

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

February 20, 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, February 20, 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 and Linne Atterbury, residents of the District; Patrick Mahoney of Mahoney Law, PLLC ("Mahoney"), the District's Delinquent Tax Attorney; 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. Atterbury who inquired about the status of the lateral sewer line problems affecting the properties located at 24835 Fernglen Drive and 24822 Lakebriar Drive. Mr. Williams explained that the cost of repairs to the lateral sewer line back-up prior to replacement of same was approximately \$5,900.00, and that the cost to replace the lateral sewer line was \$5,663.00.

A discussion then ensued regarding options for the payment for the repairs to and replacement of the lateral sewer line and Ms. Adams explained that there are three (3) options available. Ms. Adams stated that, since the previous lateral sewer line was not indicated on any District plats or plans and there is no evidence it was ever accepted by the District and was therefore not a public line although some happen to be located within a utility easement; 1) the repair costs could be borne by the property owners and the replacement costs could be borne by the District; 2) the repair costs could be split amongst the property owners and the District based upon some pro-rata share of responsibility for the lateral sewer line and the District could bear the replacement costs; or 3) the District could bear all the costs. Ms. Adams added that,

regardless, Mr. William Morillon should contact his pool company responsible for putting plaster in the line, which was a major factor in its failure, about contribution toward some or all of the repair costs and that easements for the location of the new sewer line the District constructed needed to be granted to the District.

Director Comeaux entered the meeting at this time.

Mr. Williams noted that the landscaping still needs to be completed. Upon motion by Director Berckenhoff, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board authorized: 1) installation of a new sewer line in the amount of \$5,663.95 and landscaping, payable by the District, and pursuit of utility conveyances and easements from the property owner(s) whose property the sewer line crosses; and 2) working with the property owners of 24835 Fernglen Drive and 24822 Lakebriar Drive and the pool company responsible for the gunite in the sewer line regarding payment for the repair costs in the amount of \$5,896.48.

Gene and Linne Atterbury exited the meeting as this time.

2. The Board then recognized Mr. Mahoney who presented a letter of resignation from Doré Law Group, P.C. (the "Resignation Letter"), a copy of which is attached hereto as Exhibit "A".

Upon motion by Director Carp, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board accepted the Resignation Letter.

3. The Board then reviewed and discussed renewal of the Delinquent Tax Collection Agreement with Mahoney. Upon motion by Director Carp, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved engaged Mahoney and approved and authorized execution of the Delinquent Tax Collection Agreement, effective July 1, 2013, a copy of which is attached as Exhibit "B".

Mr. Mahoney exited the meeting at this time.

4. The Board next considered approval of the January 16, 2013 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, subject to certain corrections.

5. Ms. Shelnut presented the Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "C".

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

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

c. The Board asked that Ms. Shelnutt check on North Fort Bend Water Authority's pumpage fee increase in December 2012 and January 2013. After review it was noted that the report shows the incorrect rate and that the District pays the groundwater rate, not the surface water rate.

Upon motion by Director Carp, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report as presented, authorized payment of checks numbered 6855 through 6883 from the Operating Account.

6. The Tax Assessor-Collector's Report was presented by Mr. Byrd, a copy of which is attached hereto as Exhibit "D".

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

b. The Tax Assessor-Collector's Report reflected that 91.5% of the 2012 taxes have been collected as of January 31, 2013.

c. Mr. Byrd also reported that delinquent tax statements were mailed on February 15th.

Upon motion by Director Carp, seconded by Director Berkenhoff, 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.

7. Ms. Adams then reviewed the Resolution Implementing Penalty on 2012 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes with the Board. Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the Resolution Implementing Penalty on 2012 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto as Exhibit "E".

8. The Board next considered approval of tax exemptions for the 2013 tax year, including homestead exemptions, exemptions for residents 65 years of age and older, and exemptions for disabled residents. Ms. Adams reported that, in 2012, the Board granted a homestead exemption of 20% of the appraised value or \$5,000, whichever is greater; a \$10,000 exemption for disabled persons and for persons 65 years of age or older; an exemption for travel trailers with certain size restrictions; and exemptions for certain real and personal property owned by qualified charitable organizations. Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board agreed to retain the same exemptions for 2013 as were approved in 2012, and to adopt an Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto as Exhibit "F".

