

MINUTES OF MEETING OF BOARD OF DIRECTORS  
September 22, 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 September 22, 2009, 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"), 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, councilman for the City of Weston Lakes (the "City"); Mr. Jack Marshall, President of the Weston Lakes Property Owner's Association ("POA"); Ms. Melony Gay of Uretex ICR; 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 August 25, 2009, previously distributed to the Board. 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 approve the minutes of the regular meeting of August 25, 2009, as presented. Consideration was given to the minutes of the special meeting of September 10, 2009, 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 September 10, 2009.

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

Mr. Martinec reported that J&C updated the Engineer Report of Values, as requested by Highpoint Insurance Group, LLC and Harco Insurance Services. Mr. Martinec noted that the 2009 Engineer Report of Values remained the same as in 2008.

Mr. Martinec reported that at last month's meeting, the Board reviewed the GM Services well performance test report for the District water wells, copies of which are attached to the Engineer's Report. Mr. Martinec stated that the test shows the well pump at Water Well No. 2 is performing off of the design curve. Mr. Martinec added that the capacity has decreased to 529 gallons per minute ("gpm") this year from 634 gpm last year. Mr. Martinec stated that if the capacity continues to decline, the District should consider reworking the well. Mr. Martinec recommended that the Board budget for a rework within the next one to two years. Mr. Martinec reported that the estimated budget to rework the well is approximately \$100,000. In response to a question from Director LeBlanc, Mr. Martinec reported that the rework would involve pulling the equipment, inspecting the equipment, and observing the column and pump for defects. Mr. Martinec stated that the estimated cost to replace the pump is approximately \$6,000 and the estimated cost to replace the pump and motor is approximately \$16,000. Mr. Martinec noted that these costs would be included in the \$100,000 budget. Mr. Martinec reported that the estimated cost to clean the screens is approximately \$50,000. Mr. Martinec reported that J&C is also addressing a high amperage imbalance that was noted in the test for both wells. The operator determined the imbalance is associated with the incoming power and is working with CenterPoint Energy to install a voltage meter to verify that the problem is not onsite. J&C recommends continuing bi-annual testing. Mr. Martinec stated that the test report for Water Well No. 3 indicated a slight decrease in capacity and noted that the drought had an impact on capacity in both wells.

Mr. Martinec reported that J&C is updating the District's Water Plant Analysis and will email the report to the Board upon completion. Mr. Martinec stated that there is no action required at this point, but concluded that the District will need a third well in the future.

Mr. Martinec reported that J&C amended the District's Fort Bend County Subsidence District Permit for an additional 90,000,000 gallons of water per year on August 18, 2009. Mr. Martinec stated that the permit increased from 260,000,000 to 350,000,000 gallons of water.

Mr. Martinec reported on two non-report items. Mr. Martinec stated that he would send copies of the utility layouts (updating Section 19 and Fairway Villas) to all Board members.

Mr. Martinec requested that the Board review the capital improvement plan as it relates to budgeting for the Water Plant Analysis. Director LeBlanc requested that Mr. Martinec submit the Water Plant Analysis Report before the Board discusses the capital improvement plan. Mr. Martinec stated that he would send F&J an updated J&C contract.

**3. 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 and the Delinquent Tax Report for July, copies of which are attached hereto as *Exhibit C*. Mr. Byrd reported that the District has collected 97.9% of its 2008 taxes and 74.9% of its 2009 standby

fees. Mr. Byrd requested that the Board approve and authorize execution of the E-Check Agreement for credit card tax payments, a copy of which is attached to the Tax Assessor and Collector's Report.

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 Tax Assessor and Collector's Report and to authorize payment of check nos. 2717 and 2718 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report and to approve and authorize execution of the E-Check Agreement for credit card tax payments, pending attorney review.

The Board reviewed the Order Designating an Officer to Calculate and Publish the Tax Rate, a copy of which is attached hereto as *Exhibit D*. Upon motion by Director Zdunkewicz, seconded by Director Pfaffenberger, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Designating an Officer to Calculate and Publish the Tax Rate, thereby indicating its intent to set a tax rate of \$0.38 per \$100 assessed valuation (\$0.31 per \$100 assessed valuation to pay principal and interest to service the District debt and \$0.07 per \$100 assessed valuation to fund maintenance and operating expenditures) and to designate Kenneth Byrd to publish the proposed tax rate in the Fort Bend Herald.

4. **Attorney's Report.** Director DuBois stated that the Board is still awaiting receipt of the executed release of the first assignment of the VLI, Ltd. sales and lease agreement. Director DuBois requested that the attorney verify the name of the person that requested the second assignment. Director DuBois requested that Mr. Byrd review the list of homes to determine if the total value of the homes meets the reimbursement requirements. 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 Attorney's Report, and to assign Mr. Byrd to evaluate the total value of the homes on the list and notify the Board of his findings and obtain a release of the first assignment of the VLI, Ltd. sales and lease agreement.

