

MINUTES OF MEETING OF BOARD OF DIRECTORS  
January 27, 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 January 27, 2009, at 9:00 a.m.; whereupon roll was called of the directors, to-wit:

President	-	J.B. DuBois, Jr.
Vice President	-	John A. Brinsko
Secretary	-	Victor J. Zdunkewicz
Assistant Secretary	-	Joseph Ray LeBlanc
Treasurer	-	Robert Machen

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; 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. Dane Plumley of Jones & Carter, Inc., ("J&C"), engineers for the District; Mr. Steve Reichardt of Sierra Golf Corporation ("Sierra"), a developer in the District; Mr. Mark Roth and Mr. Mark Eyring, auditors for the District; Mr. Jack Marshall, President of the Weston Lakes POA ("POA"); 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 December 18, 2008, previously distributed to the Board. 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 minutes of the regular meeting December 18, 2008, as presented.

2. **Approve Audit for the fiscal year ended September 30, 2008.** The President recognized Mr. Roth, who presented to and reviewed with the Board the draft Annual Audit Report for fiscal year ending September 30, 2008, the Representation Letter and the Management Letter, copies of which are attached hereto as *Exhibit B*. The Board requested that Mr. Roth revise paragraph three on page six and footnote no. 5 to include the option of payment for purchasing developer facilities out of general funds. Discussion ensued on additional revisions to dollar figures discrepancies. Mr. Roth also reviewed the Management Letter regarding internal control risks. Discussion ensued regarding the remedy and cost effectiveness

for reducing the material weakness of the District's internal controls. Upon motion by Director LeBlanc seconded by Director Brinsko, 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, 2008.

3. **Introduce new POA President, Jack Marshall.** The President recognized Mr. Marshall who reported to the Board that the POA meets at 6:00 p.m. on the fourth Thursday of the month in the ballroom of the Weston Lakes Country Club. Mr. Marshall noted that the meeting has an open forum for one hour and meets in executive session following the open forum. Mr. Marshall noted that the POA would be providing free mulch to Weston Lakes residents. Mr. Marshall thanked the Board for their good working relationship with the POA.

4. **Attorney's Report.** Director DuBois requested that the Board and Mr. Marshall (on behalf of the POA) authorize execution of the Deed of Surplus Property and Agreement for Use of Diesel Fuel During a Natural Disaster, a copy of which is attached hereto as Exhibit "C." Upon motion by Director Machen, seconded by Director Brinsko, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Deed of Surplus Property and Agreement for Use of Diesel Fuel During a Natural Disaster.

5. **Tax Assessor and Collector's Report.** Mr. Byrd presented to and reviewed with the Board the Tax Assessor and Collector's Report for December, a copy of which is attached hereto as *Exhibit D*. Mr. Byrd reported that the District has collected 30.7% of its 2008 taxes and 28% of its 2009 standby fees. Upon motion by Director Brinsko, seconded by Director Machen, 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. 2665 through 2668 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

The Board reviewed the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code, a copy of which is attached hereto as *Exhibit E*. Upon motion by Director Brinsko, seconded by Director Zdunkewicz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code.

**Bookkeeper's and Investment Report.** Mr. Holland presented to and reviewed with the Board the Bookkeeper's and Investment Report, copies of which are attached hereto as *Exhibit F*. 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 Investment Report, the Bookkeeper's Report and the payment of the District's bills noted therein.

6. **Operator's Report.** Mr. Wunsch presented to and reviewed with the Board the Operations Report and Maintenance Report, a copy of which is attached hereto as *Exhibit G*.

Mr. Wunsch reported that 36 residents responded "yes" and 31 residents responded "no" to the recycling survey. Director DuBois requested that the Board defer action on the survey until next month.

Mr. Wunsch reported on the Water Smart application and noted that all Directors need to sign the application before it can be submitted. Director DuBois requested that Mr. Wunsch email the completed application to him before it is signed by Directors.

Mr. Wunsch reported that the motor for booster pump no. 2 at water plant no. 1 failed and needs to be replaced or repaired. Mr. Wunsch reported that the total repair cost would take approximately 30 days to complete and costs approximately \$10,300. Mr. Wunsch stated that a new motor would take 16 to 18 weeks for delivery and would cost \$12,600.

Mr. Wunsch reported on the costs to modify the lift stations for pumping. Discussion ensued regarding renting a pump or purchasing a pump to pump the lift stations during an electrical outage. The Board requested that Mr. Wunsch obtain quotes for purchasing a pump for the Board to review. Mr. Wunsch stated that it would cost approximately \$25,000 to purchase a pump and make modification for quick connects to the lift stations.

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 ST to repair the motor for booster pump no. 2 at water plant no. 1.

Mr. Wunsch reviewed the invoices for the month of December.

Mr. Wunsch reported that there are zero months and 60,000 gallons remaining on the District's Fort Bend County Subsidence District ("FBCSD") water permit. Mr. Wunsch stated that the District pumped 14,604,000 gallons of water in the month of December. Mr. Wunsch reported that the water accountability for the month of December was 90.28%.

