

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

February 17, 2016

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 17, 2016, 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:

David A. Carp	President
Rudolph Ammer	Vice President/Co-Tax Compliance Officer
Larry W. Davis	Secretary/Investment Officer
Kenneth L. Comeaux	Treasurer/Co-Tax Compliance Officer
Stephen Berckenhoff	Assistant Secretary

All members of the Board were present, thus constituting a quorum. Also attending all or portions of the meeting were: Kim Shelnutt of Myrtle Cruz, Inc. (the "Bookkeeper" or "MCI"), bookkeeper for the District; Jeff Sonnheim of Equi-Tax, Inc. (the "Tax Assessor/Collector" or "Equi-Tax"), tax assessor/collector for the District; Joe Williams of ST (the "Operator" or "ST"), operator for the District; David Leyendecker, of Clay & Leyendecker, Inc., engineer for the District; and Alan P. Petrov of Johnson Petrov LLP (the "Attorney" or "JP"), 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. Public Comment. The President inquired as to 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. Approval of Minutes. The Board then considered approval of the January 20, 2016 regular meeting minutes. Upon motion by Director Comeaux, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved such minutes.

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

a. Ms. Shelnutt first reviewed the written reports and responded to questions from the Board.

b. Ms. Shelnutt next reviewed the current and year-to-date revenue and expenditures against the District's budget for the fiscal year ending October 31, 2016.

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 and Investment Report, as presented, and authorized payment of checks numbered 7703 through 7735 from the Operating Account.

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

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

b. The Tax Assessor/Collector's Report reflected that less than 67.5% of the 2015 taxes had been collected as of January 31, 2016.

c. The Board reviewed and considered approval of the Order Determining Ad Valorem Tax Exemption. Mr. Petrov reminded the Board of the current tax exemptions, including homestead exemptions, exemptions for residents 65 years of age and older, and exemptions for disabled residents. The previous year, 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 Berckenhoff, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board agreed to retain the same exemptions for 2016 as were approved in 2015, and to adopt an Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto as Exhibit "C".

d. Next, the Board reviewed and discussed 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 "D". Mr. Petrov reminded the Board that this will allow Equi-Tax to represent the District in matters before FBCAD. Upon motion by Director Ammer, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the Resolution Authorizing Petition Challenging Appraisal Records, as presented.

e. Lastly, the Board next reviewed the Resolution Implementing Penalty on 2015 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes. Upon motion by Director Comeaux, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the Resolution Implementing Penalty on 2015 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto as Exhibit "E".

Upon motion by Director Ammer, 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 check numbers 2012 thru 2014 from the Tax Account.

5. Operations Report. Mr. Williams presented the Operations Report, a copy of which is attached hereto as Exhibit "F".

a. Mr. Williams reviewed the written report and responded to questions from the Board. Mr. Williams reported that 76.98% of the water pumped was accounted for during the previous month.

b. Mr. Williams then reported five (5) delinquent accounts for non-payment of water and sewer bills.

c. Mr. Williams updated the Board regarding the bill sent to Fort Bend County MUD No. 185 ("MUD 185) for water used. Mr. Petrov discussed the contractual arrangement with MUD 185 and state that the water loss looks more like a water theft issue with one of the subcontractors for Pulte Homes. Discussion ensued concerning Fort Bend County MUD No. 185 billing. Upon motion by Director Berckenhoff, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board authorized Johnson Petrov to pursue collection against Pulte Homes and subcontractor.

Upon motion by Director Comeaux seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved the Operations Report, as presented including, authorizing termination of service to five (5) delinquent accounts pursuant to the District's Rate Order.

6. Engineering Report. Mr. Leyendecker presented the Engineering Report.

Mr. Leyendecker stated the District received four (4) bids on the Ground Storage Tank Project and presented and reviewed the bid summary for the Board's review and consideration, a copy of which is attached hereto as Exhibit "G". Mr. Leyendecker then recommended the Board accept the bid from H2O Steel, the lowest qualified bidder, in the amount of \$151,500.00. Upon motion by Director Berckenhoff seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board accepted the bid from H2O Steel in the amount of \$151,500.00.

Upon motion by Director Ammer seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the Engineering Report.

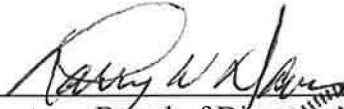
7. Old Business.


a. Status of Maintenance of Katy Mills Berm and proposed Katy Mills Management District. No Update at this time.

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

SIGNED, PASSED and APPROVED this 16th day of March, 2016.

[DISTRICT SEAL]


Secretary, Board of Directors



EXHIBITS:

- A - Bookkeeper's Report
- B - Tax Assessor/Collector's Report
- C - Order Determining Ad Valorem Tax Exemption
- D - Resolution Authorizing Petition Challenging Appraisal Records
- E - Resolution Implementing Penalty on 2015 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes
- F - Operations Report
- G - Bid Summary