9. Ms. Adams next presented a Resolution Authorizing Petition Challenging Appraisal Records for the Tax Assessor-Collector to represent the District in filing a protest with the Fort Bend Central Appraisal District ("FBCAD"), a copy of which is attached as Exhibit "G". Ms. Adams noted that this will allow Equi-Tax to represent the District in matters before

FBCAD. Upon motion by Director Carp, seconded by Director Berkenhoff, after full discussion and with all Directors present voting aye, the Board approved the Resolution Authorizing Petition Challenging Appraisal Records as presented.

Mr. Byrd exited the meeting at this time.

10. Mr. Williams then presented the Operator's Report, a copy of which is attached hereto as Exhibit "H".

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

b. Mr. Williams reported that 91.09% 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 recommended that two (2) finaled accounts in the total amount of \$277.25, be transferred to NCO Financial Systems, Inc. ("NCO") for collection.

f. Mr. Williams reported that during an internal audit, ST found that it had overcharged the District, and therefore, ST has issued a credit in the amount of \$939.00 to the District.

g. Mr. Williams reviewed with the Board photographs of the sewer line manholes near the tennis courts, copies of which are attached hereto as Exhibit "I". Mr. Williams informed the Board that such manholes need to be televised and cleaned.

h. Director Ammer informed the Operator that there is the sound of a water leak at Misty Bend and Valley Light. Mr. Williams noted that such leak is not normal and that he will investigate same.

Upon motion by Director Comeaux, 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 eight (8) delinquent accounts pursuant to the District's Rate Order; 3) authorized sending two (2) accounts to NCO for collections; and 4) authorize televising the sanitary sewer lines near the tennis courts.

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

a. Mr. Leyendecker then noted that ornamental street lights in the Pin Oak subdivision will cost approximately \$1,600.00 to \$1,900.00. Mr. Leyendecker reported

that the District will receive a credit of \$1,230 from CenterPoint Energy for the new street lights.

Upon motion by Director Carp, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report and authorize the installation of five (5) ornamental street lights in the Pin Oak Village subdivision.

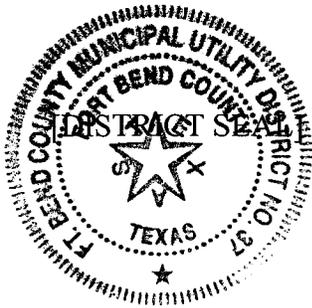
12. Mr. Leyendecker informed the Board that the engineer for Terra Visions, LLC, developer of the 26-acre tract in the District, is LJA Engineering, Inc., and they have been in communication.

13. Ms. Adams reported that the District has received a Public Information Act ("PIA") request from Enhanced Energy Services of America, LLC ("EES") for information regarding the District's current electricity provider, number of kilowatt hours consumed and the expiration date of electricity contract. Ms. Adams added that MCI has provided Johnson Radcliffe with the most current electricity invoices and that Johnson Radcliffe will gather the contract end date and prepare a response letter to EES.

14. The Board then considered attendance at the Association of Water Board Directors – Texas (the "AWBD") Summer Conference to be held June 20-23, 2013, in Corpus Christi, Texas. Upon motion by Director Ammer, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance at the AWBD Summer Conference.

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

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



Stephen Berckenhoff
Secretary, Board of Directors

EXHIBITS:

- A - Letter of Resignation from Doré Law Group, P.C.
- B - Delinquent Tax Collection Agreement
- C - Bookkeeper's Report, including Investment Report
- D - Tax Assessor-Collector Report
- E - Resolution Implementing Penalty on 2012 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes
- F - Order Determining Ad Valorem Tax Exemptions
- G - Resolution Authorizing Petition Challenging Appraisal Records
- H - Operations Report
- I - Photographs of the sewer line manholes near the tennis courts