

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

OCTOBER 19, 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, October 19, 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. Also attending all or portions of the meeting were: Rudy Ammer, District resident; Cherie Hyatt Cross of Environmental Allies ("Environmental"); 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; and Regina D. Adams of Johnson Radcliffe Petrov & Bobbitt PLLC ("Johnson Radcliffe"), 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 September 21, 2011 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. The Board then recognized Ms. Hyatt Cross, who gave a presentation on services offered by Environmental and explained that Environmental offers maintenance services for detention ponds, including mowing, fertilization, over seeding and other services, and asked for an opportunity to submit a proposal for same to the District. The Board indicated that Environmental could submit a proposal. Director Poe then stated that Environmental will need to procure the detention pond specifications from the Operator in order to submit a proposal to the District. Director Berckenhoff then inquired if ST obtains proposals from subcontractors annually for maintenance services of detention ponds. Mr. Williams stated that ST does not

obtain annual proposals, and that ST has a list of detention pond maintenance service providers that it works with on a regular basis in different areas. The Board then thanked Ms. Hyatt Cross for her presentation.

Ms. Hyatt Cross exited the meeting at this time.

4. Ms. Shelnett presented the Bookkeeper's Report and Investment Report, copies of which are collectively 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. Director Comeaux then led the Board into discussion regarding the electricity rate and the high cost per kilowatt per hour at the water plant and wastewater treatment plant (the "STP") billings. Director Comeaux stated that he would look into the matter further.

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 as presented, and authorized payment of checks numbered 6489 through 6508 from the Operating Account.

5. 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 99.5% of the 2010 taxes have been collected as of September 30, 2011.

Upon motion by Director Carp, 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 numbers 1846 through 1849 from the Tax Account.

Mr. Byrd exited the meeting at this time.

6. 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 93.07% 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 there were five (5) delinquent accounts for non-payment of water and sewer bills.

e. Mr. Williams then reported to the Board that, although the Mills Pointe Homeowners Association ("Mills Pointe") has submitted payment for its current bill, it has not submitted a payment to the District in the previous three (3) months per its payment plan. The Board then requested that Johnson Radcliffe prepare and send a second letter to Mills Pointe regarding its past due amount and request that a representative from Mills Pointe attend the November 16<sup>th</sup> Board meeting.

Upon motion by Director Berckenhoff, seconded by Director Davis, 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 five (5) delinquent accounts pursuant to the District's Rate Order.

7. The Engineer's Report was presented by Ms. Adams in the absence of David Leyendecker of Clay and Leyendecker, Inc., engineers for the District.

a. Ms. Adams reminded the Board, in connection with the contract for construction of the aerobic digester for the STP (the "Digester Project"), that they previously approved a bid proposal from R & B Group, Inc. ("R & B Group"). Ms. Adams went on to inform the Board that Johnson Radcliffe has reviewed the payment and performance bond, and reported that everything checks out.

Upon motion by Director Berckenhoff, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved and authorized execution of the contract for the Digester Project with R & B Group.

8. Director Comeaux then reported that Rick Thigpen has performed an irrigation analysis and that the berm has a battery-powered drip system, and that, although it is expensive, an electric drip system may be ran to the berm. Director Poe added that Gary Stovall of Landscape Concepts believes bubble caps that are being utilized are inefficient, and that there are other bubble caps that have been found to be more efficient. Director Davis then inquired about whether Mace Hirt with Simon Properties, owner of Katy Mills Mall ("Katy Mills"), has been informed of the problems with the current drip system and bubble caps. Director Carp then reminded the Board that the standards set forth in the Drainage Facilities Agreement dated February 23, 1998, between the District and Katy Mills were The Mills Corporation's idea.

9. Ms. Adams then reviewed with the Board electronic mail correspondence with Mr. Ammer regarding discussions with Fort Bend County on the status of the agreement for the landscaping of the Westheimer Parkway medians, a copy of which is attached hereto as

Exhibit "D". Mr. Ammer stated that he has met with Commissioner Andrew Meyers, Fort Bend County Precinct No. 3, and the Fort Bend County Road and Bridge Department regarding the design. Mr. Ammer added that Mr. Stovall has also provided him with the landscape plan. A discussion ensued regarding the cost of materials, and Mr. Ammer stated that Mr. Stovall may be supervising the installation of the sprinklers. Mr. Ammer noted that he will be meeting with Commissioner Meyers again on October 20<sup>th</sup>.

10. Ms. Adams next distributed copies of the Johnson Radcliffe Legislative Update to the Board and briefly referred to the following bills of interest: House Bill 2619 (Emergency Preparedness Plan, page 4); Senate Bill 14 (Voter Identification, page 19); Senate Bill 18 (Eminent Domain, page 28); Senate Bill 1 (Goods-In-Transit, page 35); and Senate Joint Resolution 4 (Proposition 2 on November 8<sup>th</sup> ballot, page 45).

11. Ms. Adams then stated that it is the standard practice of the Board to perform an annual review of the consultants' contracts. The Board then discussed the status of the consultants and determined that all of the consultants are performing satisfactorily.

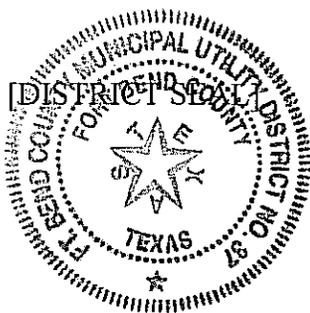
12. The Board then considered attendance at the Association of Water Board Directors – Texas (the "AWBD") Mid-Winter Conference to be held January 28-28, 2012, in Dallas, Texas. Upon motion by Director Comeaux, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance to the AWBD Mid-Winter Conference.

13. Ms. Adams then informed the Board that the District has received correspondence from the U.S. Census Bureau informing local governments that a Government Units Survey (the "Survey") will be distributed in efforts to collect information on the basic characteristics of different type of governments. The Board then authorized Johnson Radcliffe to complete the Survey, if the District is legally required to do so.

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

SIGNED, PASSED and APPROVED this the 16<sup>th</sup> day of November, 2011.

  
Secretary, Board of Directors



EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Tax Assessor-Collector Report
- C - Operations Report
- D - Electronic Mail correspondence from Rudy Ammer