adopt the Order Setting Tax Rate and Levying Tax for 2010, a copy of which is attached hereto as *Exhibit B*, thereby levying an ad valorem tax rate of \$0.37 per \$100 assessed valuation (\$0.30 per \$100 assessed valuation to pay the District's

debt and \$0.07 per \$100 assessed valuation to fund operating and maintenance expenses). and to approve the filing of the Amended and Restated District Information Form.

4. **Appoint Auditor for the fiscal year ending September 30, 2010.** Director DuBois advised the Board that the District entered into a two-year contract in 2009 and that no action was necessary.

5. **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 August, 2010, a copy of which are attached hereto as *Exhibit C*. Mr. Byrd reported that the District has collected 98.2% of its 2009 taxes and 77.5% of its 2010 standby fees.

Mr. Byrd reported that the proposed tax rate for 2010 was published in the Fort Bend Herald Newspaper for public review. In response to a question from Director DuBois, Mr. Byrd reported that tax notices should be mailed in October to those with values that are certified and to others when their values are certified.

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 Tax Assessor and Collector's Report and to authorize payment of check nos. 2787 through 2792 from the Tax Account in the amount, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

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

7. **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.

8. **Operations Report.** Mr. Wunsch reviewed with the Board the invoice items and work orders and discussed the back charges. Mr. Wunsch reported that approximately \$3,600 was submitted to collections, but that he had not heard back from the agency.

Director LeBlanc questioned the work performed on work orders 59353, 47411 and 49687. Discussion ensued on these invoices. Discussion ensued regarding the repair of the sprinkler systems in the rights of way. The Board approved repairing the system if the District is responsible for the problem.

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 four months and 170,248,000 gallons remain on the District's Fort Bend County Subsidence District ("FBCSD") water permit. Mr. Wunsch stated that the District pumped 37,772,000 gallons of water in the month of August and that the water accountability for the month was 90.07%.

In response to a question from Director LeBlanc regarding the erroneous \$108,399.20 water bill receivable payments, Mr. Wunsch noted that he would verify the dollar amounts and report his findings to the Board. Mr. Wunsch reported that the District installed six new taps for the month with a total of 43 taps for the year.

Mr. Wunsch reported on the blower outage at the sewer plant and noted that the cost to replace the blower is approximately \$25,000. Mr. Wunsch reported that ST could operate the plant with the remaining blower. Mr. Martinec noted that another blower model costs approximately \$30,000 and it is an improvement over the type of blower currently being used at the plant. Mr. Martinec reported that the warranty is only for one year. Discussion ensued. Director Zdunkewicz recommended authorizing Director DuBois to act on behalf of the Board to approve the purchase of a new blower at a cost not to exceed \$35,000. 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 authorize Director DuBois to act on behalf of the Board to consult with Mr. Martinec and approve the purchase of a new blower at a cost not to exceed \$35,000.

The Board discussed the preventative maintenance ("PM") program. Director LeBlanc noted that the District spent \$12,000 in August on maintenance and suggested rescheduling the maintenance to spread the costs more evenly. The Board discussed the PM program in its entirety including the need for monthly generator load tests, etc... Director LeBlanc suggested load testing the generators every month during the winter months. Mr. Loudermilk stressed the importance of regular generator load tests. The Board decided to omit full load testing during the months of November, January and March and to begin load testing prior to hurricane season and continue the rest of the year and conduct bump tests once each week. Upon motion by Director LeBlanc, seconded by Director Zdunkewicz, after full discussion and the question being put to the Board, the Board voted four in favor, with Director Pfaffenberger against, to omit full load testing of the generators during the months of November, January and March.

Discussion ensued regarding the one-year load test. Upon motion by Director Pfaffenberger, seconded by Director LeBlanc, after full discussion and the question being put to the Board, the Board voted unanimously that ST not conduct a monthly load test the same month that it conducts the one-year load test on the generators.

Mr. Wunsch reported that 26 accounts are on the delinquent list and requested the Board's approval to disconnect the accounts on October 6, 2010, if payment is not received by 5:00 p.m. on October 2, 2010. Upon motion made and duly seconded, 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 October 6, 2010, if payment is not received by 5:00 p.m. on October 2, 2010.

9. **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 cost estimates for reworking water well no. 3 and increasing the capacity of the well to 1,400 gpm, copies of which are attached to the Engineer's

Report. Mr. Martinec stated that J&C reviewed the well structure, pump tests performed when the well was constructed, past performance tests, and existing electrical equipment in an effort to determine if the capacity of the well could be increased. Mr. Martinec stated that the factor that limits the ultimate capacity of the well is the size of the well. Mr. Martinec stated that a 12-inch pump is the largest pump that will fit inside a 14-inch well. Mr. Martinec noted that using a 12-inch pump at 1,800 rpm limits the flow rate to approximately 1,400 gpm. Mr. Martinec noted that water well no. 3 was only test pumped at 1,100 gpm when it was constructed, so J&C doesn't know how it will perform at 1,400 gpm. Mr. Martinec recommended test pumping the well at the desired capacity to verify the drawdown and sand production are not excessive.

