

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 26, 2008

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 August 26, 2008, 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 except Director Machen. Also attending all or part of the meeting were Mr. Harlen Wunsch and Ms. Kendra Pratt 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. Kenneth Martinec of Jones & Carter, Inc., ("J&C"), engineers for the District; Mr. Terry Holland of Myrtle Cruz, Inc., bookkeepers for the District; Mr. Mathew May of Waste Corporation of Texas, L.P. ("WCA"), garbage contractor for the District; Mr. Steve Reichardt of Sierra Golf Corporation, a developer for the District; Mr. Walter Douglas, 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 meeting of July 22, 2008, previously distributed to the Board. 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 minutes of the meeting of July 22, 2008, as presented.

2. **Tax Assessor and Collector's Report and Delinquent Tax Report.** Mr. Byrd presented to and reviewed with the Board the Tax Assessor and Collector's Report, a copy of which is attached hereto as *Exhibit B*. Check numbers 2645 through 2650 were presented for approval. Mr. Byrd reported that as of July, 2008, the District has collected 97.7% of its 2007 taxes and 85.2% of its 2008 standby fees.

Mr. Byrd reviewed with the Board the Delinquent Tax Report, a copy of which is attached hereto as *Exhibit C*.

Mr. Byrd reported that the District's certified numbers are in and requested that the Board give him authorization to publish the 2008 tax rate which was discussed by the Board in a special meeting on August 19, 2008. 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 the Adopt Order Designating Officer to Calculate and Publish Tax Rate with a proposed debt service tax rate at \$0.35 and a maintenance tax rate of \$.04, a copy of which is attached hereto as *Exhibit D*.

Upon motion by Director Brinsko, seconded by Director LeBlanc, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Assessor and Collector's Report and the Delinquent Tax Report, and to authorize payment of the District's bills.

3. **Operator's Report.** The President recognized Mr. May, who reviewed with the Board the WCA count basis and garbage billing invoices for the month of July. Mr. May stated that based on his survey of homes in the District, the District has 15 out of 60 builder homes that are occupied and not included in ST's garbage billing count. Discussion ensued regarding the best method to correct the billing problem. Director DuBois recommended the District pay WCA a portion of the builder homes for compensation. Mr. Wunsch reported that he would send WCA an active connection list which will include the residential, builder and commercial connections. 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 pay WCA one-half of the builder count for garbage collection beginning July, 2008.

The Board recognized Ms. Pratt, who introduced herself as ST's Regional Operations Support Manager. Ms. Pratt reported that ST is providing customers more options to make water payments starting in October and that the format of ST's billing would change. Ms. Pratt stated that payment options will include electronic check payments, Western Union payments and credit card payments. Ms. Pratt reported that ST will present an electronic lock box contract for the District's attorney to review before the contract is signed between the District and Texas State Bank.

Mr. Wunsch reviewed with the Board the invoice meeting items.

Mr. Wunsch presented to and reviewed with the Board the Operations Report and Maintenance Report, a copy of which is attached hereto as *Exhibit E*. Mr. Wunsch reported that there are five months and 58,254,000 gallons of water remaining on the District's Fort Bend County Subsidence District permit. Mr. Wunsch stated that the District pumped 30,183,000 gallons of water in the month of July. Mr. Wunsch reported that the water accountability for the month of July was 90.21%.

Mr. Wunsch stated that Mr. Reichardt has approved paying the District one-half of the \$3,000 builder damage receivables in exchange for the District not accruing any more interest payments for the Weston Lakes Section 16, Phase 2B developer reimbursement.

Director LeBlanc requested that Mr. Wunsch include the pumping times on future water production reports.

Mr. Wunsch reported on the Sewage Treatment Plant Summary for the month of July. Mr. Wunsch reported that the grinder pumps have arrived and noted that since the motors have not been replaced on the pumps, motor issues might occur because the new grinders are putting strain on the old motors.

Director DuBois requested that Mr. Wunsch contact WCA to obtain a recycling survey to send to residents. Director LeBlanc requested that Mr. Wunsch provide a copy of the survey to him for review before the survey is mailed to residents. The Board agreed to create a recycling survey if WCA cannot provide a survey for the District to use.

Mr. Wunsch reported that 23 accounts are on the Delinquent List. Mr. Wunsch requested the Board's approval to disconnect the accounts on the delinquent list on August 28, 2008, if payment is not received by August 27, 2008 at 5 p.m. Upon motion by Director Zdunkewicz, seconded by Director Zdunkewicz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report, to disconnect the accounts on the delinquent list, and to authorize paying the Weston Lakes Country Club one-half of its \$3,040.04 builder damage fees.

4. **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 Brinsko, 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. **Review Investment Policy.** The Board reviewed the Investment Policy. 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 Investment Policy with no changes.

