

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

March 19, 2014

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, March 19, 2014, 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:

Kenneth L. Comeaux	President
Stephen Berckenhoff	Vice President
David A. Carp	Secretary
Rudy Ammer	Treasurer
Larry W. Davis	Assistant Secretary/Investment Officer

All members of the Board were present, thus constituting a quorum. Also attending all or portions of the meeting were: John Cassidy, a resident of the District; Kim Shelnett of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District; Ken 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 (the "Attorney" or "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.

Mr. Cassidy requested that any Board member with a Pin Oak Village Clubhouse key provide him with the serial numbers for inventory purposes.

Mr. Cassidy then inquired whether the Out-of-District Service Agreement with Fort Bend County Municipal Utility District No. 185 ("FBMUD 185") and Pulte Homes includes solid waste collection services or street lighting. Ms. Adams informed Mr. Cassidy that the Out-of-District Service Agreement does not include any solid waste collection services or street lighting only water and wastewater capacity in the District's facilities.

In response to an additional question from Mr. Cassidy, Mr. Leyendecker reported that the District is awaiting CenterPoint Energy's installation of the street lights in the Pin Oak Village and Mills Pointe.

In response to a question from Mr. Cassidy, Ms. Adams stated that the District cannot foreclose on a customer's property for non-payment of water and sewer bills. Ms. Adams then explained the tax scenario in which the District can foreclose on a customer's property.

In response to a question from Mr. Cassidy, Ms. Shelnutt reported that the District's invested funds are insured by the Federal Deposit Insurance Corporation or FDIC.

There being no further public comments, the President directed the Board to proceed with the agenda.

2. The Board then considered approval of the February 19, 2014 regular meeting minutes. Upon motion by Director Ammer, seconded by Director Berckenhoff, 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 "A".

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, 2014.

Upon motion by Director Davis, seconded by Director Berckenhoff, 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 7157 through 7177 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 "B".

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

b) The Tax Assessor/Collector's Report reflected that 93.6% of the 2013 taxes have been collected as of February 28, 2014. Mr. Byrd reported that as of the meeting date, approximately 95% of the 2013 taxes have been collected.

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 checks numbered 1943 through 1946 from the Tax Account.

Mr. Byrd exited the meeting at this time.

5. Mr. Williams then presented the Operation's Report, a copy of which is attached hereto as Exhibit "C".

- a) Mr. Williams reviewed the written report and responded to questions from the Board. Mr. Williams reported that the repairs to the road along the water line leading to the Water Plant are complete.
- b) Mr. Williams reported that 91.21% 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 47 delinquent accounts for non-payment of water and sewer bills.
- e) Mr. Williams presented to and reviewed with the Board 'Frequently Asked Questions' and the new water bill layout in connection with the proposed conversion of the District's water billing system, copies of which are attached hereto as Exhibit "D". Mr. Williams reported that ST is proposing to improve the District's billing system by switching the current billing software to AVR, Inc., which will provide customers with more payment options. A discussion ensued regarding the District absorbing the fees assessed in connection with payment of bills by credit card. Mr. Williams stated that he will contact AVR, Inc., to determine the fees that would be assessed to customers paying with a credit card.
- f) Mr. Ammer inquired on the status of a manhole repair. Mr. Williams stated that he will verify that the manhole repair has been completed.
- g) Mr. Williams reported that ST discovered fine sand in the District's water well during a test performed earlier in the day. Mr. Williams stated that a diver is scheduled to inspect the water well the first week in June. A discussion ensued regarding how sand is removed from a water well and whether sand can contribute to water well casing issues.

Upon motion by Director Davis, seconded by Director Ammer, 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 47 delinquent accounts pursuant to the District's Rate Order.

6. The Engineer reviewed with the Board a proposal from H₂O Contracting ("H₂O") in the amount of \$13,500 for the removal of the STP digester, a copy of which is attached hereto as Exhibit "E". Mr. Leyendecker reported that H₂O will commence with the digester demolition in two (2) weeks and the removal should take approximately one (1) week. Upon motion by Director Davis, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the proposal from H₂O.

Upon motion by Director Davis, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report, as presented.

7. Mr. Leyendecker stated that he has no updates to report at this time in connection with the status of maintenance of the addition of street lights in Pin Oak Village and Mills Pointe.

8. Director Ammer stated that he had no update on the maintenance of the Katy Mills berm at this time.

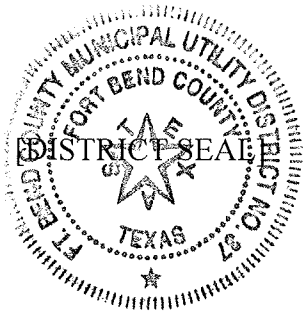
9. The Attorney next discussed proposed amendments to the District's Rate Order. The Attorney stated that the Rate Order needs to be amended to revise provisions related to the maximum percentage of lead content in new or repaired facilities. Upon motion by Director Berckenhoff, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board adopted the Order Amending Rate Order, a copy of which is attached hereto as Exhibit "F", reflecting the aforementioned revisions/additions.

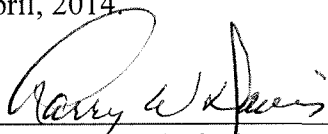
10. The Board then discussed obtaining a bench for the tennis courts to honor Mr. Thomas Ritter, a former Director. Upon motion by Director Berckenhoff, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board authorized payment for a bench to be placed at the tennis courts as an honorarium to Mr. Ritter.

11. The Board next discussed the May 10, 2014 Directors Election (the "Election") with the Board. Ms. Adams reported her office will be providing election training to the three (3) election officials at the Pin Oak Village Clubhouse.

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

SIGNED, PASSED and APPROVED this 16th day of April, 2014




Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Tax Assessor/Collector Report
- C - Operations Report
- D - Proposal from H₂O for Digester Removal
- E - FAQ's and Billing Layout from AVR, Inc.
- F - Amended Rate Order