Mr. Martinec reported that in J&C's capacity analysis dated October 2, 2009, J&C recommended that the District add an additional 700 gpm of well capacity. Mr. Martinec reported that the rework of water well no. 2 produced an additional 300 gpm of well capacity. Mr. Martinec reported that increasing the well capacity of water well no. 3 to 1,400 gpm would provide the remaining 400 gpm of recommended well capacity. Mr. Martinec stated that the GM Services report for water well no. 3 is attached to the Engineer's Report. In response to a question from Director LeBlanc, Mr. Martinec stated that he would investigate the speed at which the pump could spin without causing any problems and report his findings to the Board.

Mr. Martinec reported that J&C updated the water well profiles for the District including the revisions from the water well no. 2 rework and copies will be available at the meeting.

Mr. Martinec reported that J&C is preparing a protest letter to FEMA to protest the designation of the District as the flood plain manager. Mr. Martinec stated that he would bring a copy of the letter to the meeting.

Mr. Martinec reported that J&C received a letter from FEMA in response to J&C's protest of the designation of the District as the flood plain manager. According to FEMA, the District's status was changed to "DEFUNCT" as the flood plain manager and the District should no longer receive compliance or insurance correspondence from FEMA. However, the District will still receive correspondence regarding the ongoing Fort Bend County re-mapping effort.

Mr. Martinec reported on the PM program and stated that J&C reviewed the current PM plan for the District facilities with the operator and recommend continuing preventative maintenance on all facilities in accordance with the operation & maintenance manuals. Mr. Martinec noted that J&C recommends that the operator conduct an annual load bank test on the District generators in addition to the weekly and monthly preventative maintenance that they are currently performing. If possible, the load bank test should be conducted prior to hurricane season.

Mr. Martinec reported that J&C notified AT&T that the site near water plant no. 2 needs upkeep. Mr. Martinec stated that J&C is waiting for a response from the representative responsible for the maintenance of the facility and should have an update for the meeting.

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

10. **Public Comments.** Alderman Thomas offered a "well done" to the Board.

11. **Other business matters.** It was the consensus of the Board to hold a special meeting on October 19, 2010 to discuss the Emergency Preparedness Plan and other matters that may come before the Board.

Director DuBois advised that in response to resident requests, residents may call 281-368-8397 to obtain 48-gallon recycling bins (with lids and wheels) at a cost of \$48. Director DuBois reported that regular size bins are available at a cost to residents at a cost of \$8.

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 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 October 26, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

FORT BEND MUNICIPAL UTILITY DISTRICT NO. 81
1301 MCKINNEY, SUITE 5100
HOUSTON, TEXAS 77010-3095

October 21, 2010

Michael Surface
Sierra Golf Corporation
32611 FM 1093
Fulshear, Texas 77441

Re: Fort Bend Municipal Utility District No. 81/Sierra Emergency Water Well No 1
maintenance

Dear Mr. Surface:

It has been brought to my attention by Severn Trent ("ST"), the operator of Fort Bend Municipal Utility District No. 81. that Water Well No. 1 is not being exercised and an annual performance test is not being performed by Sierra Golf Corporation ("Sierra") as in accordance with Section 1.4 of the Emergency Water Supply Agreement for Water Well No. 1 (the "Agreement"), a copy of which is enclosed. According to the Agreement, Sierra shall maintain Well No. 1 and its water distribution system in good condition and shall immediately repair any leaks or breaks in such system. Sierra also agrees to yearly maintenance checks of Well No. 1 and its water distribution system by the District's engineer, or such other entity or other such individual selected by the District to perform such maintenance checks at no cost to Sierra.

The Board of Directors of Fort Bend Municipal Utility District (the "Board") have directed ST to run Water Well No. 1 on a weekly basis for 30 minutes and GM Services to test the well each summer. ST indicated that the weekly exercising of the pump would be at no additional cost to the District, and GM Services testing would cost approximately \$400. Please allow this letter to serve as notification that the District will be performing the above listed maintenance on Water Well No. 1. If you have any questions, please contact me at 281-346-1978.

Very truly yours,

Bill DuBois
President of the Board

BD/ncg

cc: Directors of the Board
Harlen Wunsch, Severn Trent Services
Kenneth Martinec, Jones & Carter
Neil Thomas, Fulbright & Jaworski L.L.P.

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