6. **Attorney's Report.** Director DuBois reported that Director Machen obtained Herb Yates' signature on the POA Lease Agreement, but that the District has not received the POA's \$5.00 payment or insurance policy. Director DuBois stated that the District would retain the POA's copy of the agreement until it receives the payment and insurance policy.

Director DuBois reported that Mr. Patterson is preparing an agreement between the District and the City of Weston Lakes.

7. **Developer's Report.** Mr. Reichardt reviewed with the Board the Developer's Report and noted that 99 lots have been sold and eight lots remain for sale in Oxbow Estates. Mr. Reichardt stated that 74 homes have been completed and nine homes are under construction in Oxbow Estates. Mr. Reichardt reported that 20 lots have been sold and 49 lots remain for sale in Fairway Villas. Mr. Reichardt stated that 12 homes have been completed and three are under construction in Fairway Villas. Mr. Reichardt stated that utility bidding is complete for Weston Lakes Section 19. Mr. Reichardt reported that payment was mailed to the District for 50% of cost of the interest as agreed between the District and Weston Lakes.

8. **Engineer's Report.** Mr. Martinec presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit E*.

Mr. Martinec reported on Weston Lakes, Section 19, Phase 2, and reported that J&C received bids for the water, sewer and drainage facilities on August 6, 2008. Mr. Martinec reported that Kenneth Lamb Construction Co., Ltd. ("Kenneth Lamb") submitted the lowest base bid in the amount of \$240,799. Mr. Martinec stated that J&C recommends awarding the contract to Kenneth Lamb and that a copy of the bid tabulation is attached to the Engineer's Report.

Mr. Martinec reported on the Water Plant Nos. 1 and 2 electrical repairs and noted that Weimer Manufacturing, Inc. installed the transducers and have scheduled to conduct a final inspection at both plants on Monday, August 25, 2008.

Mr. Martinec reported on the developer reimbursement for Weston Lakes Section 16, Phase 2B. Mr. Martinec reported that the TCEQ performed the pre-purchase inspection on August 8, 2008, and accepted the facilities. Mr. Martinec noted that the J&C has not received a written notice from the TCEQ to reimburse the developer from Operating Funds.

Mr. Martinec reported that J&C is finalizing the Water Plant Capacity Report. Mr. Martinec stated that J&C plans to recommend upgrading two booster pumps at Water Plant No. 1 from 425 gallons per minute ("gpm") to 650 gpm and possibly constructing one or two additional booster pumps at Water Plant No. 2. Mr. Martinec reported that J&C also plans to recommend constructing an additional well at Water Plant No. 2. Mr. Martinec reported that J&C is not as concerned with the well capacity as the booster pump capacity. Mr. Martinec also expressed concerns regarding the water pressure issues in the District. Extensive discussion ensued. Mr. Martinec stated that he strongly believes that another well is necessary at Water Plant No. 2 in addition to upgrading the two booster pumps at Water Plant No. 1.

Mr. Martinec reported on the well performance tests taken by GM Services on July 21, 2008 and noted that copies of the tests are attached to the Engineer's Report. Mr. Martinec stated that the tests showed signs of pump wear at Well No. 2. Mr. Martinec reported that if the well capacity continues to decline over the next year, J&C recommends re-working the well next winter. Mr. Martinec stated that the last well rework was performed in August 2004. Mr. Martinec noted that in order to budget for next year, a preliminary construction cost estimate is enclosed in the Engineer's Report. Mr. Martinec stated that both wells showed an amperage imbalance and J&C recommends an electrician measure the voltage and amps using an infrared meter, clean and tighten all lugs, meg the motor, and measure the voltage and amps again. Director LeBlanc requested a more accurate performance characteristic chart for the well no. 2 pump and requested that Mr. Martinec send a revised chart to the Board for review before the next meeting.

Mr. Martinec requested the Board's approval of a re-plat in the Boster Frauli Subdivision whereby three lots would be turned into two lots and the District would abandon a 10-foot easement.

Mr. Martinec reported that a resident in Riverwood Forest contacted J&C regarding a damaged storm sewer in his backyard. Mr. Martinec noted that after investigation,

J&C determined that based on an agreement between the District and BlueGreen, the manhole repair is the responsibility of the District.

Upon motion by Director Brinsko, 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.

9. **Discussion of Water Smart Participation.** Director DuBois reported that the Water Smart Steering Committee discussed water accountability and conservation at their last meeting. Director DuBois reported that the District should be more focused on water usage per resident per connection when implementing water conservation methods.

Director DuBois reported that districts can apply for Water Smart Participation on the AWBD website beginning September 5, 2008.

10. **Public Comments.** Mr. Douglas commented on the agreement between the District and Blue Green.

11. **Other business matters.** Director LeBlanc stated that he would attend the conference hosted by McCall, Gibson and Company, PLLC.

Upon motion by Director Brinsko, 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.

*

*

*

The above and forgoing minutes were passed and approved by the Board of Directors on _____.

President, Board of Directors

ATTEST:

Secretary, Board of Directors