

MINUTES OF MEETING OF BOARD OF DIRECTORS  
December 18, 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 special session, open to the public, at the Fort Bend County Commissioner Precinct 3 Office Building, 8100 Highway 359 South, Fulshear, Texas 77441, on December 18, 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. 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. Steve Reichardt of Sierra Golf Corporation ("Sierra"), a developer in 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 November 25, 2008, previously distributed to the Board. 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 minutes of the meeting November 25, 2008, as presented.

2. **Tax Assessor and Collector's Report.** Mr. Byrd presented to and reviewed with the Board the Tax Assessor and Collector's Report for November, a copy of which is attached hereto as *Exhibit B*. Mr. Byrd reported that the District has collected 10.5% of its 2008 taxes and 10.6% 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 no. 2208 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

3. **Approve audit for the fiscal year ended September 30, 2008.** This item was deferred.

4. **Attorney's Report.** The Board reviewed the Telecom Cable letter requesting the District's engagement in the second of two five-year lease extensions at the property known as 5302 Windrush Street in Fulshear, Texas. The Board requested proof of insurance from Telecom Cable and a representative's attendance at the Board meeting. Ms. Green volunteered to search the District's list of files for a copy of the insurance. 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 second five-year lease extension for Telecom Cable pending proof and/or receipt of their insurance coverage.

5. **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 C*. Mr. Holland requested that the Board approve amending the Investment Policy under the Safekeeping and Collateralizing section to state, "Banks of Deposits exceeding FDIC insurance limits for the excess amounts shall be collateralized at all times by U.S. Treasury securities of an amount equal to 103% of the District's deposits." The Board discussed purchasing Certificates of Deposits ("CDs") from Allegiance Bank and Independence Bank for nine months or less. 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 amend the Safekeeping and Collateralizing section and to update the approved list of brokers of the Investment Policy and to authorize MCI to purchase two \$220,000 CDs for nine months or less.

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 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 D*.

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

Mr. Wunsch reported that there is one month on the District's Fort Bend County Subsidence District ("FBCSD") permit. Mr. Wunsch stated that the District's permit was amended in October and the District has an additional 30,029,000 gallons of water on the FBCSC permit to cover the remaining one month. Mr. Wunsch stated that the District pumped 18,498,000 gallons of water in the month of November. Mr. Wunsch reported that the water accountability for the month of November was 91.76%.

Mr. Wunsch reviewed with the Board a letter request from Evelyn Whitmore to waive billing charges for her home at 5450 Woodbury, a copy of which is attached to the Operator's Report. Discussion ensued. 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 waiving the billing charges at 5450 Woodbury.

Mr. Wunsch reviewed with the Board a sample survey to residents in the District regarding recycling, a copy of which is attached to the Operator's Report. The Board requested that Mr. Wunsch add to the survey that the recycling contract is a three-year contract and every resident would pay the \$3 cost for recycling if two-thirds of the residents respond favorably to the survey.

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 the Operator's Report and the changes to the recycling survey.

7. **Developer's Report.** Mr. Reichardt reported that no new sales have occurred in the District. Mr. Reichardt stated that Sierra Golf Corporation executed the Emergency Water Well Agreement. 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 the Developer's Report.

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 the lower paving contractor is continuing construction. Mr. Martinec reported that J&C prepared a Bond Issue Requirement for facilities in Section 19 with two options to assist the Board in determining the assessed valuation required to reimburse the developer. Mr. Martinec reported that the first option includes Bond Issuance Costs and results in a required assessed valuation of \$12,096,000. Mr. Martinec stated that the second option does not include Bond Issuance Costs and that J&C used the combined debt service and O&M tax rate to calculate the required assessed valuation. Mr. Martinec stated that the required assessed valuation for the second option is \$6,665,000 and the estimated amount to be reimbursed to the developer for Phases 1 and 2 is \$340,879. Mr. Martinec stated that both options and cost summaries are attached to the Engineer's Report. Extensive discussion ensued regarding the both options. It was the consensus of the Board that Mr. Martinec redo the calculations using a lower interest rate and discuss the reimbursement calculations with the financial advisor.

Mr. Martinec reported that J&C received two permit fee statements from the Fort Bend Subsidence District ("FBSD"). Mr. Martinec stated that Permit Fee No. 13821 in the amount of \$3,900 is for the 260,000,000 gallons of water permitted to the District between January 1, 2009 and December 31, 2009. Mr. Martinec stated that Permit Fee No. 13822 in the amount of \$1,050 is for the amendment to the 2008 permit. Mr. Martinec recommended payment of both permit fee statements to the FBSD.

Mr. Martinec reported that as requested by the Board, J&C analyzed what it would take to increase the capacity of Water Well No. 3 at Water Plant No. 2 from its current capacity of 1,134 gallons per minute ("gpm") to 1,350 gpm to meet the ultimate needs of the District. Mr. Martinec stated that J&C prepared three cost estimates as part of their analysis. Mr. Martinec reported that the cost estimates include the following: (1) \$63,000 for testing the well (2) \$320,000 for a water well rework and (3) \$152,000 to increase the capacity of the well

and for water plant electrical upgrades. Mr. Martinec stated that J&C recommended the following procedure:

1. Pull the pump out of the well.
2. Televisive the well to determine the condition of the well.
3. If necessary, rework the well. Mr. Martinec noted that the well has not been reworked since 1990. Typically wells need to be reworked every seven to 10 years. The rework may include mechanical and/or chemical cleaning of the screens. Further, the rework would include disassembly and inspection of the pumping equipment and motor, as well as replacement, upgrade, or repair of parts as necessary. If the pumping equipment requires replacement, Mr. Martinec recommended that the District wait to order new equipment until after the pump test is complete.
4. Perform a pump test to determine if the well can produce 1,350 gpm. A basis for estimating the maximum capacity of water wells is 10 gpm for every vertical foot of screen. Water Well No. 3 has 123 vertical feet of screen, which would equate to a possible capacity of around 1,200 gpm. This rule is highly variable, and the well may or may not be able to produce more than this capacity.
5. Electrical upgrades and pump replacement would be necessary to increase the well capacity.

Mr. Martinec reported that the cost to increase the capacity of the well could be as little as \$215,000 if no rework is required or as much as \$535,000 if rework is required. Mr. Martinec noted that a water well rework would be beneficial to the well even if it is determined that the capacity cannot be increased. Mr. Martinec added that if the Board decides not to proceed with the pump test it would be advisable for the District to begin budgeting for a well rework in the next one to three years.

Mr. Martinec reported on the Wastewater Treatment Plant Permit and stated that the permit application was sent to the TCEQ on December 3, 2008.

Mr. Martinec recommended that the Board authorize J&C to prepare an application to FEMA for grant funds for a trailer-mounted generator to operate each of the District's five lift stations during emergencies. Mr. Martinec stated that a Notice of Intent must be submitted by January 9, 2009. Mr. Martinec stated that the application does not obligate the District to proceed with the generator. Extensive discussion ensued regarding the cost and maintenance for a trailer-mounted generator. No action was taken.

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.

**9. Prepare Water Smart Participation.** Director DuBois reported that Mr. Wunsch is completing the Water Smart Application and that all five Directors are required to

execute the application. Director DuBois stated that the Water Smart Steering Committee will be meeting at the AWBD office in Spring, Texas on January 6, 2009 .

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

11. **Other business matters.** The Board discussed deeding the District's 50-foot by 100-foot director lot of Dave Mullins to the POA in exchange for diesel access and the insurance revision. 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 designate the 50-foot by 100-foot lot as surplus and to draft a letter agreement declaring the lot as surplus in exchange with the POA for diesel access and the insurance revision.

The Board reviewed the Non-Abolishment Agreement, a copy of which is attached hereto as *Exhibit F*. Upon motion by Director Machen, seconded by Director Brinsko, after full discussion and the question being put to the Board the Board voted four in favor, with Director Zdunkewicz abstaining, to approve the Non-Abolishment Agreement, to authorize execution thereof and request adding consideration of the agreement to the City of Weston Lakes meeting agenda.

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 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