

MINUTES OF MEETING OF BOARD OF DIRECTORS  
July 26, 2011

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 26, 2011, 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. Mark Yentzen 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. Sonny Fischer, resident of the District; and Mr. Neil Thomas and Ms. Courtney McDonald 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 June 28, 2011, previously distributed to the Board. Upon motion made 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 minutes of the regular meeting of June 28, 2011. Consideration was given to the minutes of the special meeting of June 21, 2011, previously distributed to the Board. Upon motion made 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 June 21, 2011. Consideration was given to the minutes of the special meeting of July 12, 2011, previously distributed to the Board. Upon motion made 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 July 12, 2011.

2. **Appoint auditor for the fiscal years ending September 30, 2011 and September 30, 2012.** This item was deferred.

3. **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 May 2011, a copy of which are attached hereto as *Exhibit B*. Mr. Byrd reported that the District has collected 98.5% of its 2010 taxes and 83.1% of its 2011 standby fees. Mr. Byrd reported that Fort Bend County Appraisal District's preliminary assessed values for the District total \$288,769,980. Mr. Byrd suggested to the Board to add "publication of the tax rate" to the agenda for next month's meeting, to which the Board agreed.

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 Tax Assessor and Collector's Report and to authorize payment of check nos. 2852 through 2854 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

The Board discussed repayment to Vital Link Incorporated ("VLI") for Fairway Villas 2. Extensive discussion ensued. It was the consensus of the Board to allow Director Zdunkewicz to contact Ms. Moran, the District's financial advisor, to obtain the estimated assessed value of Fairway Villas 2 and to advise the Board as to whether the terms of the Sales Agreement were met.

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

Mr. Martinec reported on Water Well No. 2 Rework and stated that J&C prepared a letter to Alsay regarding the motor and pump failure of Water Well No. 2, as directed by the Board. J&C requested that the work to replace the motor and install a new submersible pump assembly be covered under the contract's warranty. Mr. Martinec reported that J&C is waiting to hear back from Alsay regarding the warranty. After extensive discussion, the Board determined not to pay Alsay while waiting for their response.

Mr. Martinec reported on the Replacement Well at Water Plant No. 1. Mr. Martinec reported that J&C is beginning to design the replacement water well and that they are currently sending out a surveying crew to Lot 13. He noted that he will prepare an updated schedule for the next meeting. Director DuBois noted that he met with the developer and it was discussed that Sierra is stuck on whether or not they can use the land. No action was taken by the Board.

Mr. Martinec reported that J&C is preparing the Bond Application Report for the addition of a generator, the replacement well at Water Plant No. 1, and the backup well at Water Plant No. 2. Mr. Martinec reported that J&C will send a draft of the report to the Board's consultants for their review and comment. He reported that as requested by the Board, J&C will prepare two additional summaries of cost to reflect two bond sales, the first to include the generator and well at Water Plant no. 1 and the second to include the well at Water Plant No. 2.

Mr. Martinec reported that the TCEQ is encouraging water systems to consider implementing their respective Drought Contingency Plans in expectation of worsening drought conditions throughout the State. According to Mr. Martinec, the District is not currently in

Drought Contingency mode, and has already encouraged their residents to conserve water, but he recommended to the Board that the District follow their Drought Contingency Plan. Attached to the Engineering Report is the Letter from the TCEQ notifying the District of increasing drought conditions.

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

5. **Financial Advisor suggestion for Bond Issue.** Mr. Zdunkewicz reviewed with the Board the financial advisor report. He discussed with and presented to the Board a Certificate and Resolution Authorizing Request for Certificate of Estimated Valuation, attached hereto as *Exhibit D*. 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 Financial Advisor Report and the Resolution Authorizing Request for Certificate of Estimated Valuation.

6. **Attorney's Report.** The Board requested that Mr. Thomas send a letter to Telecom Cable, with the hope that it would generate activity from Telecom Cable and possibly have them attend an upcoming meeting. Extensive discussion ensued. The Board also reviewed an Agreement between Weston Lakes POA and the Board, which is attached hereto as *Exhibit E*. The Board discussed approving the installation of a water and sewer line to the gatehouse at Weston Lakes. 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 installation of a water and sewer line to the gatehouse at Weston Lakes.

7. **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 F*. Mr. Holland discussed with the Board a proposed budget for the next fiscal year. The Board noted that they will hold a budget meeting in the beginning of August and will include Mr. Holland's proposed budget at the meeting. At the June meeting, the Board noticed discrepancies in Mr. Holland's report and Mr. Holland notified the Board that the discrepancies are now fixed and the numbers on his report are correct.

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

8. **Operations Report.** Mr. Wunsch reviewed with the Board the Operations Report, a copy of which is attached hereto as *Exhibit G*. Mr. Wunsch reported that six months of water usage remains on the District's aggregate Fort Bend Subsidence ("FBSD") water permit. Mr. Wunsch stated that the District pumped 43,408,000 gallons of water in the month of June and that the water accountability for the month was 91.57%. Mr. Wunsch reported that there was a mainline break due to the heat, and ST the break repaired.

Mr. Wunsch reviewed with the Board the invoice items and work orders and discussed the back charges. Mr. Wunsch reported on the maintenance items in the District.

Mr. Wunsch reported that ST has performed 36 taps within the last six months.

Mr. Wunsch reported that 19 accounts are on the delinquent list and requested Board approval to disconnect the accounts on the delinquent list on July 28, 2011, if payment is not received by 5:00 p.m. on July 27, 2011. Upon motion made by Director Pfaffenberger, seconded by Director Machen, after full discussion and the question being put to the Board, the Board voted unanimously to disconnect the accounts on the delinquent list on July 28, 2011, if payment is not received by 5:00 p.m. on June 27, 2011.

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

10. **Other business matters.** Director DuBois reported that Directors Pfaffenberger, Machen, LeBlanc and DuBois attended the summer AWBD conference in June.

It was the consensus of the Board to set a special meeting on August 9, 2011 to prepare a budget for the fiscal year ending September 30, 2012.

The Board reviewed the Water Wise Interlocal Agreement, a copy of which is attached hereto as *Exhibit "H."* 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 and authorize execution of the Water Wise Interlocal Agreement for 2012.

Director Machen reported that the AWBD Water Smart Plaque was stolen and requested Board approval to buy a replacement plaque for a modest sum. 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 replacement of the AWBD Water Smart Plaque that was stolen.

Director DuBois reported on a letter explaining the proposed bond issue for the drilling of water wells at Water Plant no. 1 and 2. The Board altered the language of the Letter and extensive discussion ensued. 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 putting the Letter on the District's website as well as authorize Mr. Wunsch to send a copy with next month's water bill.

Upon motion made by Director Zdunkewicz, seconded 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 August 23, 2011.

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors