

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

September 19, 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 7:00 p.m. at 1301 Misty Bend, Katy, Texas 77494, on Wednesday September 19, 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: Kim Shelnett 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 ("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 August 15, 2012 regular meeting minutes. Upon motion by Director Berckenhoff, seconded by Director Comeaux, 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, 2013.

c. Discussion next ensued regarding filing the Texas Unclaimed Property Report. Ms. Shelnutt noted that the report is required by the State of Texas so that property, such as a customer deposit, that remains unclaimed for three (3) years after an account is closed is turned over to the State.

d. Ms. Shelnutt then reported that the Certificate of Deposit ("CD") at Enterprise Bank has been renewed for one (1) year, and that the CD at Third Coast Bank will be transferred to a CD at Memorial City Bank for one (1) year.

e. Ms. Shelnut then reviewed with the Board the adopted budget for the fiscal year ending August 31, 2012, a copy of which is attached hereto as Exhibit "B".

f. The Board then discussed the bill to Mr. Michael Walton for the construction of the aerobic digester at the wastewater treatment plant ("STP"), including the engineering fees.

Upon motion by Director Carp, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report as presented, authorized payment of checks numbered 6734 through 6766 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 "C".

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

b. The Tax Assessor-Collector's Report reflected that 99.6% of the 2011 taxes have been collected as of August 31, 2012.

Upon motion by Director Carp, seconded by Director Comeaux, 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 1886 through 1890 from the Tax Account.

c. Mr. Byrd then reviewed with the Board the delinquent tax report.

d. The President next called the public hearing on the 2012 tax rate to order, notice of which was published, as required, in the *Katy Times* for seven (7) days prior to the meeting. The President noted that there were no parties present to offer public comment. The President stated that according to the notice, the Board intends to levy a 2012 total ad valorem tax rate of \$0.52 per \$100 of assessed value for the year 2012. The public hearing was adjourned.

e. The Board then discussed adopting the proposed 2012 tax rate. Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board adopted the Order Setting Rate and Levying Tax for 2012 (the "Tax Rate Order"), with a total ad valorem tax rate of \$0.52 per \$100 of assessed value for tax year 2012, entirely comprised of an operation and

maintenance tax, for the fiscal year ending August 31, 2012. A copy of the Tax Rate Order is attached hereto as Exhibit "D".

f. The Board then discussed approval of an Amended and Restated District Information Form, a copy of which is attached hereto as Exhibit "E", which is required to be amended to show the current tax rate, any outstanding debt of which there is none, and the Notice to Purchasers form, and is to be recorded in the Fort Bend County Real Property Records (the "FBCRPR") and filed with the Texas Commission on Environmental Quality (the "TCEQ"). Upon motion by Director Comeaux, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the Amended and Restated District Information Form, and authorized JRPB to record same in the FBCRPR and file it with the TCEQ, as required by law.

g. The Board next considered appointing a Tax Assessor/Collector for collection of 2012 taxes. Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board adopted the Order Appointing Tax Assessor/Collector, appointing Kenneth Byrd as Tax Assessor/Collector for the District, a copy of which is attached hereto as Exhibit "F".

h. The Board next considered a Resolution Concerning Tax Collection Procedures. Upon motion by Director Ammer, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board voted to adopt the Resolution Concerning Tax Collection Procedures, thereby rejecting the tax payment options. A copy of the resolution is attached hereto as Exhibit "G".

i. Mr. Byrd then reviewed with the Board the Assessed Value Study for the Enstor Gas Storage Facility, a copy of which is attached hereto as Exhibit "H".

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 "I".

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

b. Mr. Williams reported that 91.13% of the water pumped was accounted for during the previous month.

c. Mr. Williams then reported that there were no excursions at the STP.

d. Mr. Williams reported that the District received a request from Anastasia Palmer, property owner located at 1623 Mills Pass Way for variance on her water bill. Mr. Williams explained that Ms. Palmer refused to admit to a leak on her side of the water line after being informed of such, and that she is now requesting a variance on her water bill. A discussion ensued regarding such request and the Board concurred that no variance should be granted to Ms. Palmer.

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

f. Mr. Williams then requested transferring one (1) account in the amount of \$18.76 to uncollectible accounts.

g. Mr. Williams then presented photographs of a pebble driveway located at 1411 Misty Bend Lane, copies of which are attached to the Operator's Report, and reported that the property owner has requested that the District re-repair the portion previously repaired by the District several years ago. A discussion then ensued regarding such request and the Board denied the property's request to repair the pebble driveway.

h. Mr. Williams then reviewed with the Board two (2) quotes for: 1) drainage repairs at the District's Water Plant; and 2) drainage ditch clearing and de-silting, with the lowest quote from Champions Hydro-Lawn in the amounts of \$22,995.00 and \$19,860.00, respectively. Copies of the quotes are attached hereto as Exhibit "J". Mr. Williams then recommended repairs should soon be made to the culvert due to flooding.

Upon motion by Director Carp, seconded by Director Comeaux, 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 nine (9) delinquent accounts pursuant to the District's Rate Order; and 3) authorized writing off one (1) uncollectible account.

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

a. Mr. Leyendecker reminded the Board that the first notice of the TPDES renewal notice has been published and that the District has received authorization to publish the second notice. Mr. Leyendecker requested authorization to publish the second TPDES renewal notice.

Upon motion by Director Berckenhoff, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report and authorize the publication of the second TPDES renewal notice.

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. Director Ammer noted that the Pin Oak Village Homeowner's Association is still working on the gate installation for the City of Katy interconnect site.

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

SIGNED, PASSED and APPROVED this the 17th day of October, 2012.



Stephen Berchard
Secretary, Board of Directors

EXHIBITS:

- A. Bookkeeper's Report, including Investment Report
- B. Adopted Budget for the Fiscal Year Ending August 31, 2013
- C. Tax Assessor-Collector Report
- D. Order Setting Rate and Levying Tax for 2012
- E. Amended and Restated District Information Form
- F. Order Appointing Tax Assessor/Collector
- G. Resolution Concerning Tax Collection Procedure
- H. Assessed Value Study for Enstor Gas Storage Facility
- I. Operations Report, including photographs of a pebble driveway located at 1411 Misty Bend Lane
- J. Quotes for drainage repairs at the District's Water Plant and drainage ditch clearing and de-silting