

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

February 19, 2014

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, February 19, 2014, 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, except Director Comeaux, thus constituting a quorum. Also attending all or portions of the meeting were: Kim Shelnett of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper 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; Michael Harrington of American Enerpower; Michael Walton of Westside Water Company, LLC ("Westside"); Rico Rodriguez, P.E., of RR Engineering, LLC, engineers for Pulte Homes ("Pulte"); 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 Vice President inquired whether there was any public comment concerning the business of the District. There being no public comment, the Vice President directed the Board to proceed with the agenda.

2. The Board then considered approval of the January 15, 2014 regular meeting minutes. Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved such minutes, as presented.

3. Mr. Harrington presented a report regarding natural gas rates and contract renewal information for the District's retail electric provider ("REP") contract, a copy of which is attached hereto as Exhibit "A". Mr. Harrington stated that the District's current rate with Gexa Energy is \$0.0828 per kilowatt hour. Mr. Harrington further stated that he has received seven (7) bids from various REPs. The Board discussed rates and timing of the REP contract renewal. Upon a motion by Director Davis, seconded by Director Carp, after full discussion and with all

Directors present voting aye, the Board appointed Director Comeaux as the District's designee to sign the most advantageous five-year contract.

Mr. Harrington exited the meeting at this time.

4. Mr. Walton stated that Westside is requesting purchase of one (1) water and wastewater tap from the District for a proposed church located on Roesner Road. A discussion ensued regarding the billing for the sale of one (1) water and wastewater tap to Mr. Walton. Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board authorized the sale of one (1) water and wastewater tap to Westside and billing for such tap pursuant to the Agreement Providing for the Operation and Maintenance of Water and Wastewater Facilities By and Between the District and Mr. Walton.

Ms. Adams noted that Allen Perez requested information regarding Westside's request for the water and sewer taps. Mr. Walton noted that Mr. Perez had inquired about service for an adjacent tract.

Mr. Walton 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 "B".

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 reported that Katy Mills Mall has been billed for the drainage facilities maintenance and repair expenses for 2013 totaling \$6,564.45.

d) A discussion ensued regarding the transfer of funds to new certificates of deposit.

Upon motion by Director Ammer, 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 7135 through 7156 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 "C".

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

b) The Tax Assessor/Collector's Report reflected that 85.9% of the 2013 taxes have been collected as of January 31, 2014. Mr. Byrd reported that as of the meeting date, approximately 95% of the 2013 taxes have been collected.

Upon motion by Director Carp, seconded by Director Davis, 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 1934 and 1935 from the Tax Account.

7. Ms. Adams then reviewed the Resolution Implementing Penalty on 2013 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes with the Board. Upon motion by Director Carp, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved the Resolution Implementing Penalty on 2013 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto as Exhibit "D".

8. The Board then reviewed and discussed renewal of the Delinquent Tax Collection Agreement with Mahoney Law, PLLC ("Mahoney"). Upon motion by Director Carp, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board engaged Mahoney and approved and authorized execution of the Delinquent Tax Collection Agreement, effective July 1, 2014, a copy of which is attached as Exhibit "E".

9. The Board next considered approval of tax exemptions for the 2014 tax year, including homestead exemptions, exemptions for residents 65 years of age and older, and exemptions for disabled residents. Ms. Adams reported that, in 2013, the Board granted a homestead exemption of 20% of the appraised value or \$5,000, whichever is greater; a \$10,000 exemption for disabled persons and for persons 65 years of age or older; an exemption for travel trailers with certain size restrictions; and exemptions for certain real and personal property owned by qualified charitable organizations. Upon motion by Director Carp, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board agreed to retain the same exemptions for 2014 as were approved in 2013, and to adopt an Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto as Exhibit "F".

10. Ms. Adams next presented a Resolution Authorizing Petition Challenging Appraisal Records for the Tax Assessor/Collector to represent the District in filing a protest with the Fort Bend Central Appraisal District ("FBCAD"), a copy of which is attached as Exhibit "G". Ms. Adams noted that this will allow Equi-Tax to represent the District in matters before FBCAD. Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the Resolution Authorizing Petition Challenging Appraisal Records, as presented.

Mr. Byrd exited the meeting at this time.

11. Mr. Williams then presented the Operation's Report, a copy of which is attached hereto as Exhibit "H".

a) Mr. Williams reviewed the written report and responded to questions from the Board. Mr. Williams reported that three (3) major water lines were repaired and the water plant control building roof was replaced in the last month.

b) Mr. Williams reported that 91.45% 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 30 delinquent accounts for non-payment of water and sewer bills. A discussion ensued regarding the substantially higher number of delinquent accounts.
- e) Mr. Williams recommended that one (1) account in the amount of \$198.76 be turned over to Collections Unlimited for collection.
- f) Mr. Williams reported that ST had the STP blowers pulled for inspection and testing by the manufacturer's representative. Mr. Williams stated that he will request cost estimates for the necessary STP blower repairs and provide same to the Board at the next meeting.
- g) Mr. Williams reported that the Operator discovered sand in one of the District's fire hydrants. Mr. Williams recommended that the Board authorize inspection of the ground storage tank by a diver or by sending a camera in the tank. The Board agreed that such action needed to occur.

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, authorized termination of service to 30 delinquent accounts pursuant to the District's Rate Order, and to authorize turning over one (1) account to collections.

12. The Engineer stated that he has nothing to report at this time.

13. Mr. Leyendecker stated that he has no updates to report at this time in connection with the status of maintenance of the addition of street lights in Pin Oak Village and Mills Pointe.

14. Director Ammer stated that he had no update on the Katy Mills berm at this time.

15. Ms. Adams reported that she coordinated with Directors Carp and Berckenhoff regarding the proposed Out-of-District Service Agreement with Fort Bend County Municipal Utility District No. 185 ("FBMUD 185") and Pulte to serve the 26-acre tract (the "Tract") for proposed residential development by Pulte. Ms. Adams reviewed with the Board the Out of District Service Agreement. Upon motion by Director Carp, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved and authorized execution of the Out-of-District Service Agreement, a copy of which is attached hereto as Exhibit "I".

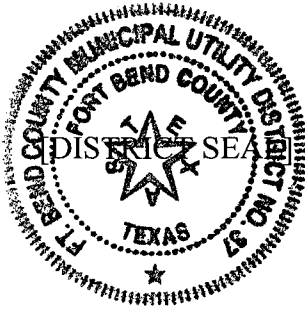
16. The Board then considered attendance at the Association of Water Board Directors – Texas (the "AWBD") Spring Breakfast to be held April 8<sup>th</sup> at the Marriott Westchase in Houston, Texas, and the Annual Conference to be held June 12-15, 2014, in Fort Worth, Texas. Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance to the AWBD Spring Breakfast and the Annual Conference.

17. The Board next discussed the May 10, 2014 Directors Election (the "Election") with the Board. The Attorney presented an Order Calling Directors Election for the Board's review and approval. Ms. Adams reported that she was informed by Fort Bend County (the "County") that the County could not hold a Joint Election with the District, therefore she recommends the District conduct its own Election. The Board then concurred that early voting and the Election Day polling location will be at the Pin Oak Clubhouse and the Election officials will be John and Patty Cassidy. Upon motion by Director Carp, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved the Order Calling Directors Election as presented, a copy of which is attached hereto as Exhibit "J".

18. The Board then discussed the possible canvassing date for the Election. Upon motion by Director Carp, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board determined that the canvassing meeting will occur on Wednesday, May 21, 2014 at 7:00 p.m.

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

SIGNED, PASSED and APPROVED this 19<sup>th</sup> day of March, 2014.



  
Secretary, Board of Directors

EXHIBITS:

- A - Report Regarding Natural Gas Rates and Electricity Contract Renewal
- B - Tax Assessor/Collector Report
- C - Bookkeeper's Report, including Investment Report
- D - Resolution Implementing Penalty on 2013 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes
- E - Delinquent Tax Collection Agreement with Mahoney Law, PLLC
- F - Order Determining Ad Valorem Tax Exemptions
- G - Resolution Authorizing Petition Challenging Appraisal Records
- H - Operations Report
- I - Out-of-District Service Agreement
- J - Order Calling Directors Election