

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

September 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, September 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: Sandy Colquitt of the Pin Oak Village Homeowner's Association (the "HOA"); Kim Shelnett of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District; Cindy Oliver 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; and Andrew P. Johnson, III 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. The Board first recognized Ms. Colquitt who inquired about the status of the repairs to the drain box located behind the tennis courts in Pin Oak Village. Mr. Williams reported that ST has obtained a proposal in the amount of \$9,000.00 to lower the three (3) manholes and to install three (3) additional grates to accommodate the additional drainage to prevent erosion. Ms. Colquitt stated that the HOA has budgeted funds for repair to the HOA's sprinkler system. Mr. Williams added that it will take approximately three (3) to five (5) days for the repairs to be completed, and that such time period is contingent upon timing and materials. Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board authorized the repairs to the drain box in the amount of \$9,000.00, as presented.

2. The Board then considered approval of the August 21, 2013 regular meeting minutes. Upon motion by Director Davis, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved such minutes, as presented.

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

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.

Upon motion by Director Berckenhoff, seconded by Director Davis, 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 7014 through 7039 from the Operating Account.

4. The Tax Assessor-Collector's Report was presented by Ms. Oliver, a copy of which is attached hereto as Exhibit "B".

a. Ms. Oliver reviewed the written report and responded to questions from the Board.

b. The Tax Assessor-Collector's Report reflected that 99.6% of the 2012 taxes have been collected as of August 31, 2013.

Upon motion by Director Berckenhoff, 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 1925 through 1929 from the Tax Account.

c. The President next called the public hearing on the 2013 tax rate to order, notice of which was published, as required, in the *Katy Times* for seven (7) days prior to the meeting. The President noted that there were no parties present to offer public comment. The President stated that according to the notice, the Board intends to levy a 2013 total ad valorem tax rate of \$0.52 per \$100 of assessed value for the year 2013. The public hearing was adjourned.

d. The Board then discussed adopting the proposed 2013 tax rate. Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board adopted the Order Setting Rate and Levying Tax for 2013 (the "Tax Rate Order"), with a total ad valorem tax rate of \$0.52 per \$100 of assessed value for tax year 2013, entirely comprised of an operation and maintenance tax, for the fiscal year ending August 31, 2014. A copy of the Tax Rate Order is attached hereto as Exhibit "C".

e. The Board next considered appointing a Tax Assessor/Collector for collection of 2013 taxes. Upon motion by Director Carp, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board adopted the Order Appointing Tax Assessor/Collector, appointing Kenneth Byrd as Tax Assessor/Collector for the District, a copy of which is attached hereto as Exhibit "D".

f. The Board next considered a Resolution Concerning Tax Collection Procedures. Upon motion by Director Davis, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board voted to adopt the

Resolution Concerning Tax Collection Procedures, thereby rejecting the tax payment options. A copy of the resolution is attached hereto as Exhibit "E".

g. The Board then discussed approval of an Amended and Restated District Information Form, a copy of which is attached hereto as Exhibit "F", which is required to be amended to show the current tax rate, any outstanding debt, of which there is none, and the Notice to Purchasers form, and is to be recorded in the Fort Bend County Real Property Records (the "FBCRPR") and filed with the Texas Commission on Environmental Quality (the "TCEQ"). Upon motion by Director Carp, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the Amended and Restated District Information Form, and authorized JRPB to record same in the FBCRPR and file it with the TCEQ, as required by law.

Ms. Oliver exited the meeting at this time.

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

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

b. Mr. Williams reported that 91.93% 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 no delinquent accounts for non-payment of water and sewer bills.

e. Mr. Williams then recommended that five (5) finaled accounts in the total amount of \$835.05, be transferred to NCO Financial Systems, Inc. ("NCO") for collection.

f. Mr. Williams then reported that one (1) tree has been removed from the STP site.

g. The Board then further discussed the drainage matters near the Pin Oak Village tennis courts.

h. Mr. Williams reported that the District received a request from the resident located at 1411 Misty Bend Road to repair the sidewalk in front of her property. Mr. Williams went on to explain that he has assessed the property and that there is a two foot (2') to two and a half foot (2 ½') difference in grade on the sidewalk, and that it appears to be natural settlement. Mr. Williams also reported that ST has previously visited this same resident concerning this same issue previously. A discussion ensued regarding such request and the Board denied the request for same.

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

6. Due to the absence of David Leyendecker, P.E. of Clay & Leyendecker, Inc., engineers for the District, there was no Engineer's Report.

7. The Board then discussed the status of the removal of the digester at the STP.

8. Mr. Johnson then stated that Ms. Regina D. Adams of JRPB, asked him to inform the Board that Pulte Homes has mailed a check to the District for the preparation of the feasibility study for the 26-acre tract (the "Tract") for residential development. Mr. Johnson went on to explain that the District's Financial Advisor will analyze the District's options for developer reimbursement. Mr. Johnson went on to relay to the Board that Ms. Adams recommends that the District annex the Tract and reimburse Pulte through funds collected in a special assessment on the developed lots in the Tract.

9. The Board then considered attendance at the Association of Water Board Directors – Texas (the "AWBD") seminar to be held September 30<sup>th</sup>, Fall Seminar to be held October 30<sup>th</sup> and Mid-Winter Conference to be held January 17-19, 2013, in Dallas, Texas. Upon motion by Director Davis, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance to the AWBD seminars and Mid-Winter Conference.

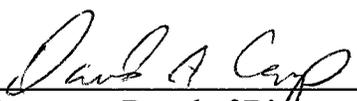
10. Mr. Johnson then informed the Board that the North Fort Bend Water Authority (the "Authority") has triggered Stage 1 of its Drought Contingency Plan and is requesting that the District voluntarily reduce its water usage. The Board then requested that a notice to residents be included in the District's water bill and that the Operator investigate the cost of purchasing signs for same. Upon motion by Director Davis, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board authorized the Operator to include a notice in the water bills and investigate the cost of signs to place in the District regarding voluntary water usage reduction.

11. The Board then reviewed and discussed the notice from the Authority regarding its plan to increase the Groundwater Reduction Plan Fee to \$2.20 per 1,000 gallons of water pumped and the Surface Water Fee to \$2.55 per 1,000 gallons of water received, to become effective January 1, 2014.

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

SIGNED, PASSED and APPROVED this the 16<sup>th</sup> day of October, 2013.



  
Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Tax Assessor-Collector Report
- C - Order Setting Rate and Levying Tax for 2013
- D - Order Appointing Tax Assessor/Collector
- E - Resolution Concerning Tax Collection Procedure
- F - Amended and Restated District Information Form
- G - Operations Report