

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37**

**MINUTES OF MEETING OF BOARD OF DIRECTORS**

**JUNE 15, 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, June 15, 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, 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; Ray Young; Felix DeLeon of Waste Corporation of Texas, L.P. ("WCA"); Frank Cempa, Fort Bend County Constable's Office; 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 May 18, 2016 regular meeting minutes. Upon motion by Director Comeaux, seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved such minutes as amended.

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 also reported she had completed the escheatment for the July 1, 2016 deadline and that nothing was due for this filing period.

Upon motion by Director Carp, seconded by Director Davis, 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 7811 through 7834 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 96.5% of the 2015 taxes had been collected as of May 31, 2016.

c. Upon motion by Director Davis, seconded by Director Berkenhoff, 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 2033 thru 2034 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 81.85% 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. Mr. Williams next reviewed and discussed with the Board the TCEQ correspondence dated May 24, 2016 regarding the Proposed Agreed Order/Settlement, a copy of which is attached hereto as Exhibit "C-1".

c. Status of Invoice to FBCMUD No. 185. Discussion ensued regarding the billing issue for water usage before FBCMUD No. 185 was connected to the District system. Mr. Petrov informed the Board that he was reviewing possible action.

Upon motion by Director Berkenhoff seconded by Director Comeaux, 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; and (ii) execution and submission of the Proposed Agreed Settlement Order.



6. Engineering Report.

a. Mr. Leyendecker updated the Board regarding the Water Tank Project, stating that he is planning to wait until the fall to go on the interconnect and that the contractor has agreed to honor the price until that time.

b. Mr. Ray Young requested a water/sewer connection for a church proposed to be connected to the Westside Water System. Discussion ensued. The Board authorized a connection equivalent to two (2) single-family connections. The costs to be paid will be two (2x) times the fee in the contract with Westside Water (\$2,000/water and \$2,500/Sewer).

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, including the new connection equivalent to two (2) single-family connections.

7. New Business.

a. WCA's Recycling Program. Mr. DeLeon reviewed the current Recycling Program with the Board. He noted that the market for recyclables has changed and that it is currently costing more to recycle than can be obtained from the recycled materials. As a result, Mr. DeLeon requested an additional \$1.89 per account. Discussion ensued, but no action was taken at this time and Mr. DeLeon was requested to come back with more information.

b. Next, Constable Cempa reviewed the security contract services available from the Fort Bend County Precinct 3 Constable's Office. A copy of the contract deputy program is attached hereto as Exhibit "D". The Board thanked Constable Cempa for the presentation.

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 20<sup>th</sup> day of July, 2016.

[DISTRICT SEAL]



Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report
- B - Tax Assessor/Collector's Report
- C - Operations Report
- C-1- TCEQ Correspondence dated 5/24/16
- D - FBC Precinct 3 – Constable's Office Contract Deputy Program