

MINUTES OF MEETING OF BOARD OF DIRECTORS
August 24, 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 August 24, 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. Harlen Wunsch 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 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 July 27, 2010, previously distributed to the Board. Upon motion made 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 minutes of the regular meeting of July 27, 2010, as presented. Consideration was given to the minutes of the special meeting of August 17, 2010, previously distributed to the Board. 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 minutes of the special meeting of August 17, 2010, as presented.

2. **Attorney's Report.** Ms. Green stated that the List of Authorized Brokers has been updated to include additional banks and reviewed with the Board the Resolution Reviewing Investment Policy and the related party disclosure from the bookkeeper/investment officer (Terry Holland), copies of which are attached hereto as *Exhibit B*. 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 adopt the Resolution Reviewing Investment

Policy to include the revised List of Authorized Brokers and to accept the related party disclosure from the bookkeeper/investment officer.

The Board reviewed the Electronic Payment Agreement between Compass Bank and the District, a copy of which was previously reviewed by the attorney. Mr. Wunsch stated that the District pays a one-time fee of \$100 to activate the electronic payment system and the customer pays a per usage fee. 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 Electronic Payment Agreement between Compass Bank and the District.

3. **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 C*. Director DuBois noted that Director checks for the special August 17, 2010 meeting did not mention withholding tax. Mr. Holland stated that he would correct the mistake.

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.

4. **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 July, 2010 and the Perdue, Brandon, Fielder, Collins & Mott, L.L.P. Delinquent Tax Report, copies of which are attached hereto as *Exhibit D*. Mr. Byrd reported that the District has collected 98% of its 2009 taxes and 76.5% of its 2010 standby fees.

Mr. Byrd reported that the proposed tax rate for 2010 was published in the Herald Coaster.

Mr. Byrd reviewed the standby billings with the Board. In response to a question from Director DuBois, Mr. Byrd stated that the standby fees are deposited into the operating account. Discussion ensued regarding the discrepancy in standby fee billings between 2009 and 2010. Mr. Byrd stated that he would contact Equi-Tax during the meeting and relay the information to the Board at the end of the meeting.

Upon motion by Director Pfaffenberger, seconded by Director Zdunkewicz, 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. 2785 and 2786 from the Tax Account in the amount, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

5. **Operations Report.** Mr. Wunsch reviewed with the Board the invoice items, work orders and tolls. Mr. Wunsch stated that he would notify ST that fire hydrant markers were not replaced on Lake Village Drive.

Mr. Wunsch reported that ST would drive the golf courses to check for sink holes in the vicinity of the storm sewers.

In response to a question regarding the invoicing for load testing the generators, Mr. Wunsch reported that the PM program was set up using the O&M manuals and the previous Board voted to load test the generators more frequently due to recurrent power outages. Director LeBlanc requested that ST review the load testing and provide the Board a recommendation for reducing or adding load tests. Director DuBois requested that Mr. Wunsch provide itemized cost estimates for servicing the generators so that the Board can make an informed decision.

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 five months and 208,020,000 gallons remain on the District's Fort Bend County Subsidence District ("FBCSD") water permit. Mr. Wunsch stated that the District pumped 21,357,000 gallons of water in the month of July and that the water accountability for the month was 92.09%.

The Board reviewed the aged receivables and Director LeBlanc recommended that ST increase the builder deposit.

Mr. Wunsch requested the Board's approval to send two accounts to NCO for collection. Mr. Wunsch reported that 23 accounts are on the delinquent list and requested the Board's approval to disconnect the accounts on September 2, 2010, if payment is not received by 5:00 p.m. on September 1, 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 approve the Operations Report, to send two accounts to NCO for collection, to disconnect the accounts on the delinquent list on September 2, 2010, if payment is not received by 5:00 p.m. on September 1, 2010 and to authorize ST and J&C to review the PM testing and provide the Board cost estimates for servicing each item and recommendations for the PM test schedule.

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 GM Services completed the well testing and measured a flowrate of 1,118 gpm. Mr. Martinec reported that a copy of the performance test report is attached to the Engineer's Report. Mr. Martinec recommended payment of pay estimate no. 3 and final in the amount of \$14,518.20 and requested that the Board sign the Certificate of Acceptance. Mr. Martinec noted that the total project cost was \$110,525.26, including \$15,752.26 in engineering fees. Mr. Martinec stated that the budget for the project was \$182,000, including \$30,000 in engineering fees.

Mr. Martinec stated that J&C received the GM Services report for Water Well No. 3 today and will investigate the options for refurbishing the well. Mr. Martinec reported that J&C is not recommending a rework at this time, but is suggesting the well be investigated for planning purposes.

Mr. Martinec stated that J&C billed the Weston Lakes Property Owner's Association (the "POA") directly for the metes and bounds description and exhibit for the POA's Amended and Restated Lease Agreement, as requested by the Board.

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 provided Director Pfaffenberger with the Wastewater Treatment Plant Emergency Preparedness Information, a copy of which is attached to the Engineer's Report.

Mr. Martinec reported that J&C completed a request for an updated Engineer Report of Values for the District facilities for insurance purposes. Mr. Martinec stated that the facility values in the District did not change.

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.

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

9. **Addendum to Tax Assessor and Collector's Report.** Mr. Byrd reported that he inquired about the standby fees during the meeting and learned that approximately one-half of the new homes built in the District were developer homes and were not eligible for standby fee collection. Mr. Byrd stated that the standby report for 2010 only included the lots that were individually owned. Mr. Byrd reported that he would email the Board a reconciliation of the lots going on and off the standby report.

10. **Other business matters.** Director DuBois reported on the Extranet Website and provided the Board the website login and password information to review the District calendar, agendas, meeting minutes and consultant reports. Ms. Green stated that F&J could provide a demonstration of the extranet, upon request.

Director DuBois reported that the Emergency Preparedness Plan would be reviewed in October.

Director DuBois reported that the Water Smart committee meeting will be held on September 1, 2010.

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 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 September 28, 2010.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

CERTIFICATE OF POSTING

THE STATE OF TEXAS §
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COUNTY OF FORT BEND §

I hereby certify that at 11:10 a .M. on September 21, 2010, I posted the Notice of the Board of Directors of Fort Bend Municipal Utility District No. 81, a true copy of which is attached hereto, in the coffee bar of Fulbright & Jaworski L.L.P., 1301 McKinney, 47th floor, Houston, Texas, being a place convenient to the public in the administrative office of the District.

EXECUTED this 21st day of September, 2010.

Nancy C. Green