

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

September 17, 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, September 17, 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:

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

All members of the Board were present, thus constituting a quorum. Also attending all or portions of the meeting were: Tom Schmitt, a resident of Pin Oak Village; Charles Shumate and Lindsay Kovar of Brown and Gay Engineers, Inc.; Ms. Pat Hebert of the North Fort Bend Water Authority; Kim Shelnett of Myrtle Cruz, Inc. (the "Bookkeeper" or "MCI"), 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 ST (the "Operator" or "ST"), operator for the District; David Leyendecker, of Clay & Leyendecker, Inc., the District's Engineer, 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 Comments.

a) Mr. Schmitt inquired about the status of the back-up generator and the damaged light pole and the Board President gave a brief update on each.

b) North Fort Bend Water Authority (the "Authority") Presentation. Charles Shumate and Lindsay Kovar of Brown and Gay Engineers, Inc. presented an overview of the Authority, a copy of which is attached hereto as Exhibit "A". The Fort Bend Subsidence District (the "FBSD") adopted a regulatory plan in order to provide compliance with the FBSD's groundwater reduction mandate. The Authority's boundary encompasses 90,153 acres, including 69 utility districts, two (2) cities (Fulshear and Arcola) and 62 total well owners. Mr. Shumate also discussed the alternative water supply options reporting that the Authority is working with Cinco MUD No. 1 to evaluate a brackish water test hole within the Authority's boundary. Per the Authority's regulations the Authority pays the cost of conversion from chlorine to chloramine disinfection and is now delivering water to 26 water plants and passes this cost on to the groundwater users within the Authority. The fee for taking water is 35¢ higher than the pumpage fee for not taking surface water. The Authority's current accomplishments

include acquisition of 9.5 billion gallons of early conversion credits (about 28 months); recipient of the AWWA Annual Conversion Award; provide water conversation credits and Sponsorship of 1,000 Wise Guys Programs. Finally, it was reported that the cost is \$700 million to build the projects to bring surface water to the Authority and future developers do not pay a "buy-in" fee.

c) Martye Comeaux with Harrell Architects presented to the Board a proposed \$60 million dollar office condominium project. Mr. Comeaux discussed possible annexation and/or water, sewer and drainage service to the 6-acre tract on Westheimer Parkway. The Board agreed to review the feasibility of the project and Mr. Leyendecker stated that he would contact the developer concerning the cost of review.

2. Approval of Minutes. The Board then considered approval of the August 20, 2014 regular meeting minutes. Upon motion by Director Davis, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved such minutes, as presented.

3. Bookkeeper's Report. Ms. Shelnutt presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "B".

Upon motion by Director Carp, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report.

4. Tax Assessor/Collector's Report. 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 98.0% of the 2013 taxes have been collected as of August 20, 2014.

Mr. Byrd presented four (4) uncollectible accounts for write-off. Upon motion by Director Ammer, 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 including authorization to write-off four (4) delinquent tax accounts.

5. Setting of Tax Rate.

a) The President next called the public hearing on the 2014 tax rate to order, notice of which was published, as required, in the *Katy Times* for seven (7) days prior to the meeting, a copy of which is attached hereto as Exhibit "D". The President noted that no one from the public commented. The President stated that according to the notice, the Board intends to levy a 2014 total ad valorem tax rate of \$0.52 per \$100 of assessed value for the year 2014. The public hearing was adjourned.

b) The Board then discussed adopting the proposed 2014 tax rate. Upon motion by Director Carp, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board adopted the Order Setting Rate and Levying Tax for 2014 (the "Tax Rate Order"), with a total ad valorem tax rate of \$0.52 per \$100 of assessed

value for tax year 2014, entirely comprised of an operation and maintenance tax, for the fiscal year ending August 31, 2015. A copy of the Tax Rate Order is attached hereto as Exhibit "E".

c) The Board then discussed approval of an Amended and Restated District Information Form, a copy of which is attached hereto as Exhibit "F", which is required to be amended to show the current tax rate, any outstanding debt, of which there is none, and the Notice to Purchasers form, and is to be recorded in the Fort Bend County Real Property Records (the "FBCRPR") and filed with the Texas Commission on Environmental Quality (the "TCEQ"). Upon motion by Director Davis, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Amended and Restated District Information Form, and authorized JP to record same in the FBCRPR and file it with the TCEQ, as required by law.

d) The Board next considered appointing a Tax Assessor/Collector for collection of 2014 taxes. Upon motion by Director Davis, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board adopted the Order Appointing Tax Assessor/Collector, appointing Kenneth Byrd as Tax Assessor/Collector for the District, a copy of which is attached hereto as Exhibit "G".

e) The Board next considered a Resolution Concerning Tax Collection Procedures. Upon motion by Director Comeaux, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board voted to adopt the Resolution Concerning Tax Collection Procedures, thereby rejecting the tax payment options. A copy of the resolution is attached hereto as Exhibit "H".

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

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

b) Mr. Williams reported that GM Services has tested the well, some sand was found in the water, but not enough to be a problem.

c) Next, Mr. Williams reported that he is looking for a contractor to do the repair work on the roof at the water plant. Ms. Leyendecker stated he will provide the contact information for a contractor currently working in the area.

Upon motion by Director Davis seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Operations Report, including authorization for of termination of service to the delinquent accounts.

7. Engineer's Report. The Engineer's Report was presented by Mr. Leyendecker, a copy of which is attached hereto as Exhibit "J".

a) Mr. Leyendecker reported that he received plans from Pulte Homes and will review them for the next meeting.

- b) Mr. Leyendecker next reported that next Monday is the TRZ meeting and that there was not much noteworthy to report concerning new development in the area.

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

8. Old Business.

- a) Status of Maintenance of the Katy Mills Berm. Mr. Petrov updated the Board on the status of the berm and tree replacement. He stated that he had talked with Mr. Massey since the last meeting and Ms. Massey continue to state that it is his plan to replant trees this fall.

- b) Status of Relocating Street Light(s) – Pin Oak Village and Mills Pointe. Mr. Leyendecker reported that there was no update at this time.

9. New Business.

- a) AWBD Fall Seminar and Mid Winter Conference. The Board discussed authorizing the Directors' attendance at the AWBD Fall Seminar and Mid Winter Conference. Upon motion by Director Davis, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance on behalf of the District at the AWBD Fall Seminar and Mid Winter Conference.

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

SIGNED, PASSED and APPROVED this 15th day of October, 2014.




Secretary, Board of Directors

EXHIBITS:

- A - North Fort Bend Water Authority Presentation
- B - Bookkeeper's Report
- C - Tax Assessor/Collector's Report
- D - Notice of Public Hearing on Tax Rate and Affidavit of Publication
- E - Order Setting Rate and Levying Tax for 2014
- F - Amended and Restated District Information Form
- G - Order Appointing a Tax Assessor/Collector
- H - Resolution Concerning Tax Collection Procedures
- I - Operations Report
- J - Engineer's Report