

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

January 18, 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, January 18, 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:

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

All members of the Board were present, except Director Poe. Also attending all or portions of the meeting were: Rudy Ammer and Brian Lavers, District residents; Cherie Hyatt Cross of Environmental Allies; 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. The Board recognized Mr. Lavers, who stated that he has never had a delinquent water bill that included penalty and interest, and received a disconnect notice. Mr. Lavers went on to explain that his December 2011 payment was received by ST before the due date, and his check was not cashed until December 19, 2011. A discussion then ensued regarding such penalties and interest, and the Board informed Mr. Lavers that the September 21, 2011 minutes reflect that the Board agreed to waive penalties and interest for a previous delinquency matter. The Board then stated that it was their intent to waive penalties and interest through September 21, 2011, and requested that ST remove the penalties and interest from Mr. Lavers' account. Mr. Lavers then stated that he will pay his currently due water bill on January 19th.

Mr. Lavers exited the meeting at this time.

The Board then recognized Mr. Ammer, who stated that the Brazos Valley Credit Union (the "BVCU") near Katy Mills Mall has lights on the back of its building that shine over the

berm at night, and inquired about what the District can do to correct this matter. A discussion then ensued regarding the history of the berm matters, and the Board explained that the District does not have control over the BVCU's lights and recommended that the Pin Oak Homeowners Association contact the BVCU directly.

2. The Board then considered approval of the December 21, 2011 regular meeting minutes. Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved such minutes, as presented.

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

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, 2012.

c. Director Davis then requested that expiring Certificate of Deposits be rolled over.

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, and authorized payment of checks numbered 6555 through 6575 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 17.9% of the 2011 taxes have been collected as of December 31, 2011.

c. Mr. Byrd then reported that \$260,000.00 was transferred from the District's tax account to the general fund.

Upon motion by Director Comeaux, seconded by Director Carp, 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 1856 through 1858 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 93.53% 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 14 delinquent accounts for non-payment of water and sewer bills.
- e. Mr. Williams then reported that one (1) account will be turned over to collections.
- f. Mr. Williams then informed the Board that the District has not received a payment from Mills Pointe Homeowners Association ("Mills Pointe") since November 17, 2011. The Board then requested that the Attorney prepare and send a demand letter to Mills Pointe to have the past due balance paid in full by February 10, 2012, or attend the February 15, 2012 Board meeting.
- g. The Board then discussed the cost for meters and taps.

Upon motion by Director Berkenhoff, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report, as presented, and authorized: 1) termination of service to 14 delinquent accounts pursuant to the District's Rate Order; 2) transfer of one (1) account to collections; and 3) the Attorney to prepare and send a demand letter to Mills Pointe as described above.

6. The Engineer's Report was presented by Mr. Leyendecker.
 - a. Mr. Leyendecker reported, in connection with the construction of the aerobic digester at the STP, a pre-construction meeting is scheduled for Tuesday, January 24th.
 - b. Mr. Leyendecker next reported that he will have an update on the renewal of the District Texas Pollutant Discharge Elimination System wastewater discharge permit at the February 15th Board meeting.
 - c. Mr. Leyendecker then mentioned that he will be working with Environmental Allies on the specifications for its proposal for maintenance of the detention pond.
 - d. The Board then discussed the District's Drought Contingency Plan, and the Board determined that the conservation triggers in same are adequate.

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

7. Ms. Cross then reported that she has prepared a proposal for the maintenance of the detention pond for the Board's review, however, the quantities were not included in same.

8. Status of the maintenance of the Katy Mills berm was tabled until the February 15th Board meeting.

9. Mr. Ammer then updated the Board with regard to the status of the esplanade landscaping, and reported that Fort Bend County is hand-digging for sleeves and creating a storage area for tools. Mr. Ammer added that the irrigation system will be installed within a week and the trees will be shipped soon.

Ms. Cross exited the meeting at this time.

10. Ms. Adams then presented the Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments (the "Amended Investment Policy"), a copy of which is attached hereto as Exhibit "D". Ms. Adams then reported that the 82nd Legislature had enacted House Bill 2226, effective September 1, 2011, amending Texas Government Code, Chapter 2256 (the "Public Funds Investment Act"). Ms. Adams explained that changes to the Public Funds Investment Act require revisions to the District's Investment Policy. Ms. Adams went on to review with the Board the changes that have been made to the District's Investment Policy. Upon motion by Director Berckenhoff, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Amended Investment Policy.

11. Ms. Adams then reviewed with the Board the Resolution Nominating a Candidate for The Board of Directors of The North Fort Bend Water Authority (the "Authority"). The Board decided to nominate Ms. Pat Herbert to serve as Director for Director Precinct No. 7 on the Authority Board of Directors. Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board to adopt the Resolution Nominating a Candidate for the Board of Directors of the Authority, a copy of which is attached hereto as Exhibit "E".

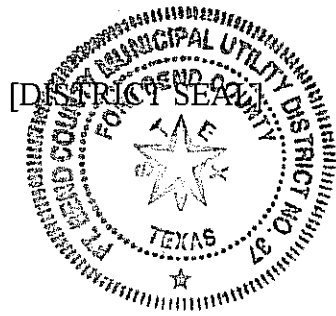
12. The Board next discussed the May 12, 2012 Directors Election (the "Election"). Ms. Adams reported that Directors Carp and Davis are up for re-election. Ms. Adams then recommended that the Directors begin looking for officials and polling places for the Election.

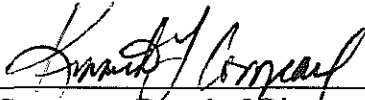
13. Ms. Adams then explained that any changes in voting times or polling places for early voting and election day constitute changes in the District's election procedures and, therefore, require preparation and submission of a letter to the United States Department of Justice (the "USDOJ") requesting approval of such changes pursuant to the provisions of Section 5 of the Voting Rights Act of 1965, as amended. Ms. Adams requested authorization to prepare the submission letter to the USDOJ once the election information is known and if such submission letter(s) is necessary. Upon motion by Director Carp, seconded by Director

Berckenhoff, the Board authorized the Attorney to prepare the necessary submission letter(s) to the USDOJ regarding any changes in voting procedures and/or changes in voting times and/or polling locations.

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

SIGNED, PASSED and APPROVED this the 15th day of February, 2012.




Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Tax Assessor-Collector Report
- C - Operations Report
- D - Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments
- E - Resolution Nominating a Candidate for The Board of Directors of The North Fort Bend Water Authority