

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

AUGUST 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, August 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:

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, with the exception of Director Comeaux, 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; Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC, auditors for the District ("McCall Gibson"); 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 July 20, 2016 regular meeting minutes. Upon motion by Director Carp, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved such minutes as presented.

3. Engage Auditor for FYE 8/31/16 and Accept TEC Form 1295. Mr. Ellis presented an engagement letter for auditing services from McCall Gibson Swedlund Barfoot PLLC, the District's Auditor for the preparation of an audit of the District's financial statements for the fiscal year ending August 31, 2016. Mr. Ellis also presented the TEC Form 1295, copies of same are attached hereto as Exhibit "A".

Upon motion by Director Berckenhoff, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board engaged McCall Gibson Swedlund Barfoot PLLC to prepare an audit for the fiscal year ending August 31, 2016.

4. Bookkeeper's Report and Investment Report. 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 reports and responded to questions.

b. Ms. Shelnutt 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 next reviewed the Budget for FYE 8/31/17 with the Board. A copy of which is attached to the Bookkeeper's Report.

Upon motion by Director Carp, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report and Investment Report, as presented, authorized payment of checks numbered 7865 through 7897 from the Operating Account and approved the Budget for FYE 8/31/17.

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

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

b. The Tax Assessor/Collector's Report reflected 97.4% of the 2015 taxes had been collected as of July 31, 2016.

c. Next, the Board discussed the 2016 maintenance tax rate of \$0.49 per \$100 assessed valuation. The Board next discussed the process of publishing the net effective tax rate calculation and conducting a public hearing on the tax rate.

Upon motion by Director Berckenhoff, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board authorized the Tax Assessor-Collector to publish the net effective tax rate calculation of \$0.49 per \$100 assessed valuation in the *Katy Times* and notice of the public hearing on the 2016 tax rate to be held at the September 21st Board meeting.

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 check numbers 2041 thru 2042 from the Tax Account.

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

a. Mr. Williams reviewed the written report and responded to questions from the Board. Mr. Williams reported that 92.25% of the water pumped was accounted for during the previous month. Mr. Williams also reported three (3) delinquent accounts for non-payment of water and sewer bills and one (1) collection account in the amount of \$111.17.

b. Consider amendment to District's Rate Order. No Action Taken.

c. Status of Invoice to FBCMUD No. 185 ("MUD 185"). Discussion ensued regarding the nonpayment of water usage and the calculations for the construction water usage by Pulte's contractor in the Pulte Development. Mr. Petrov reported that while we had been referring to this as a MUD 185 billing issue, it was really a theft of water issue that occurred at the MUD 185 location, but before MUD 185 was connected. As a result, MUD 185 was not obligated for the usage. Directors Ammer and Berckenhoff next reported on their review of the water loss. They reported that a realistic estimate would be \$4,573.80. The Board then authorized Johnson Petrov to prepare and send a Demand Letter for payment of \$4,573.80 for water usage by Pulte's contractor in the Pulte Development. Mr. Petrov stated that he would also send a letter to Pulte requesting that Pulte assist the District in collecting the amount.

Upon motion by Director Berckenhoff seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved the Operations Report, as presented including, (i) authorize termination of service to three (3) delinquent accounts pursuant to the District's Rate Order; (ii) authorize turning over one (1) account to collections; and (iii) authorize Johnson Petrov to prepare a demand letter for payment of \$4,573.80 for water usage by MUD 185 in the Pulte Development.

7. Engineering Report.

Mr. Leyendecker updated the Board on current projects planned in the vicinity of the District.

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

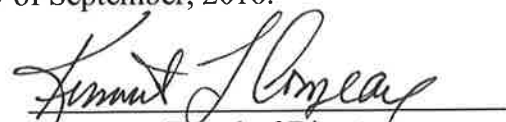
8. Old Business.

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 21st day of September, 2016.

[DISTRICT SEAL]


Secretary, Board of Directors

EXHIBITS:

- A - Auditor Engagement Letter/TEC Form 1295
- B - Bookkeeper's Report/Budget FYE 8/31/17
- C - Tax Assessor/Collector's Report
- D - Operations Report