

MINUTES OF MEETING OF BOARD OF DIRECTORS
July 22, 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 July 22, 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. Kenneth Martinec of Jones & Carter, Inc., ("J&C"), engineers for the District; Mr. Terry Holland of Myrtle Cruz, Inc., bookkeepers for 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 June 24, 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 June 24, 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, a copy of which is attached hereto as *Exhibit B*. Check numbers 2639 through 2643 were presented for approval. Mr. Byrd reported that as of May, 2008, the District has collected 96.3% of its 2007 taxes and 82.8% of its 2008 standby fees.

Mr. Byrd requested the Board's approval of the credit card agreement for the District. Mr. Byrd stated that the new credit card payment system allows the District more control over partial tax payments. Mr. Byrd noted that the District would be charged a one-time fee of \$120 for the credit card system. In response to a question from Director LeBlanc, Mr. Byrd stated that residents are charged a fee to use their credit card for tax payments. 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 credit card agreement, to accept the Tax Assessor and Collector's Report and to authorize payment of the District's bills.

3. **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 reported that Texas State Bank is merging with Compass Bank and requested the Board's acknowledgement of the merger. 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 authorize execution of the acknowledgement of Texas State Bank's merger with Compass Bank, to approve the Investment Report, the Bookkeeper's Report and the payment of the District's bills noted therein.

4. **Attorney's Report.** Director DuBois noted that the District insurance renews in December and requested that F&J begin requesting insurance proposals on behalf of the District.

Director DuBois reported that the POA contract with the District was revised to include mowing the south area of the Water Plant #2 site and to update the persons authorized to execute the contract. 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 POA contract, as amended, and to authorize Director Machen to present the contract to the POA for execution.

5. **Developer's Report.** The Board requested that Mr. Martinec review the Water Well No. 1 Agreement and provide revisions to the attorney. 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 Water Well No. 1 Agreement, as amended by the engineer.

6. **Consider and review water conservation. ST to obtain "bill stuffers".** Mr. Wunsch reported that he would obtain bill stuffers pertaining to water conservation for distribution with the District's bills.

7. **Operator's Report.** The President recognized Mr. Wunsch, who reviewed with the Board the invoices for the month of June. 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 reported that there are six months and 88,437,000 gallons of water remaining on the District's Fort Bend County Subsidence District permit. Mr. Wunsch stated that the District pumped 38,228,000 gallons of water in the month of June. Mr. Wunsch reported that the water accountability for the month of June was 99.89%.

Mr. Wunsch reported that the insurance provider rejected the claim on the booster pump.

Mr. Wunsch reported that ST is reviewing the Rate Order to verify that it does not contain a pool inspection fee.

Mr. Wunsch reported on the deficiencies in Water Well #1. Discussion ensued regarding charges to Sierra for the repairs. 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 back charge Sierra for the repairs to the Water Well #1.

Mr. Wunsch requested the Board's authorization to continue for GMS Services to perform a yearly test on Water Well No. 1. 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 authorize ST to perform a yearly test on Well No. 1.

Mr. Wunsch reported on the Sewage Treatment Plant Summary for the month of June.

Mr. Wunsch reviewed an email request from a resident to adjust their water bill for a pipe break, a copy of which is attached to the Operator's Report. The Board requested that ST write a letter notifying the resident that the request would not be granted.

Mr. Wunsch reported that 28 accounts are on the Delinquent List. Mr. Wunsch requested the Board's approval to disconnect the accounts on the delinquent list on July 24, 2008, if payment is not received by July 23, 2008 at 5 p.m. Mr. Wunsch requested the Board's approval to turn over one account to collections. Upon motion by Director Machen, 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 turn over one account to collections.

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 had advertised the water, sewer and drainage facilities and will receive bids on August 6, 2008.

Mr. Martinec reported on the Water Plant Nos. 1 and 2 electrical repairs and noted that Weimer Manufacturing, Inc. plans to install the transducers this week.

Mr. Martinec reported on the developer reimbursement for Weston Lakes Section 16, Phase 2B. Mr. Martinec reported that the operator addressed the punch list items, and that J&C contacted the TCEQ to perform a pre-purchase inspection. Mr. Martinec noted that the TCEQ informed J&C that the inspection will be scheduled after August 5, 2008.

Mr. Martinec reported on the Water Plant inspections and noted that J&C sent a summary to the operator.

Mr. Martinec reported that the current wastewater treatment plant permit expires on July 1, 2009, and noted that the renewal application must be submitted to the TCEQ at least six months before the expiration date. Mr. Martinec reported that the estimated fee for the permit renewal is \$8,000.

Mr. Martinec reported that Harco Insurance submitted a request for updated values. Mr. Martinec stated that construction costs for water and wastewater plants have risen significantly over the past year. Mr. Martinec stated that the current estimates for replacing the District's facilities (Wastewater Treatment Plant, Water Plant No. 1, Water Plant No. 2, and Lift Stations Nos. 1-5) is \$7,300,000. Mr. Martinec noted that the values have increased \$1,720,000 since last year. Mr. Martinec stated that J&C recommends increasing the value of these facilities to \$7,300,000.

Upon motion by Director Brinsko, seconded by Director Zdunkewicz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the \$8,000 permit renewal application fee and the Engineer's Report.

9. **Discussion of Water Smart Participation.** Director DuBois reported that the Water Smart Steering Committee will meet August 12, 2008, to refine the application process.

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

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

The Board requested notification from the attorney whether re-elected Directors should repeat the ethics course.

The Board scheduled a special meeting August 19, 2008 at 9:30 to review the proposed budget and tax rate for 2008.

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.

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

President, Board of Directors

ATTEST:

Secretary, Board of Directors