

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

JUNE 15, 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, June 15, 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, except Director Davis. Also attending all or portions of the meeting were: Rudy Ammer, District resident; 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 (the "Attorney"), 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 first considered approval of the May 18, 2011 regular meeting minutes. Upon motion by Director Comeaux, seconded by Director Berckenhoff, 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 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, 2011.

c. Ms. Shelnutt then reported that Michael Walton had a few questions on the billing to Westside Water for its pro rata share of the capital improvements made by the District.

Upon motion by Director Comeaux, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report and Investment Report as presented, and authorized payment of checks numbered 6398 through 6418 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 98.6% of the 2010 taxes have been collected as of May 31, 2011.

Upon motion by Director Comeaux, 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 checks numbered 1838 to 1839 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 "C".

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

b. Mr. Williams reported that 93.58% of the water pumped was accounted for during the previous month.

c. Mr. Williams added that a lot of rags continue to get caught in the pumps at the wastewater treatment plant (the "STP").

Mr. Leyendecker entered the meeting at this time.

d. Mr. Williams then reported that there were no excursions at the STP.

e. Mr. Williams reported that there were five (5) delinquent accounts for non-payment of water and sewer bills.

f. Mr. Williams then informed the Board that Mills Pointe Homeowners Association (the "HOA") has not submitted a payment pursuant to the payment agreement with the District. Ms. Adams noted that she sent the payment request/reminder to the HOA in May. Mr. Leyendecker reported that he spoke to Nino

Corbett, who stated that he will speak to the HOA's management company regarding this issue.

g. Mr. Williams then reported that the Direct Collection Agreement with Green Flag Profit Recovery (the "Collection Agreement") has expired. The Board then requested an item be added to the agenda for the July 20th Board meeting for the renewal of the Collection Agreement.

Mr. Ammer entered the meeting at this time.

h. An extensive discussion then ensued regarding the HOA's delinquent account, and the Board asked that the HOA's water service be terminated on June 21st should the delinquent amount not be paid.

Upon motion by Director Berckenhoff, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report as presented, authorized termination of service to five (5) delinquent accounts pursuant to the District's Rate Order, including termination of water service to the HOA on June 21st for non-payment in accordance with the payment agreement.

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

a. Mr. Leyendecker then reported that the digester plans have been completed and the project is being advertised. Mr. Leyendecker reported that the STP looks good, but that it is costly to haul sludge because the STP is not dewatering very well. Mr. Leyendecker then recommended adding various other repairs to the STP to the advertisement for bids. Upon motion by Director Carp, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board authorized adding various other repairs to the advertisement for bids for the digester project.

b. Mr. Leyendecker then stated that he is still working on the list of necessary documents for the Emergency Preparedness Plan, and that he will work with the Attorney regarding same.

c. Ms. Adams then reviewed a memorandum from the North Fort Bend Water Authority (the "NFBWA") regarding its W.I.S.E. Guys Irrigation Evaluation Program (the "Program") and alternate methods of irrigation analysis, attached hereto as Exhibit "D". After discussion, the Board concurred that the District will not participate in the Program at this time.

d. Mr. Leyendecker then reviewed the area development report and noted that a Verizon Wireless store, Smashburger, and Mission Burrito are under development.

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

7. The Board then discussed taking over maintenance of the berm, and requested that the Attorney contact Mace Hirt with Simon Properties again and to prepare and send a letter


indicating that the District will take over same if maintenance does not improve by the end of June. Ms. Adams and Mr. Leyendecker then noted that the District will need to obtain permission from the City of Katy before doing so. The Board then requested that Rick Thigpen perform an irrigation analysis for the drip system on the berm.

8. The Board then reviewed a memorandum from the NFBWA regarding an optional capital advance and reimbursement procedure, attached hereto as Exhibit "E". A discussion then ensued regarding the Board's participation in the optional capital advance, and the Board indicated that it would prefer if a financial advisor looked at whether the District should sell bonds or pay cash for such capital advance. The Board then discussed appointing Directors to serve as a financial subcommittee to review the information and approach an independent financial advisor with the financial information after their review. Upon motion by Director Berckenhoff, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board appointed Directors Carp and Davis to serve on the financial subcommittee.

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

SIGNED, PASSED and APPROVED this the 20th day of July, 2011.




Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Tax Assessor-Collector Report
- C - Operations Report
- D - Memorandum from NFBWA regarding the W.I.S.E. Guys Irrigation Evaluation Program
- E - Memorandum from NFBWA regarding Optional Capital Advance and Reimbursement Procedure