

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

December 18, 2013

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 18, 2013, 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:

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

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; Rico Rodriguez, P.E., of RR Engineering, LLC, engineers for Pulte Homes ("Pulte"); David Merritt of David L. Merritt, P.C., auditor for the District; Ken 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" or "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 November 20, 2013 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, 2013, 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. The Board then discussed revisions to the draft audit report.

Mr. Merritt also reviewed with the Board the management letter, a copy of which is attached hereto as Exhibit "B".

Upon motion by Director Ammer, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved the draft audit report, as amended.

Mr. Merritt exited the meeting at this time.

4. 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, 2014.

c. Ms. Shelnutt noted that the Michael Walton is current on his capital payments.

Upon motion by Director Davis, seconded by Director Carp, 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 7083 through 7111 from the Operating Account.

5. 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 2013 taxes have been collected as of November 30, 2013.

Upon motion by Director Carp, seconded by Director Ammer, 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 1932 to 1933 from the Tax Account.

Mr. Byrd exited the meeting at this time.

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

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

b. Mr. Williams reported that 91.46% 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 18 delinquent accounts for non-payment of water and sewer bills.

e. Mr. Williams also reported that tarp was placed on the roof of the water plant and that repairs would be made soon.

f. Mr. Williams then presented a letter from Ms. Kathryn Marcotte, located at 1411 Breezy Bend Drive, a copy of which is attached to the Operator's Report. Mr. Williams reported that Ms. Marcotte had a water leak due to a toilet leak and is requesting her water bill be reduced to its average amount. The Board then denied Ms. Marcotte's request.

g. Mr. Williams then presented to the Board the Professional Services Agreement with ST (the "Agreement"), a copy of which is attached hereto as Exhibit "F". Mr. Williams reviewed with the Board the schedule of rates.

Upon motion by Director Davis, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report, as presented, authorized termination of service to 18 delinquent accounts pursuant to the District's Rate Order and accepted the Agreement.

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

a. Mr. Leyendecker reported that H₂O Steel is a bonded, licensed and insured contractor and that the District will be obtaining a bid from them for the removal of the digester at the STP.

b. Mr. Leyendecker reported that he has been informed that the contractor will be installing the street lights in the Pin Oak Village and Mills Pointe subdivisions as soon as he can.

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.

8. Ms. Shelnett reported that Mr. Don Massey of Simon Properties, owner of Katy Mills Mall ("Katy Mills"), has requested monthly, instead of annual, maintenance billing to assist with Katy Mills budgeting and payment schedule. A discussion then ensued on the responsibility for the drainage facilities. Mr. Leyendecker noted that everything west of Greenbusch Drive is in the District, and the remaining area is in the City of Katy boundaries. Upon motion by Director Carp, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board authorized the Bookkeeper to bill Katy Mills monthly.

9. The Board then discussed the proposed out-of-District agreement with Fort Bend County Municipal Utility District No. 185 ("FBMUD 185") to serve the 26-acre tract (the "Tract") for proposed residential development by Pulte. The Board then recommended that a committee be organized to work with the Attorney on such agreement. Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present

voting aye, the Board appointed Directors Carp and Berckenhoff to such committee. Mr. Rodriguez then explained to the Board that FBMUD 185 plans to annex the Tract and will be authorizing an annexation and financing agreement. Mr. Rodriguez added that closing on the Tract is tentatively scheduled for January 21st.

10. Ms. Adams reported that the North Fort Bend Water Authority (the "NFBWA") has notified the District that it will be increasing its pumpage fee to \$2.20 per 1,000 gallons of groundwater as of January 1, 2014. A copy of the letter is attached hereto as Exhibit "G".

11. Ms. Adams then reviewed with the Board a memorandum from the NFBWA regarding 2014 appointment process for NFBWA Board of Directors and 2013 Water Usage Report Form, a copy of which is attached hereto as Exhibit "H".

12. The Board then discussed the proposed Rate Order amendments to reflect the pass-through charges for inspections, repairs and maintenance fees. Upon motion by Director Davis, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the Rate Order amendments, effective January 1, 2014, a copy of which is attached hereto as Exhibit "I".

13. Ms. Adams then distributed the 2014 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.

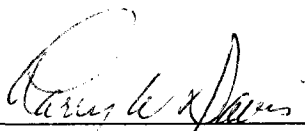
14. The Board next discussed the May 10, 2014 Directors Election (the "Election"). Ms. Adams reported that Directors Ammer, Comeaux and Berckenhoff are up for re-election. Ms. Adams then recommended that the Directors begin looking for officials and polling places for the Election. Ms. Adams also reported that the District must post the Notice of Deadline to File Applications for Place on the Ballot no later than Monday, December 30, 2013. Ms. Adams informed the Board that the first day to file an application for a place on the ballot is Wednesday, January 29, 2014, and the last day to file an application for a place on the ballot is Friday, February 28, 2014.

15. Ms. Adams then discussed appointment of a designated agent for the Election, and recommended that the District appoint JRPB. Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board voted unanimously to appoint JRPB as its designated agent for the Election.

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

SIGNED, PASSED and APPROVED this the 15th day of January, 2014.




Secretary, Board of Directors

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 - Professional Services Agreement with ST
- G - Letter from NFBWA regarding increase in pumpage fee effective January 1, 2014
- H - Memorandum from the NFBWA regarding
2014 appointment process for NFBWA Board of Directors and 2013 Water Usage
Report Form
- I - Amended Rate Order, Effective January 1, 2014
- J - 2014 Annual Agenda