

MINUTES OF MEETING OF BOARD OF DIRECTORS  
October 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 October 27, 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 and Mr. Clay Brandenburg 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"); Mr. Robin Dunn; Mr. Sonny Fisher and Mr. Bob Gratzner, residents 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 September 22, 2009, previously distributed to the Board. 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 minutes of the regular meeting of September 22, 2009, as presented.

2. **Public hearing on tax rate.** The President opened the public hearing. There were no comments from the public. The President closed the public hearing. Mr. Byrd reported that the 2009 tax rate was published, as required by state law.

3. **Adopt Order Setting Tax Rate for 2009 and approve the Amended and Restated District Information Form.** 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 Order Setting Tax Rate and Levying Tax for 2009, a copy of which is attached hereto as *Exhibit B*, thereby levying an ad valorem tax rate of \$0.38 per \$100 assessed valuation (\$0.31 per \$100 assessed valuation to pay the District's debt and \$0.07 per \$100 assessed valuation to fund operating and maintenance expenses) and to approve the filing of the Amended and Restated District Information Form.

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 and the Delinquent Tax Report for September, 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 reported that Fort Bend County (the "County") has not filed suit against the owners of the Pfordresher lot. Mr. Byrd stated that the District will file a joint suit at the time the County files suit.

Mr. Byrd reported that the appraisal values of the homes in Fairway Villas have not met the reimbursement requirements. 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 and noted that the District cannot reimburse First Community Bank without the release. Director DuBois stated that in addition to the reimbursement requirements being met, F&J needs to obtain the release of the second assignment of the VLI, Ltd. sales and lease agreement.

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. 2719 and 2724 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

5. **Attorney's Report.** The Board stated that the Fairway Villas topic was discussed in item 4.

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 D*. 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 approve the Investment Report, the Bookkeeper's Report, and the payment of the District's bills noted therein.

7. **Operations Report.** Mr. Brandenburg reviewed various invoices. Mr. Brandenburg requested the Board's approval to replace the bracing on the catwalk surrounding the sewer plant. 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 replace the bracing at the sewer plant.

Mr. Brandenburg reported that ST is testing a new batch of meters for the meter change-out program.

Mr. Brandenburg reported that the lift station in Section 19 is not working and noted that it was not included in the repair modification list. In response to question from Director DuBois, Mr. Wunsch reported that the District operates five lift stations, in addition to the lift station on the sewer plant site.

Discussion of invoice items included work orders, billing for work done on holidays and multiple Property Owner Association (“POA”) bills for mowing. The Board deferred discussion on the POA mowing until Mr. Marshall’s and Mr. Dunn’s arrival.

Mr. Brandenburg presented to and reviewed with the Board the Operations Report and Well Run Report, copies of which are attached hereto as *Exhibit E*. Mr. Wunsch reported that there are three months and 92,440,000 gallons remaining on the District’s Fort Bend County Subsidence District (“FBCSD”) water permit. Mr. Brandenburg stated that the District pumped 47,079,000 gallons of water in the month of September and that the water accountability for the month was 94.38%.

The Board requested that ST temporarily discontinue including the Times and Pumpage Chart on the report and to resume including the chart on the report during the months of May through August.

Mr. Brandenburg requested the Board’s approval to send two accounts to NCO for collection. Mr. Brandenburg reported that 35 accounts are on the delinquent list and requested the Board’s approval to disconnect the accounts on October 29, 2009, if payment is not received by 5:00 p.m. on October 28, 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 two accounts to NCO for collection, and to disconnect the accounts on the delinquent list on October 29, 2009, if payment is not received by 5:00 p.m. on October 28, 2009.

8. **Developer’s Report.** There was no report. Director DuBois requested that Mr. Martinec notify the developer to proceed with constructing the agreed-upon pad (at no cost to the District) at the Section 19 lift station.

9. **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 that J&C met with Director Machen and an AT&T representative on October 16, 2009 to discuss the 40-foot by 50-foot AT&T site near Water Plant No. 2. Mr. Martinec reported that a retaining wall along the northwest side of the easement is required due to significant elevation changes across the site. Mr. Martinec stated that the AT&T representative requested authorization to grade adjacent to the site boundary (outside their easement) for drainage purposes. Mr. Martinec reported that discussions included moving the site to the southeast side of the site to avoid the grading issue, but that AT&T did not want the site moved. Mr. Martinec reported that discussion also included AT&T’s plan to construct a concrete driveway that will not adversely affect the existing water plant access road.

Mr. Martinec reported that J&C updated the District utility layouts to include water, sanitary, and drainage facilities in Section 19 and Fairway Villas. Mr. Martinec distributed the utility layouts to the Directors and operator.

