

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

JULY 20, 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, July 20, 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:

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

All members of the Board were present, thus constituting a quorum. Also attending all or portions of the meeting were: Kim Shelnett 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; Felix DeLeon of Waste Corporation of Texas, L.P. ("WCA"); Will Petrov 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 June 15, 2016 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. Bookkeeper's Report and Investment Report. Ms. Shelnett presented the Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "A".

a. Ms. Shelnett first reviewed the written reports and responded to questions.

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

c. Ms. Shelnutt then reviewed the draft Budget for FYE 8/31/17 with the Board. Discussion ensued regarding the deficit with respect to the North Fort Bend Water Authority Fee and the issue resulting from water loss. The District's operator noted that he will be requesting a refund or credit for fees paid based on the discovery of the faulty well meter.

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 and Investment Report, as presented, and authorized payment of checks numbered 7837 through 7860 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 97.2% of the 2015 taxes had been collected as of June 30, 2016.

c. Upon motion by Director Davis, seconded by Director Comeaux, 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 2038 thru 2040 from the Tax Account.

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

a. Mr. Williams reviewed the written report and responded to questions from the Board. Mr. Williams reported that 82.92% of the water pumped was accounted for during the previous month. Mr. Williams also reported five (5) delinquent accounts for non-payment of water and sewer bills.

b. Status of Invoice to FBCMUD No. 185. Mr. Petrov stated that the calculation of lost water has been difficult based on the information available to him. Director Berckenhoff agreed to review the information with Mr. Petrov in order to calculate the amount to be billed.

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, (i) authorizing termination of service to five (5) delinquent accounts pursuant to the District's Rate Order.

6. Engineering Report.

a. Mr. Leyendecker updated the Board regarding the Wastewater Treatment Plant Expansion Project and presented an engineering cost estimate of \$1,170,840.00, a copy of which is attached hereto as Exhibit "D". Mr. Leyendecker advised the Board that he would share that cost information with the potential developer.

b. Mr. Leyendecker next reported that the Water Tank Project will be schedule for the fall in order to work with the City of Katy to supply water to the District during the construction.

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

7. New Business.

a. WCA's Recycling Program. Mr. DeLeon presented a Residential Solid Waste Proposal, which he reviewed with the Board, a copy of which is attached hereto as Exhibit "E". Specifically, Mr. DeLeon requested the Board's authorization for WCA to automate the recycling service. He noted that automation would provide a cost savings to WCA and that there would be no cost change to the District. Discussion ensued. Upon motion by Director Davis seconded by Director Comeaux, after full discussion and with all Directors present voting aye, with the exception of Director Berckenhoff, who opposed. Therefore, the Board approved WCA's request to automate the recycling service.

b. Insurance Renewal. The Board then discussed the District's insurance renewal. Mr. Petrov presented the proposal from Arthur J. Gallagher & Co. ("W.I.N."), which had previously been distributed to the Board. Upon motion by Director Berckenhoff, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board accepted the proposal of W.I.N., a copy of which is attached as Exhibit "F".

c. Annual Review Emergency Water Supply Agreement with the City of Katy. There was no action on this item.

d. Review and discuss Security Services. There was no action on this item.

8. Old Business.

a. Status of Maintenance of Katy Mills Berm and proposed Katy Mills Management District. There was no action on this item.

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

SIGNED, PASSED and APPROVED this 17th day of August, 2016.

[DISTRICT SEAL]


Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report
- B - Tax Assessor/Collector's Report
- C - Operations Report
- D - WWTP Cost Estimate
- E - WCA's Recycling Program
- F - Insurance Proposal

