

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

MAY 16, 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, May 16, 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:

|                     |                              |
|---------------------|------------------------------|
| 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: 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. There being no public comment, the President directed the Board to proceed with the agenda.

2. The Board then considered approval of the April 18, 2012 regular meeting minutes. Upon motion by Director Comeaux, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved such minutes, subject to certain corrections.

3. Ms. Shelnett presented the Bookkeeper's Report and Investment Report, copies of which are 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. Ms. Shelnutt then reported that several of the District's certificates of deposit were up for renewal in the next month. Director Davis recommended certificate of deposit renewal at several financial institutions.

Upon motion by Director Berkenhoff, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report as presented, authorized payment of checks numbered 6639 through 6668 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 2011 taxes have been collected as of April 30, 2012.

c. Mr. Byrd then reported that the appraisal values may be approximately the same as the prior year.

d. Mr. Leyendecker then reported that representatives for the gas storage facilities will attend the June 20<sup>th</sup> Board meeting.

Upon motion by Director Carp, seconded by Director Comeaux, 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 1876 through 1879 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 94.07% 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 nine (9) delinquent accounts for non-payment of water and sewer bills.

e. Mr. Williams then reviewed ST's annual "red flag" update.

f. A discussion then ensued regarding generator fuel, and Mr. Williams noted that the generators have been topped off for hurricane season.

g. Mr. Williams distributed the 2011 Drinking Water Quality Report/Consumer Confidence Report (the "CCR") for the Board and Ms. Adams' review, a copy of which is attached hereto as Exhibit "D". Mr. Williams stated that the District's water meets all requirements. After discussion, the Board asked that information about the CCR be posted on the District's website.

Upon motion by Director Comeaux, seconded by Director Carp, 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 nine (9) delinquent accounts pursuant to the District's Rate Order and approved the CCR and authorized distribution of same.

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

a. Mr. Leyendecker presented Pay Estimate No.2 in the amount of \$75,161.50 from R+B Group, Inc. ("R+B Group"), the contractor for the construction of the aerobic digester at the STP (the "Digester Project"). Mr. Leyendecker then recommended payment for such pay estimate.

b. Mr. Leyendecker then reported that the wastewater permit renewal application has been submitted.

c. Ms. Adams then updated the Board with regard to the City of Katy's interconnect meter location on Weld Court, and reported that JRPB is pulling title on the property. Director Ammer noted that the Pin Oak Village Homeowner's Association ("POVHOA") fence is in the planning stages to be located in that area. Ms. Adams noted that the District will have to coordinate with POVHOA for gate access to the interconnect meter location.

Upon motion by Director Comeaux, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report and Pay Estimate No. 2 in the amount of \$75,161.50 to R+B Group in connection with the Digester Project.

7. The Board noted that there were no updates with regard to the status of maintenance of the Katy Mills berm.

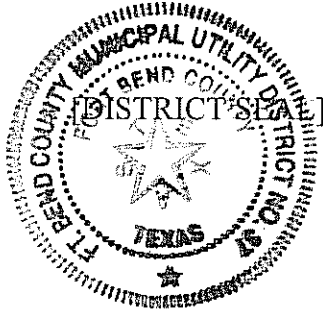
8. Ms. Adams then noted that there was nothing to report regarding the status of the annexation of the 10.044 acres located at Katy Flewellen Road and Greenbusch Road by Ormiston Family Properties LLC.

9. A discussion ensued regarding the status of the May 12, 2012 Directors Elections (the "Election"). Ms. Adams noted that the Early Voting Ballot Board meeting was held prior to the Board meeting, and reviewed with the Board the unofficial results of the Directors Election. Ms. Adams reminded the Board that the canvassing meeting for the Election will be held on May 22<sup>nd</sup>.

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

SIGNED, PASSED and APPROVED this the 20<sup>th</sup> day of June, 2012.

  
Secretary, Board of Directors



EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Tax Assessor-Collector Report
- C - Operations Report
- D - 2011 Drinking Water Quality Report