Mr. Wunsch reported that 28 accounts are on the delinquent list. Mr. Wunsch requested the Board's approval to disconnect the accounts on the Delinquent List on February 5, 2009 if payment is not received by 5:00 p.m. on February 4, 2009. Upon motion by Director Brinsko, seconded by Director Machen, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report and to disconnect the accounts on the delinquent list.

The Board reviewed the letter from County Judge, Robert E. Hebert, a copy of which is attached hereto as *Exhibit H*. Directors DuBois requested that Mr. Wunsch review the District's emergency plans in May. Directors DuBois and Brinsko stated that they would review the FEMA website training courses 100, 200 and 700 on behalf of the District and noted that ST is required to take the course.

**7. Developer's Report.** Mr. Reichardt reported that no new sales have occurred in the District. Mr. Reichardt reported that the upper stage utility construction is nearly complete in Weston Lakes, Section 19, Phase 2. Mr. Reichardt noted that 40 mature oak trees will be transplanted in the development. In response to a question from Director Zdunkewicz,

Mr. Plumley responded that the utility contractor provided J&C a quote of \$1,000 to move a fire hydrant so that it is three feet away from the road.

Director Zdunkewicz left the meeting at this time.

Mr. Reichardt discussed the revised Bond Issue requirements for Weston Lakes Section 19, Phase 2 as outlined in the Engineer's Report, a copy of which is attached hereto as *Exhibit H*. Mr. Reichardt recommended that the Board consider approving the second analysis splitting the reimbursement into two phases, Option 2A and Option 2B. Mr. Reichardt noted that half of the reimbursement costs are expended in the construction of the first six houses. Mr. Reichardt stated that the District could calculate the interest at a lower rate. It was the consensus of the Board to defer action on this item until next month.

8. **Engineer's Report.** Mr. Plumley noted that additional information on the Weston Lakes Section 19, Phase 2B engineering Bond Issue Requirements is included in the Engineer's Report. Mr. Plumley stated that both revised analyses do not include Bond Issuance Costs and utilize only the debt service tax rate and the interest rate from the most recent bond sale. Mr. Plumley reported that Option 1 includes Phase 1, Phase 2, and the lift station which results in a required assessed valuation of \$9,531,000. Mr. Plumley stated that the second analysis splits the reimbursement into two phases; Option 2A and Option 2B. Mr. Plumley noted that Option 2A includes Phase 1 utilities and the lift station and Option 2B includes Phase 2 utilities. Mr. Plumley reported that the required assessed valuations are \$4,037,000 and \$5,494,000, respectively. The Board requested that Mr. Plumley re-evaluate the Bond Issue Requirements analysis for Options 2A and 2B with different interest rates (as recommended by Mr. Reichardt) and email the Board the new calculations for review.

Mr. Plumley reported on the water well permits and noted that J&C received Permit Nos. 14693 and 14694 authorizing a withdrawal of 260,000,000 gallons of water for 2009.

Mr. Plumley reviewed with the Board the preliminary construction cost estimate of the booster pump upgrade at Water Plant No. 1, a copy of which is attached to the Engineer's Report. Mr. Plumley stated that the motor failure of Booster Pump No. 2 at Water Plant No. 1 was discussed in the Operator's Report. Mr. Plumley noted that there are two 425 gallon per minute ("gpm") booster pumps and two 650-gpm booster pumps at Water Plant No. 1. Mr. Plumley added that Booster Pump No. 2 is one of the two 425-gpm booster pumps. Mr. Plumley stated that J&C recommends upgrading the booster pump to a 650-gpm pump. Mr. Plumley reported that J&C will investigate the cost estimate to replace the motor and email the findings to the Board.

Mr. Plumley reported on the water plant recoating one-year inspection and stated that the one-year warranty period for the Water Plant Recoating 2007 project will end February 26, 2009. Mr. Plumley stated that J&C is scheduling an inspection of the ground storage tank at Water Plant No. 2 to identify any issues that need to be addressed. Mr. Plumley stated that J&C recommends that the Board authorize draining the ground storage tank for the coating inspection. Mr. Plumley reported that the water plant will need to be offline for approximately two weeks to drain the tank, inspect the coating and to fill, disinfect and complete bacteriological testing.

Mr. Plumley reported that an updated copy of the J&C 2009 Schedule of Hourly Rates is attached to the Engineer's Report. Mr. Plumley noted that no hourly rates have changed.

Upon motion by Director Brinsko, seconded by Director Machen, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report, and to authorize J&C to drain the ground storage tank for inspection of the water plant recoating before the February 26, 2009 one-year warranty period expires.

9. **Prepare Water Smart Participation.** This item was discussed in the Operator's Report.

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

11. **Other business matters.** Director DuBois reported that Non-Abolishment Agreement between the District and the City of Weston Lakes would be presented for approval and execution at the City of Weston Lakes board meeting in March. Director DuBois noted that he would contact the attorney regarding whether the District should consider a Strategic Partnership Agreement with the City of Weston Lakes instead of a Non-Abolishment Agreement (as suggested by the auditor).

Director Brinsko stated that he investigated the grant for a diesel generator and noted that the District did not meet the qualifications for the grant.

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 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 \_\_\_\_\_.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors