

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

JUNE 20, 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, June 20, 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:

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|---------------------|------------------------------|
| 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 May 16, 2012 regular meeting minutes and the May 23, 2012 special meeting minutes. Upon motion by Director Berckehnoff, 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, 2012.

c. Ms. Shelnut then reviewed the initial proposed budget for the fiscal year ending August 31, 2013, a copy of which is attached hereto as Exhibit "B". Ms. Shelnut then recommended that the Board and consultants review same over the next month.

Upon motion by Director Carp, seconded by Director Berkenhoff, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report as presented, authorized payment of checks numbered 6669 through 6692 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 98.6% of the 2011 taxes have been collected as of May 31, 2012.

c. Mr. Byrd then reported that the 2011 delinquent tax list will be provided to Mahoney & Associates, the District's Delinquent Tax Attorney, at the end of June.

d. Mr. Byrd then reported that the District has not yet received the 2012 certified values from the Fort Bend County Appraisal District.

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 1880 through 1881 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 91.23% 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 11 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 approval 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 the District received a bid from Tackle Construction in the amount of \$24,500.00 for the clean-up of the ditch line that runs to the front gate of the Water Plant ("WP") and to re-grade the WP driveway. Mr. Leyendecker then recommended that the Operator obtain a quote from Rainbow Rider Construction for same as well.

h. Mr. Williams next reported that the District received a bid from Overhead Door in the amount of \$1,500.00 to replace the overhead door at the booster pump. Mr. Williams recommended approval of such bid.

i. In connection with the gate installation for the interconnect with the City of Katy site, Mr. Williams recommended that the gate be double hung and be approximately ten feet (10'). Mr. Williams also stated that ST will clean out the interconnect location. Director Ammer also noted that the fence pickets need to be replaced. Mr. Williams noted that the repairs needed at the interconnect site will be completed in September.

j. Director Ammer then inquired about whether there has been any vandalism of-late at the District's WP. Mr. Williams stated that, to his knowledge, there have not been any vandalism incidents at the WP.

Upon motion by Director Berckenhoff, seconded by Director Carp, 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 11 delinquent accounts pursuant to the District's Rate Order; 3) accepted the Overhead Door bid of \$1,500.00 to replace the overhead door at the booster pump; 4) authorized sending one (1) account to NCO for collections; and 5) authorized writing off one (1) uncollectible account.

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

a. Mr. Leyendecker presented Pay Estimate No.3 in the amount of \$46,617.50 from R+B Group, Inc. ("R+B Group"), the contractor for the construction of the aerobic digester at the STP (the "Digester Project"). Mr. Leyendecker then recommended payment for such pay estimate.

b. Also in connection with the Digester Project, Mr. Leyendecker reported that the clarifier will be drained on June 21st and should be operational the week of June 25th.

c. Mr. Leyendecker then reported that the Texas Commission on Environmental Quality has approved the District's Emergency Preparedness Plan.

d. Next, Mr. Leyendecker reported that the District will soon be publishing notice of the wastewater permit renewal application.

Upon motion by Director Comeaux, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report and Pay Estimate No. 3 in the amount of \$46,617.50 to R+B Group in connection with the Digester Project.

7. Director Ammer then reported, with regard to the status of maintenance of the Katy Mills berm, that Simon Properties, owner of Katy Mills Mall, authorized Junction Landscaping to remove the dead trees at the end of June, and that replacement trees will not be planted until Fall. Discussion then ensued regarding the fire pit in the drainage easement, and, after discussion, the Board noted that they will notify the adjoining property owner that it needs to be removed from the drainage easement.

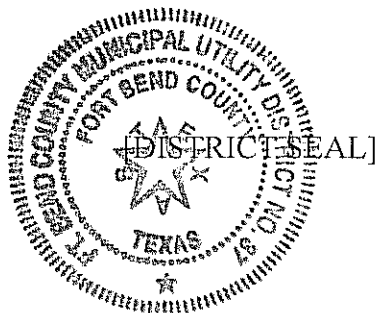
8. Ms. Adams then noted that there was nothing to report regarding the status of the annexation of the 10.044 acres located at Katy Flewellen Road and Greenbusch Road by Ormiston Family Properties LLC ("Ormiston"). Discussion then ensued regarding this matter, and the Board requested that JRPB file the Order Adding Land and Redefining Boundaries of the District (10.044) Acres in the Fort Bend County Real Property Records and that the amount due from Ormiston be collected prior to providing service to the subject property.

9. Mr. Leyendecker then reported that he has requested charts from a representative for the gas storage facility, if they are unable to send a representative to the Board meeting.

10. The Board then reviewed the proof for the plaque in honor of Mr. Don Poe, former Director. Director Ammer reported that the Pin Oak Village North Homeowners Association will be erecting a bench in his honor. The Board then discussed a District donation to Katy Independent School District for the Don Poe Scholarship Fund (the "Scholarship Fund"). Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board authorized a donation in the amount of \$1,500.00 to the Scholarship Fund from the District as an honorarium to Mr. Poe.

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

SIGNED, PASSED and APPROVED this the 11th day of July, 2012.




Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Proposed budget for the fiscal year ending August 31, 2013
- C - Tax Assessor-Collector Report
- D - Operations Report