

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

December 21, 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, December 21, 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/Investment Officer
Kenneth L. Comeaux	Secretary
Stephen Berckenhoff	Treasurer
David A. Carp	Assistant Secretary

All members of the Board were present, except Directors Carp and Poe. Also attending all or portions of the meeting were: Rudy Ammer, District resident; David Merritt and Judy Merritt of David L. Merritt, P.C., auditor for the District; 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, 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 November 16, 2011 regular meeting minutes. Upon motion by Director Berckenhoff, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved such minutes, as presented.

3. Mr. Merritt then presented a draft of the District's audit report for the fiscal year ended August 31, 2011, a copy of which is attached hereto as Exhibit "A". Mr. Merritt reviewed the draft of the District's audit and responded to various questions from the Board. Mr. Merritt explained that the fund balance names have changed pursuant to the GASB-54 requirements. Mr. Merritt also reviewed with the Board the management letter, a copy of which is attached hereto as Exhibit "B".

Upon motion by Director Berckenhoff, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the draft audit report, subject to the Attorney's changes, as discussed with Mr. Merritt.

4. The Board then discussed authorizing the filing of the District's audit report with the Texas Commission on Environmental Quality, as required by same. Upon motion by Director Comeaux, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board authorized filing the continuing disclosure report, as necessary.

Mr. Merritt exited the meeting at this time.

5. Ms. Shelnut presented the Bookkeeper's Report and Investment Report, copies of which are collectively 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, 2012.

c. Director Comeaux then inquired about the double kilowatt per hour readings for the street light meter electricity consumption. Ms. Shelnut then stated that she is researching the matter.

d. A discussion then ensued regarding billing Michael Walton of Mustang Development for the capital digester expenses. Mr. Leyendecker and Ms. Shelnut stated that an invoice will be sent to Mr. Walton.

Upon motion by Director Berckenhoff, 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 6529 through 6554 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 5.6% of the 2011 taxes have been collected as of November 30, 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 check numbers 1853 through 1855 from the Tax Account.

Mr. Byrd exited the meeting at this time.

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

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

b. Mr. Williams reported that 90.65% 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 presented to the Board the Account Detail History Report for Mills Pointe Homeowners Association ("Mills Pointe"), a copy of which is attached hereto as Exhibit "F". Mr. Williams noted that the last payment received from Mills Pointe was on November 17, 2011.

f. Mr. Williams then reported that a security camera installed near the fence at the Water Plant has noted heavy foot traffic, but no other break-ins have occurred.

Upon motion by Director Comeaux, seconded by Director Berckenhoff, 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 14 delinquent accounts pursuant to the District's Rate Order.

8. 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, he has billed the District for the engineering fees. Mr. Leyendecker also reported that construction on such project is expected to begin on January 1<sup>st</sup>.

b. Mr. Leyendecker next reported that he is working on renewal of the District TPDES wastewater discharge permit.

c. Mr. Leyendecker then mentioned that he will be preparing usage reports for the North Fort Bend Water Authority, pursuant to their request.

d. The Board then discussed the District's Drought Contingency Plan and the Board determined that the parameters in same are adequate.

e. A discussion then ensued regarding the potential development on the 30-acre tract (the "Tract") proposed for single-family development. Ms. Adams noted that a presentation was made at the November Board meeting and asked if the Board wanted to authorize the Engineer to prepare a feasibility study.

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 and authorized the preparation of the feasibility study of the Tract, subject to receipt of a deposit for same.

9. Mr. Leyendecker then informed the Board that he is preparing the specifications necessary for Environmental Allies to submit a proposal for maintenance of the detention pond.

10. Status of the maintenance of the Katy Mills berm was tabled until the January 18<sup>th</sup> Board meeting.

11. Director Berckenhoff then inquired about the status of the esplanade landscaping. Mr. Ammer then stated that the taps have been installed and construction should begin soon.

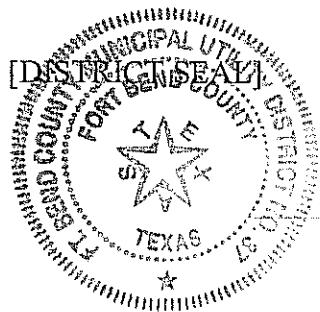
12. Ms. Adams then distributed the 2012 Annual Agenda for the Board's review, a copy of which is attached as Exhibit "G". Ms. Adams noted that the Annual Agenda was for informational purposes and no official Board action was needed on this item.

13. The Board then discussed the District's Rate Order. The Board concurred that no amendments were necessary at this time.

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

SIGNED, PASSED and APPROVED this the 18<sup>th</sup> day of January, 2012.

  
Secretary, Board of Directors



EXHIBITS:

- A - Draft of audit report for fiscal year ended August 31, 2011
- B - Management letter
- C - Bookkeeper's Report, including Investment Report
- D - Tax Assessor-Collector Report
- E - Operations Report
- F - Account Detail History Report for Mills Pointe Homeowners Association
- G - 2012 Annual Agenda