

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

January 16, 2013

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, January 16, 2013, 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: Gene Attebury, Linne Attebury and William Morillon, residents of the District; 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. The Board first recognized Mr. Attebury who explained that he and his backyard neighbor, located at 24835 Fernglenn Drive and 24822 Lakebriar Drive, respectively, are experiencing sewer problems. Mr. Williams reported that ST has tried to repair the lateral sewer line with the back-up but cannot find a cause.

Mr. Morillon entered the meeting at this time.

Mr. Attebury explained that the sewer back-up began one (1) week prior to Christmas Day, and that it was worse during the evening of December 25, 2012. Mr. Morillon explained that gunnite could be in the sewer line, and explained that he had a swimming pool resurfaced approximately ten (10) years ago.

Director Comeaux entered the meeting at this time.

Mr. Williams reviewed photographs of exposed piping and sewage back-up, copies of which are attached hereto as Exhibit "A". Mr. Williams went on to report that gunnite and tree

roots were found in the sewer line, and that a pipe needed to be replaced due to an error in installation of same.

Mr. Leyendecker stated that the lateral sewer line is not owned by the District and is a private line. Ms. Adams stated that she will need to research the history of the line to verify responsibility for the cost of the repairs.

Upon motion by Director Berckenhoff, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board authorized repairs to the lateral sewer line, subject to consultants' review of responsibility for costs.

Mr. Attebury, Mrs. Attebury and Mr. Morillon exited the meeting at this time.

2. The Board next considered approval of the December 19, 2012 regular meeting minutes. Upon motion by Director Carp, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved such minutes, as presented.

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

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

b. Ms. Shelnutt next reviewed current and year-to-date revenue and expenditures against the District's budget for the fiscal year ending August 31, 2013.

c. Ms. Shelnutt reported that the District has not received the previous month's payment from Westside Water. A discussion then ensued regarding budgeting, tax revenue and billing calculations.

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 6836 through 6854 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 19.9% of the 2012 taxes have been collected as of December 31, 2012.

c. Mr. Byrd also reported that Fort Bend County Appraisal District reported certified values of \$161,177,147.

Upon motion by Director Carp, seconded by Director Ammer, 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 1898 through 1897 from the Tax Account.

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 "D".

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

b. Mr. Williams reported that 91.24% 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 15 delinquent accounts for non-payment of water and sewer bills.

e. Mr. Williams then recommended that one (1) account in the amount of \$89.43, which has been finalized, be transferred to NCO Financial Systems, Inc. ("NCO") for collection.

f. Mr. Williams also reported that Randall Pruet sent a letter to the District regarding a water leak at his residence located at 24715 Mount Auburn Drive. Mr. Williams noted that Mr. Pruet stated that he sent a letter to the District explaining such leak, but that no letter was received by ST. Mr. Williams went on to report that 175,000 gallons of water went through the meter, and that it is ST's understanding that Mr. Pruet will be requesting an adjustment to his bill that totals approximately \$639.00 for the month of October 2012. Director Comeaux then stated that there may be an overflow in Mr. Pruet's pool. The Board then concurred that it will consider such request upon receipt of Mr. Pruet's letter.

g. Mr. Williams mentioned that the repainting of 57 flushing valves in the District is in the beginning stages.

Upon motion by Director Comeaux, 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 15 delinquent accounts pursuant to the District's Rate Order; and 3) authorized sending one (1) account to NCO for collections.

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

a. Mr. Leyendecker reported that the District received its TPDES wastewater discharge permit.

b. Director Comeaux then inquired about the status of the removal of the digester at the STP. Mr. Williams explained that the contractors he has met with do not have insurance. A discussion then ensued regarding whether the old digester should be declared surplus property and the Board concurred that the digester should be torn down and removed.

Upon motion by Director Ammer, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report and authorize the Engineer to obtain bids to tear down and remove the digester.

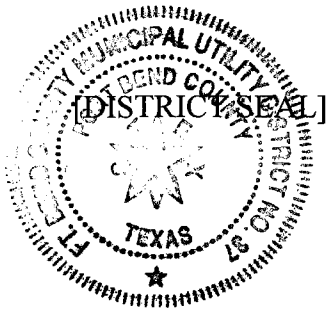
7. Ms. Adams then updated the Board with regard to the replanting of the new trees on the berm and reported that Mace Hirt of Simon Properties ("Simon"), owner of Katy Mills Mall, informed her that the next planting of trees has not be scheduled because Simon wants to determine what trees did not survive the winter. Mr. Adams went on to explain that once Simon gets a good understanding of the number of trees that did not survive, Simon will proceed with obtaining approvals for the expenditure.

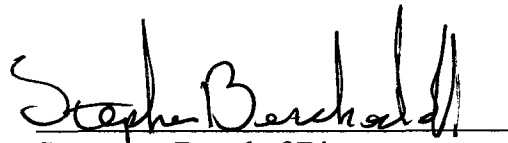
8. Mr. Williams then reported that the installation of the access gate to the District's interconnect with the City of Katy has been completed and that the gate looks good.

9. Mr. Leyendecker then noted that he has not checked into the addition of street lights in the Pin Oak subdivision.

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

SIGNED, PASSED and APPROVED this the 20th day of February, 2013.




Secretary, Board of Directors

EXHIBITS:

- A - Photographs of the lateral sewer line blockage at 24835 Fernglen Drive and 24822 Lakebriar Drive
- B - Bookkeeper's Report, including Investment Report
- C - Tax Assessor-Collector Report
- D - Operations Report