

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

July 11, 2012

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 5:00 p.m. at 1301 Misty Bend, Katy, Texas 77494, on Wednesday, July 11, 2012, 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:

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

All members of the Board were present. Also attending all or portions of the meeting were: Dennis Gordon, guest; Kim Shelnett of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District; Cindy Oliver 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 ("JRPB"), 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 then considered approval of the June 20, 2012 regular meeting minutes. Upon motion by Director Ammer, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved such minutes, as presented.

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

a. Ms. Shelnett first reviewed the written report and responded to questions from the Board.

b. Ms. Shelnett next reviewed current and year-to-date revenue and expenditures against the District's budget for the fiscal year ending August 31, 2012.

c. Ms. Shelnutt reported that the District has not received payment from Michael Walton of Mustang Development, but that such delay could be caused by the change in the July meeting date.

Upon motion by Director Berckenhoff, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report as presented, authorized payment of checks numbered 6693 through 6711 from the Operating Account.

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

a. Ms. Oliver reviewed the written report and responded to questions from the Board.

b. The Tax Assessor-Collector's Report reflected that 98.9% of the 2011 taxes have been collected as of June 30, 2012.

c. Ms. Adams then explained that if the Board wants to exercise its authority to terminate water service to delinquent tax accounts after August 1st, rather than waiting on the other taxing authorities to file lawsuits or until year-end, she is proposing that a letter be written to Doré Mahoney Law Group, P.C. ("Mahoney"), formerly known as Mahoney & Associates, the District's delinquent tax attorney, requesting its recommendations for termination of service to the 2011 delinquent accounts for review at the Board's August meeting

Upon motion by Director Berckenhoff, seconded by Director Carp, 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 numbers 1882 through 1883 from the Tax Account.

Ms. Oliver 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 95.24% 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 eight (8) delinquent accounts for non-payment of water and sewer bills.

e. Mr. Williams then reported that one (1) account in the amount of \$111.67 has been finaled and recommended the Board's authorization to send such account to NCO Financial Systems, Inc. ("NCO") for collection.

f. Mr. Williams then requested transferring one (1) account in the amount of \$0.84 to uncollectible accounts.

g. Mr. Williams also reported that, in connection with the clean-up of the ditch line that runs to the front gate of the Water Plant ("WP") and the re-grade of the WP driveway, he has met with Rainbow Rider Construction, but that the District has not yet received a bid from same.

h. Mr. Williams next reported that the overhead door at the booster pump has been replaced.

Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board: 1) approved the Operator's Report, as presented; 2) authorized termination of service to eight (8) delinquent accounts pursuant to the District's Rate Order; 3) authorized sending one (1) account to NCO for collections; and 4) authorized writing off one (1) uncollectible account.

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

a. Mr. Leyendecker reported that the construction of the aerobic digester at the STP is substantially complete, and that it is operational.

Director Comeaux entered the meeting at this time.

Upon motion by Director Berckenhoff, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report.

7. The Board noted there was no update on the status of maintenance of the Katy Mills berm.

8. Mr. Leyendecker then stated that there was no update regarding the gas storage facility operation.

9. The Board also noted there was no update with regard to the gate installation for the interconnect with the City of Katy (the "City") site.

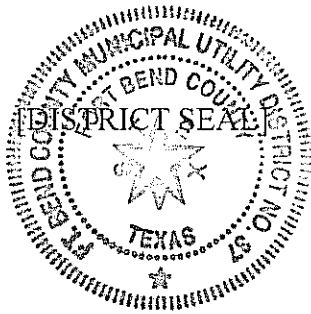
10. Ms. Adams recommended that the Engineer begin the review of values of the District facilities in preparation for the insurance proposals. Upon motion by Director Berckenhoff, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board authorized the Engineer to update the values of the District's facilities for purposes of insurance renewal.


11. The Board next discussed the District's insurance renewal. Upon motion by Director Berckenhoff, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board authorized JRPB to obtain a proposal from Highpoint Insurance Group LLC, contingent upon such proposal being consistent with the 2011-2012 coverage.

12. The Board then discussed the renewal of the Emergency Water Supply Agreement with the City (the "Agreement") for an additional five (5) years upon its expiration on 12/31/12. Upon motion by Director Berckenhoff, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board authorized JRPB to prepare and send a letter to the City regarding the proposed renewal of the Agreement

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

SIGNED, PASSED and APPROVED this the 15th day of August, 2012.




Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Tax Assessor-Collector Report
- C - Operations Report