

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

June 18, 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, June 18, 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:

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| 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: Bryan Matthey and Tom Schmitt, residents of Pin Oak Village; 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; David Leyendecker, P.E., of Clay & Leyendecker, Inc. (the "Engineer"), engineers for the District; and Regina D. Adams of Radcliffe Bobbitt Adams Polley PLLC (the "Attorney" or "RBAP"), 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. The President inquired whether there was any public comment concerning the business of the District. There being no public comments, the President directed the Board to proceed with the agenda.

2. Approval of Minutes. The Board then considered approval of the May 21, 2014 regular meeting minutes. Upon motion by Director Comeaux, 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. 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 report and responded to questions from the Board.

b) Ms. Shelnett next reviewed current and year-to-date revenue and expenditures against the District's budget for the fiscal year ending August 31, 2014.

c) Ms. Shelnutt reported that Pulte Homes of Texas, L.P. ("Pulte") submitted a check to pay its outstanding balance of \$8,081.23 in connection with the expenses owed to the District for preparation of the Agreement Providing for the Operation and Maintenance of Water and Wastewater Facilities By and Between the District, Fort Bend County Municipal Utility District No. 185 and Pulte.

d) Director Comeaux noted some discrepancies with the District's electricity billing and price per kWh. Director Comeaux requested that the Bookkeeper provide him with the last six (6) months of electricity billing for review.

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, as presented, and authorized payment of checks numbered 7224 through 7245 from the Operating Account.

4. Tax Assessor/Collector's 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 96.3% of the 2013 taxes have been collected as of May 31, 2014.

c) In response to a question from Director Ammer, Mr. Sonnheim reported that he will prepare a summary of the District's eligible recipients for the over 65 tax exemptions.

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 and authorized payment of checks numbered 1953 through 1956 from the Tax Account.

5. Operations Report. Mr. Williams then 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.

b) Mr. Williams reported that 91.86% of the water pumped was accounted for during the previous month.

c) Mr. Williams then reported that there were no excursions at the wastewater treatment plant (the "STP"). Mr. Williams stated that the STP is operating at 90% of its actual permitted flow. Mr. Leyendecker reported that he is working on necessary documentation to submit to the Texas Commission on Environmental Quality ("TCEQ") to rerate the STP.

d) Mr. Williams reported that there were fifteen (15) delinquent accounts for non-payment of water and sewer bills.

e) Mr. Williams next reported that a diver is scheduled to investigate the water plant on June 26, 2014 to determine if the District's water well is producing sand. Mr. Williams stated that the Operator will provide photographs taken during the investigation to Mr. Leyendecker for review.

Upon motion by Director Carp, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Operations Report, as presented including, authorizing termination of service to fifteen (15) delinquent accounts pursuant to the District's Rate Order.

6. Engineer's Report. Mr. Leyendecker then presented the Engineer's Report. The Engineer reported that the nearby City of Katy water well is offline for repairs. Mr. Leyendecker stated that there was a major structural collapse at such water well.

Mr. Leyendecker reported that he investigated the light pole that was inadvertently installed by CenterPoint Energy at 1210 Weidner. Mr. Leyendecker stated that the light pole was not installed in accordance with plans and specifications. In response to a question from Director Berckenhoff, Mr. Leyendecker stated that it will take some time before CenterPoint Energy relocates the light pole. Mr. Leyendecker noted that it would be relatively easy for the District to request CenterPoint turn off the light until the light pole can be relocated. Director Ammer stated that he believes such light pole was the one that should have been installed at the park and billed to the HOA. A discussion ensued regarding the area in which the light pole should be relocated. It was the consensus of the Board that the light pole be relocated to the park and turned over to the HOA.

Mr. Leyendecker reported that he received two capacity commitment requests in the last month. Mr. Leyendecker noted that the District has sufficient water capacity, but not sufficient wastewater treatment plant capacity to provide the requested service.

In response to a question from Director Berckenhoff, Mr. Leyendecker stated that he has not yet contacted Westside Water Company, LLC regarding their new representative.

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

7. Old Business. Mr. Leyendecker reported that the City of Katy is planning to construct restaurants, a hotel and convention center near the proposed boardwalk adjacent to Katy Mills Mall.

Ms. Adams updated the Board with regard to her conversations with Don Massey of Simon Properties, owner of Katy Mills Mall, and representatives of the City of Katy regarding maintenance of the berm. Ms. Adams stated that Mr. Massey does now understand that the Katy Mills Mall is contractually required to maintain the berm and that the City of Katy has no intention of maintaining it as part of the proposed boardwalk. Mr. Leyendecker stated that he will provide plans for the boardwalk development upon his receipt of same.

Director Berckenhoff reported that he received a letter from Kinder Morgan notifying him that they will be hydro-testing the gas pipe lines in the District.

8. Security Matters in Pin Oak Village and Mills Pointe. Ms. Adams reported that the Mills Pointe Homeowner's Association (the "Mills Pointe HOA") previously requested that the District construct a fence to block access between the District's north detention area and the community park in an effort to reduce criminal activity. Ms. Adams noted that at the time of the Mills Pointe HOA's request the Board requested additional information/details regarding the criminal activity. Ms. Adams then reviewed with the Board the Fort Bend County Sheriff's Department crime report for the Mills Pointe Subdivision for 2013, a copy of which is attached hereto as Exhibit "D".

Director Ammer then presented to and reviewed with the Board a summary of various security patrol service options for the District, a copy of which is attached hereto as Exhibit "E". Director Ammer stated that if the District paid for 60 hours of patrol services per month at \$35.00 an hour, the impact to the budget would be approximately \$25,200 a year (\$2,100/month). A discussion ensued.

9. Attorney Fee Agreement. A discussion ensued regarding the matter of the District's Attorney Fee Agreement and potential assignment of same, as may be necessary. It was the consensus of the Board to hold a special meeting on Wednesday, July 2, 2014 at 5:00 p.m. to perform attorney interviews.

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

SIGNED, PASSED and APPROVED this 16th day of July, 2014.



Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Tax Assessor/Collector's Report
- C - Operations Report
- D - Fort Bend County Sheriff's Department - Crime Report for Mills Pointe Subdivision
- E - Summary of various security patrol service options