

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

December 19, 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, December 19, 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: Allen Perez, developers; Drew K. Masterson of FirstSouthwest Company ("FirstSouthwest"); David Merritt and Judy Merritt of David L. Merritt, P.C., auditor for the District; 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; David Walker 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 first considered approval of the November 21, 2012 regular meeting minutes. Upon motion by Director Berckenhoff, seconded by Director Carp, 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, 2012, 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 Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the draft audit report, subject to the Attorney's revisions, 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 Berckenhoff, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board authorized filing the continuing disclosure report, as necessary.

Mr. and Ms. Merritt exited the meeting at this time.

5. Ms. Shelnutt presented the Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "C".

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, 2013.

Upon motion by Director Ammer, 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 6815 through 6835 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 8.3% of the 2012 taxes have been collected as of November 30, 2012.

c. Mr. Byrd also reported that Fort Bend County Appraisal District reported certified values of \$160,005,443. Mr. Byrd noted that the certified values for the gas storage facility decreased.

Upon motion by Director Carp, 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 number 1894 through 1897 from the Tax Account.

Mr. Byrd exited the meeting at this time.

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

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

b. Mr. Walker reported that 90.22% of the water pumped was accounted for during the previous month.

c. Mr. Walker then reported that there were no excursions at the wastewater treatment plant (the "STP").

d. Mr. Walker reported that there were 12 delinquent accounts for non-payment of water and sewer bills.

e. Mr. Walker then recommended that one (1) account in the amount of \$89.43, which has been finalized, be transferred to NCO Financial Systems, Inc. ("NCO") for collection.

f. Mr. Walker also reported that the District exceeded the 75%/90% rule six (6) times during 2012.

g. Mr. Walker presented photographs of flushing valves in the District, a copy of which is attached hereto as Exhibit "F". Mr. Walker informed the Board that the 57 flushing valves should be painted and that the estimate for such project is approximately \$5,700.00.

h. Mr. Ammer then reported that the installation of the gate to the District's interconnect with the City of Katy (the "Gate") has been completed, copies of photographs of the Gate are attached hereto as Exhibit "G".

Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board: 1) approved the Operator's Report, as presented; 2) authorized termination of service to 12 delinquent accounts pursuant to the District's Rate Order; 3) authorized sending one (1) account to NCO for collections; and 4) authorized the painting of the flushing valves located in the Pin Oak Village subdivision ("Pin Oak") only.

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

a. Mr. Leyendecker reported that the digester at the STP has been resized and the STP could be rerated to get approximately ten to 15 percent (10-15%) additional capacity, which will increase flow to 200,000 gallons per day and an additional 80 connections. Mr. Leyendecker then recommended the Board authorize the preparation of the STP rerating application.

Upon motion by Director Carp, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report and authorize the Engineer to prepare the application to rerate the STP.

9. Discussion ensued regarding the status of replanting new trees on the berm and the Board requested that Ms. Adams contact Mace Hirt of Simon Properties, owner of Katy Mills Mall, regarding same.

10. Also in connection with the installation of the Gate, Director Ammer then reported that the District will need to have some PVC pipe removed from the location.

11. The Board then noted that there was no update on the requested service for 26-acre tract from Terra Visions.

12. The Board then heard a presentation from Mr. Masterson regarding financial advisory services. Mr. Masterson then distributed a proposal regarding same to the Board, a copy of which is attached hereto as Exhibit "H".

Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board terminated the Financial Advisory Contract between the District and Rauscher Pierce Refsnes, Inc. (NKA RBC Capital Markets).

Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved and authorized execution of the Financial Advisory Contract between the District and FirstSouthwest. A copy of such contract is attached hereto as Exhibit "I".

13. Next, the Board recognized Mr. Perez, who requested out-of-District service or annexation for a six (6)-acre tract adjacent to the District. Mr. Perez explained that he is proposing industrial/commercial development for the property, and that he will be meeting with development companies.

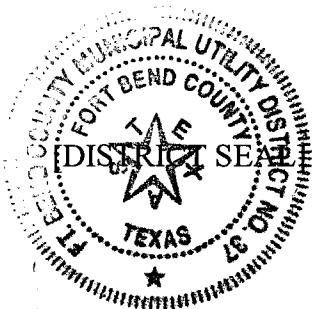
14. Discussion then ensued regarding additional streetlights needed in the Pin Oak. Upon motion by Director Carp, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board authorized the Engineer to look into additional street lights in Pin Oak.

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

16. Ms. Adams then distributed the 2013 Annual Agenda for the Board's review, a copy of which is attached as Exhibit "J". Ms. Adams noted that the Annual Agenda was for informational purposes and no official Board action was needed on this item.

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

SIGNED, PASSED and APPROVED this the 16th day of January, 2013.




Secretary, Board of Directors

1-16-2013

EXHIBITS:

- A - Draft of audit report for fiscal year ended August 31, 2013
- B - Management letter
- C - Bookkeeper's Report, including Investment Report
- D - Tax Assessor-Collector Report
- E - Operations Report
- F - Photographs of flushing valves
- G - Photograph of fence at the interconnect with the City of Katy
- H - First Southwest proposal
- I - Financial Advisory Contract between the District and FirstSouthwest
- J - 2013 Annual Agenda