Mr. Martinec reported that cost estimates to rework Water Well No. 2 at Water Plant No. 1 are attached to the Engineer's Report for the Board to review. Mr. Martinec reported that the estimated cost to rework the well is \$177,000, including contingencies and engineering. As an alternative, J&C estimated that the cost to rework the well and convert the well pump to a line-shaft turbine is \$222,000, including contingencies and engineering. In response to a question from Director LeBlanc, Mr. Martinec responded that he did not recommend installing a larger pump because a larger pump works harder and pulls in more sand during the pumping process. Mr. Martinec recommended that the pump be designed to produce 770 gallons per minute ("gpm") of water. In response to a question from Director LeBlanc, Mr. Martinec recommended that the work be performed this winter. The Board discussed holding a special meeting to review the well rework procedures and requested that Mr. Martinec invite two construction companies to attend the meeting to discuss the rework. 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 J&C to coordinate presentations by two construction companies regarding the well rework for the special meeting on November 11, 2009.

Mr. Martinec reviewed with the Board the Water Plant Analysis update, a copy of which is attached to the Engineer's Report. Mr. Martinec stated that J&C completed the analysis of the District's present and future water plant capacity needs (as requested on an annual basis by the Board on June 24, 2008). Mr. Martinec reported that based on the findings of the updated Water Plant Analysis, J&C recommends constructing an additional water well at Water Plant No. 2. Mr. Martinec also suggested that the Board consider upgrading the booster pump capacity at Water Plant No. 1. Mr. Martinec reported on the existing conditions, water plant design criteria, existing water plant capacity and the proposed water plant capacity. Extensive discussion ensued regarding the analysis. In response to a question from Director LeBlanc, Mr. Martinec stated that the Texas Commission on Environmental Quality's ("TCEQ") industry standard (minimum requirements) for the peak to average ratio of daily water usage is 2.4. Mr. Martinec reported that on July 11, 2009, J&C calculated 3.08 for the peak to average ratio of water usage. In conclusion, Mr. Martinec recommended that the Board proceed with the water well construction based on the report findings. In response to a question from Director Zdunkewicz, Mr. Martinec stated that the time frame to complete the project would take approximately two years and would involve preparing the engineering plans and the bond application report, obtaining TCEQ approval to sell the bonds, and constructing the well. The Board requested that Mr. Martinec determine if purchasing Water Well #1 could be a viable option in lieu of building a new water well. Mr. Martinec stated that he had reservations about purchasing the well because of its poor water quality. Mr. Martinec reported that measures would need to be taken to treat or filter the water. Director DuBois stated that Sierra may not sell the well back to the District.

Upon motion by Director Machen, seconded by Director Pfaffenburger, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

10. **Public Comments.** The President recognized Mr. Gratzner, who requested the Board's approval to move his back-yard fence into the utility easement. The Board had no objections to the request, but asked Mr. Gratzner to obtain approval from the POA before moving the fence. Mr. Marshall noted that he would add Mr. Gratzner's request to the POA agenda for review and approval.

11. **Other business matters.** Mr. Thomas stated that he would coordinate a meeting between himself, Dennis DeLuca and Directors DuBois and Zdunkewicz next week to discuss the Non-Abolishment Agreement between the District and the City.

Director DuBois requested that discussion and approval of the insurance renewal be deferred until the November meeting.

Director Zdunkewicz reported that following the meeting, he and Ms. Green would be reviewing the documents that he would like to be included in the consultant contracts binders.

The Board recognized Mr. Marshall, who reviewed with the Board the responses from the recycling survey. Mr. Marshall reported that the survey allowed everyone that lives at each residence to respond to the survey. Director LeBlanc stated that one response per household should have been obtained. Mr. Marshall reported that 62% of the respondents were in favor and 38% were in opposition of recycling (with 25% of residents responding). Mr. Marshall reported that the survey would continue until the end of November.

Director DuBois recognized Mr. Dunn, who requested that the Board consider his proposal to mow the District's facility locations on a bi-monthly basis at a cost of \$500 per month. A copy of Mr. Dunn's email correspondence to Director Machen regarding his proposal is attached hereto as *Exhibit G*. Mr. Dunn verified that he carried the necessary insurance coverage for himself and his equipment. 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 accept the mowing proposal by Mr. Dunn for the bi-monthly mowing of the water plant sites, sewer plant sites and lift station sites at a cost of \$500 per month effective January 1, 2010 (pending receipt of Mr. Dunn's insurance coverage). Mr. Brandenburg stated that he would notify Seaback that the District has hired a new person to mow its facilities.

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 November 24, 2009.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors