

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37  
MINUTES OF MEETING OF BOARD OF DIRECTORS

JULY 20, 2011

The Board of Directors (the "Board" or the "Directors") of Fort Bend County Municipal Utility District No. 37 (the "District") met in regular session at 7:00 p.m. at 1301 Misty Bend, Katy, Texas 77494, on Wednesday, July 20, 2011, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code. The roll was called of the members of the Board, to-wit:

Don Poe	President
Larry W. Davis	Vice President
Kenneth L. Comeaux	Secretary/Investment Officer
Stephen Berckenhoff	Treasurer
David A. Carp	Assistant Secretary

All members of the Board were present, except Director Comeaux. Also attending all or portions of the meeting were: Rudy Ammer and John Cassidy, District residents; Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District; Kenneth Byrd of Equi-Tax, Inc. (the "Tax Assessor-Collector" or "Equi-Tax"), tax assessor-collector for the District; Joe Williams of Severn Trent Environmental Services, Inc. (the "Operator" or "ST"), operator for the District; David Leyendecker, P.E. of Clay & Leyendecker, Inc. (the "Engineer"), engineers for the District; and Regina D. Adams of Johnson Radcliffe Petrov & Bobbitt PLLC (the "Attorney"), attorneys for the District.

The President, after finding that the notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may regularly come before it.

1. The President inquired whether there was any public comment concerning the business of the District. There being no public comment, the President directed the Board to proceed with the agenda.

2. The Board first considered approval of the June 15, 2011 regular meeting minutes. Upon motion by Director Berckenhoff, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved such minutes subject to certain corrections.

3. Mr. Holland presented the Bookkeeper's Report and Investment Report, copies of which are collectively attached hereto as Exhibit "A".

a. Mr. Holland first reviewed the written report and responded to questions from the Board.

b. Mr. Holland next reviewed current and year-to-date revenue and expenditures against the District's budget for the fiscal year ending August 31, 2011.

c. Mr. Holland then reviewed the proposed budget plans for the fiscal year ending August 31, 2012, a copy of which is attached to the Bookkeeper's Report.

Upon motion by Director Davis, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report and Investment Report as presented, and authorized payment of checks numbered 6419 through 6441 from the Operating Account.

4. The Tax Assessor-Collector's Report was presented by Mr. Byrd, a copy of which is attached hereto as Exhibit "B".

a. Mr. Byrd reviewed the written report and responded to questions from the Board.

b. The Tax Assessor-Collector's Report reflected that 98.7% of the 2010 taxes have been collected as of July 31, 2011.

c. Ms. Adams then explained that if the Board wants to exercise its authority to terminate water service to delinquent tax accounts after August 1<sup>st</sup>, rather than waiting on the other taxing authorities to file lawsuits or until year-end, she is proposing that a letter be written to Mahoney & Associates ("Mahoney") requesting its recommendations for termination of service to the 2010 delinquent accounts for review at the Board's August meeting.

Upon motion by Director Davis, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor-Collector's Report as presented, and authorized payment of check number 1840 from the Tax Account and authorized the Attorney to prepare and send the request to Mahoney for its recommendations for termination of service to the 2010 delinquent tax accounts for review and discussion at the August Board meeting.

Mr. Byrd exited the meeting at this time.

5. Mr. Williams then presented the Operator's Report, a copy of which is attached hereto as Exhibit "C".

a. Mr. Williams first reviewed the written report and responded to questions from the Board.

b. Mr. Williams reported that 91.33% of the water pumped was accounted for during the previous month.

c. Mr. Williams then reported that there were no excursions at the wastewater treatment plant (the "STP").

d. Mr. Williams reported that there were nine (9) delinquent accounts for non-payment of water and sewer bills.

e. Mr. Williams then informed the Board that the Mills Pointe Homeowners Association has submitted a payment to the District.

f. Mr. Williams then reviewed with the Board a request for adjustment to a water bill from the resident located at 1907 Cloverfield Drive, a copy of which is attached hereto as Exhibit "D". Mr. Williams stated that the resident experienced a leak in her sprinkler system while out of town. A discussion ensued regarding the request for an adjustment to the water bill, and the Board denied such request.

g. Mr. Williams next reported an intrusion at the Water Plant and that the fence had to be repaired. Mr. Williams also mentioned that a light will be installed on the control room. Mr. Williams then reported that a tent was also found outside the Water Plant gate.

Upon motion by Director Davis, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report as presented and authorized termination of service to nine (9) delinquent accounts pursuant to the District's Rate Order.

6. The Engineer's Report was presented by Mr. Leyendecker.

a. Mr. Leyendecker then reviewed one (1) bid for the digester, a copy of which is attached hereto as Exhibit "E". Mr. Leyendecker stated that the bid is high and recommended that the Board re-bid same at the Engineer's expense. A discussion then ensued regarding the Engineer's recommendation, and the Board agreed to reject the one (1) bid for the repairs to the digester.

b. Mr. Leyendecker then reported that there are safety problems at the STP that are in need of repair.

c. Mr. Leyendecker then stated that he is still working on the list of necessary documents for the Emergency Preparedness Plan, and that he does not need additional information from the Attorney, rather he will work with the Operator regarding same.

d. Director Poe then inquired about a water line leak at the District's Water Plant. Mr. Williams stated that he will look into the matter.

e. Ms. Adams noted that the Engineer should begin the review of values of the District's facilities in preparation for the insurance proposals.

Upon motion by Director Carp, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board: 1) approved the Engineer's Report; 2) rejected the one (1) bid for the digester and authorized rebidding of such project; and 3) authorized the Engineer to update the values of the District's facilities for purposes of insurance renewal.

7. Ms. Adams then reported that, with regard to the District taking over maintenance of the berm, Mace Hirt with Simon Properties, owner of Katy Mills Mall, was not receptive to the idea. Director Poe then stated that he was waiting on the irrigation analysis for the drip system on the berm from Rick Thigpen, and that he would like to have a meeting to discuss maintenance of the berm. Ms. Adams then recommended that the Board schedule a meeting with all parties involved after they have reviewed Mr. Thigpen's analysis.

8. The Board then discussed scheduling a meeting with the North Fort Bend Water Authority's (the "NFBWA") to further inquire and consider the optional capital advance and reimbursement procedure. The Board then asked Ms. Adams to contact the NFBWA to schedule such meeting for July 26<sup>th</sup> or 27<sup>th</sup>.

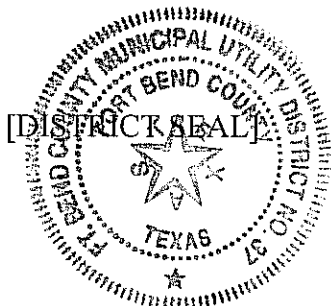
9. Ms. Adams then presented the Direct Collection Agreement with Green Flag Profit Recovery (the "Collection Agreement") for collection of outstanding water bills. Upon motion by Director Davis, seconded by Director Poe, after full discussion and with all Directors present voting aye, the Board approved and authorized execution of the Collection Agreement, a copy of which is attached hereto as Exhibit "F".

10. The Board next discussed the District's insurance renewal and reviewed the insurance renewal proposal from Highpoint Insurance Group, LLC, a copy of which is attached hereto as Exhibit "G". The Board then requested that the Attorney obtain proposals from AquaSurance LLC, as well as Anco-McDonald Waterworks Insurance Services, L.L.C.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

SIGNED, PASSED and APPROVED this the 17<sup>th</sup> day of August, 2011.

  
Secretary, Board of Directors



EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Tax Assessor-Collector Report
- C - Operations Report
- D - Letter from resident located at 1907 Cloverfield Drive
- E - Digester bid
- F - Direct Collection Agreement with Green Flag Profit Recovery
- G - Insurance Renewal Proposal from Highpoint Insurance Group, LLC