

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 24, 2011

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 May 24, 2011, 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 Mr. Mark Yentzen 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. Trent Thomas, Alderman for the City of Weston Lakes (the "City"); Mr. Steve Reichardt; 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 April 26, 2011, previously distributed to the Board. Upon motion made 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 minutes of the regular meeting of April 26, 2011.

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 April 2011 and the Perdue, Brandon, Fielder, Collins & Mott L.L.P. Delinquent Tax Report for May 24, 2011, copies of which are attached hereto as *Exhibit B*. Mr. Byrd reported that the District has collected 97.3% of its 2010 taxes and 80% of its 2011 standby fees. Mr. Byrd reported that Fort Bend County Appraisal District's preliminary assessed values for the District total \$288,679,996. Mr. Byrd recommended that the District approve writing off the payment of the standby fees on the half-sized lot in the Bradford on the Bend subdivision, Section 24, Lot 2.

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 write off the standby fees on the half-sized lot in the Bradford on the Bend subdivision, Section 24, Lot 2, to approve the Tax Assessor and Collector's Report and to authorize payment of check nos. 2844 through 2847 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

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

Mr. Martinec reported that J&C prepared Pay Estimate No. 1 in the amount of \$6,903 for Alay to remove and reinstall the pumping equipment for Water Well No. 2. Mr. Martinec stated that the estimate is in order and is recommended for payment. Mr. Martinec reported that Water Well No. 2 is back online and will be used as the secondary well for the District. Mr. Martinec reported that the motor and pump failed due to significant amounts of sand entering the well through a hole in the blank sections of the well. Mr. Martinec noted that the pump and motor were replaced and will not be covered by the warranty. Mr. Martinec stated that J&C prepared Change Order No. 1 in the \$32,360 to replace the motor and install a new 500 gpm submersible pump assembly. Mr. Martinec reported that the claim for the repair has been filed with the insurance company. Director DuBois requested that J&C hold the invoice for Change Order No. 1 until the District obtains information from the insurance company. The Board requested that Mr. Martinec negotiate with Alsay on the Change Order because Alsay stated that the pump was good and could be re-used. Mr. Martinec reported that the cost to install and remove the pump is \$3,000 per installation. The Board requested that Mr. Wunsch contact the insurance adjuster and locate the motor and return it to the plant site. Mr. Martinec stated that he would prepare a letter to Alsay as notification that the District filed a claim with the insurance, and payment of the invoice will depend on the outcome of the claim. Mr. Martinec stated that he would negotiate Alsay paying for the installation and cable for an estimated cost of \$6,000 to \$10,000.

Mr. Martinec reported that ST repaired the vent on the top of the large ground storage tank ("GST") at Water Plant No. 1. Mr. Martinec reported that the GST was cleaned, passed the bacteriological tests, and is back online.

Mr. Martinec reported that J&C is working with the City of Weston Lakes and the attorney to investigate the requirements for purchasing the lot adjacent to Water Plant No. 1 for a new well site. Mr. Martinec reported that J&C is preparing layouts for a new water well site. Mr. Reichardt reported that he is looking to replat the whole area. Mr. Martinec reported that J&C would like to reserve the back area of the lot for flexibility. Mr. Reichardt reported that he would replat whatever area of the lot the District would like. Discussion ensued on a separate driveway. Mr. Martinec stated that he would send Mr. Reichardt a draft of the layouts for review. It was the consensus of the Board to hold a special meeting at 9:00 a.m. on June 21, 2011 in Fulshear to review the well site layouts and financial advisor estimates.

Mr. Wunsch reviewed with the Board the ST invoice for installing the Weston Lakes Guard Shack water tap and meter and relocating the water and sewer system lines at a total cost of \$25,000, a copy of which is attached hereto as *Exhibit D*. Discussion ensued. Upon

motion by Director Machen, seconded by Director Zdunkewicz, after full discussion and the question being put to the Board, the Board voted four in favor, with Director LeBlanc abstaining to approve the ST invoice for installing the Weston Lakes Guard Shack water tap and meter and relocating the water and sewer system lines at a total cost of \$25,000. Director DuBois reported that he would contact Mr. Beustring to notify him of the approval.

Mr. Wunsch reported that the generator at the wastewater treatment plant started smoking during use and noted that the engine appears to be fine. Mr. Wunsch reported that a 150 kw diesel generator is the appropriate size for running the plant. Mr. Martinec reported that the estimated total cost for a new generator is \$68,000 and that the District can utilize the existing foundation and weatherproof covering. Mr. Wunsch reported that he would determine if the existing engine will be sufficient. Mr. Wunsch stated that he would obtain the numbers as quickly as possible on the re-wind costs.

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 and the approve Pay Estimate No. 1 in the amount of \$6,903 for Alay to remove and reinstall the pumping equipment.

4. **Financial Advisor suggestion for Bond Issue Cases to review.** Action on this item was deferred until the special meeting on June 21, 2011.

5. **Attorney's Report.** Director DuBois reported that F&J is reviewing the contract documents for the purchase of the lot for the new water well at Water Plant No. 1. It was the consensus of the Board to approve payment of \$1,000 earnest money to the title company, Stewart Title, for the lot purchase.

6. **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 E*.

Upon motion by Director Pfaffenberger, seconded by Director Machen, 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.

7. **Operations Report.** Mr. Wunsch reviewed with the Board the Consumer Confidence Report, a copy of which is attached hereto as *Exhibit F*.

Mr. Wunsch presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as *Exhibit G*. Mr. Wunsch reported that eight months of water usage remains on the District's aggregate Fort Bend Subsidence ("FBSD") water permit. Mr. Wunsch stated that the District pumped 234,150,000 gallons of water in the month of April and that the water accountability for the month was 86.73%. Mr. Wunsch requested Board approval to authorize ST to check the well meters and to approve GM Services to test meters to see if the readings are correct.

Mr. Wunsch recommended that ST perform the second phase of the leak detection around the lake area to verify that the 50 storm water outfalls are not leaking. Mr. Wunsch reported that the District has lost 4,000,000 gallons of water.

Mr. Wunsch requested Board approval to start the repair of the generator at the wastewater treatment plant if the engine is good. 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 repair the generator. Mr. Wunsch reported that he would email Director DuBois the repair estimate upon receipt.

Mr. Wunsch reviewed with the Board the invoice items and work orders and discussed the back charges. Mr. Wunsch reported on the maintenance items in the District.

Mr. Wunsch reported that ST has performed 30 taps within the last six months.

Mr. Wunsch requested Board approval to send three accounts to NCO for collection. Mr. Wunsch reported that 21 accounts are on the delinquent list and requested Board approval to disconnect the accounts on the delinquent list on June 1, 2011, if payment is not received by 5:00 p.m. on May 31, 2011. Upon motion made 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 Consumer Confidence Report, to send three accounts to NCO for collection, to approve the Operations Report, and to disconnect the accounts on the delinquent list on June 1, 2011, if payment is not received by 5:00 p.m. on May 31, 2011.

8. **Public Comments.** Mr. Fisher reported on his water being disconnected. Mr. Reichardt reported that the Fairway Villas development is progressing and the reimbursement is close to its threshold.

9. **Other business matters.** Director DuBois reported that Directors Pfaffenberger, Machen, LeBlanc and DuBois would be attending the summer AWBD conference in June.


Director DuBois reported that the Water Smart presentation will be held at Huggins Elementary on May 25, 2011.

Upon motion made by Director LeBlanc, seconded Director Machen, 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.

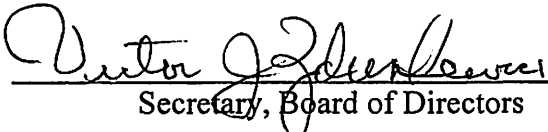
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The above and forgoing minutes were passed and approved by the Board of Directors on June 28, 2011.



President, Board of Directors

ATTEST:



Secretary, Board of Directors