Director DuBois reported that Springland Homes has vacated the homes that it built in the District and owes the District \$8,000 in outstanding water bills. Director LeBlanc suggested that the District charge the water fees to the bank(s) that assumes the home loans. Director DuBois stated that he would discuss the matter with the attorney and Mr. Wunsch stated that he would contact Mr. Reichardt to determine which bank assumed the home loans. Upon motion by Director Zdunkewicz, seconded by Director Pfaffenberger, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Attorney's Report.

5. **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*. Mr. Holland requested that the Board approve and authorize execution of the Compass Bank Depository Pledge Agreement, copies of which are attached to the Bookkeeper's Report. 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 and authorize execution of the Depository Pledge Agreement with Compass Bank and to approve the Investment Report, the Bookkeeper's Report, and the payment of the District's bills noted therein.

6. **Operations Report.** Mr. Wunsch reviewed several invoices. Discussion ensued on various invoice items.

Mr. Wunsch presented to and reviewed with the Board the Operations Report and Well Run Report, copies of which are attached hereto as *Exhibit F*. Mr. Wunsch reported that there are four months and 118,752,000 gallons remaining on the District's Fort Bend County Subsidence District ("FBCSD") water permit. Mr. Wunsch stated that the District pumped 43,859,000 gallons of water in the month of August and that the water accountability for the month was 91.63%.

Mr. Wunsch reported that the booster pump and process water pump was replaced and a chlorine contact chamber was installed at the sewer plant.

Mr. Wunsch reported no problems at the Wastewater Treatment Facility.

Mr. Wunsch reported on the Builder Damage Receivables.

Mr. Wunsch reported that ST has repaired eight main water line breaks this summer.

Mr. Wunsch reported that ST replaced four of the ten meters it checked for accuracy.

Mr. Wunsch presented a customer request to obtain a water credit for a water pipe leak to a pool. It was the consensus of the Board that ST notify the customer by letter that the Board declined the credit request.

Mr. Wunsch requested the Board's approval to send one account 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 October 6, 2009, if payment is not received by 5:00 p.m. on October 5, 2009. Upon motion by Director Machen, seconded by Director Pfaffenberger, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report, to authorize ST to check 10 additional meters for accuracy, to send one account to NCO for collection, and to disconnect the accounts on the delinquent list October 6, 2009, if payment is not received by 5:00 p.m. on October 5, 2009.

7. **Developer's Report.** There was no report.

8. **Public Comments.** Mr. Douglas thanked the Board for updating the District website.

9. **Other business matters.** Mr. Thomas stated that a meeting would be scheduled next week to discuss the Non-Abolishment Agreement between the District and the

City. Mr. Thomas stated that the City would like to rename the Non-Abolishment Agreement to an Interlocal Agreement.

Director Zdunkewicz reported that the Board would like F&J to prepare a binder containing updated consultant contracts and/or addendums to the original contracts for distribution to each director.

The President recognized Ms. Gay, who presented to and reviewed with the Board the URETEK ICR Repair brochure, a copy of which is attached hereto as Exhibit "G." Ms. Gay explained the URETEK ICR chemical process uses foam to repair underground drainage systems, including wastewater and storm, manhole sealing and rehabilitation, soil stabilization, and pavement lifting. Ms. Gay reported that the foam multiplies 25 times its original density and noted that the material has a 10 year warranty. Discussion ensued on the various uses for the material. In response to a question from Director LeBlanc, Mr. Wunsch stated that the District has had situations in the past where the material could have been used to make repairs.

The Board recognized Mr. Marshall, who requested the Board's permission for the POA to survey residents regarding recycling. The Board stated that WCA services both Riverwood (not in the District) and District residents. Mr. Marshall reported that the POA would be surveying residents at three different times through either emails, the POA website, phone calls and/or mailings.

Mr. Marshall reported that the POA will be stenciling street addresses in front of homes and requested the Board's permission to stencil addresses in front of lots and vacant lots owned by the District. It was the consensus of the Board to allow the POA to stencil addresses in front of lots owned by the District.

Director DuBois requested that Mr. Marshall notify the POA's maintenance man to mow the water plant and lift station property, as agreed by both parties. Director DuBois requested that the POA's insurance policy include the District as a co-insured party because the District leases the depot area to the POA.

In response to a question from Mr. Marshall, Director Zdunkewicz stated that it is the responsibility of the homeowner or the POA to maintain the ditch grade and drainage capabilities on homeowner property.

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