

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

January 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, January 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:

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

All members of the Board were present, with the exception of Directors Comeaux and Berckenhoff, 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; 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 December 16, 2015 regular meeting minutes. Upon motion by Director Ammer, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved such minutes.

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 from the Board.

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

Upon motion by Director Davis, seconded by Director Ammer, 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 7681 through 7702 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 19.3% of the 2015 taxes had been collected as of December 31, 2015.

Upon motion by Director Ammer, 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 2012 thru 2014 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 76.06% of the water pumped was accounted for during the previous month.

b. Mr. Williams then reported eleven (11) delinquent account for non-payment of water and sewer bills.

c. Mr. Williams updated the Board regarding the bill sent to Fort Bend County MUD No. 185 ("MUD 185) for water used. Mr. Williams received an email from the MUD 185 operator earlier this afternoon with a calculation that did not account for the majority of missing water. Mr. Petrov stated that he would review the email with Mr. Williams.

Upon motion by Director Ammer seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved the Operations Report, as presented including, authorizing termination of service to eleven (11) delinquent account pursuant to the District's Rate Order.

6. Engineering Report. Mr. Leyendecker presented the Engineering Report.

a. Mr. Leyendecker reported that he had reviewed the Water Tank and that the top of the tank will need to be cut off then a new tank top will need to be built in place. This will require being on the interconnect with the City of Katy or Harris-Fort

Bend MUD 1 & 5 for a couple of months. Mr. Leyendecker requested authorization from the Board to bid this project.

b. Discussion ensued regarding the driveway at the District's sewer plant. Mr. Leyendecker stated that he would work with Mr. Williams to come up with the most cost effective way to repair the driveway.

Upon motion by Director Davis seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the Engineering Report, as presented, and authorized Mr. Leyendecker to bid the water tank project.

7. New Business.

a. Annual Review of District Rate Order. No action taken.

8. Legal Memorandums.

a. Disclosure requirements under House Bill 1295. Mr. Petrov distributed a memorandum to the Board and Consultants, a copy of which is attached hereto as Exhibit "D", stating that as of January 1, 2016, recently enacted House Bill 1295 ("HB 1295") will apply to all District contracts that require Board approval or have a total value of \$1 million or more. He further explained that, pursuant to the bill, the District may not enter into a contract with a business entity unless that entity has (1) filed a Texas Ethics Commission ("TEC") Form 1295; and (2) supplied a signed copy of same and a Certification of Filing from the TEC to the District.

b. Disclosure requirements under House Bill 23. Mr. Petrov next distributed a memorandum regarding House Bill 23 ("HB 23"), a copy of which is attached hereto as Exhibit "E", and informed the Board that HB 23 amends several provisions of Chapter 176, Texas Local Government Code concerning disclosure of certain relationships with local governmental officers and vendors.

c. Eminent Domain Filings with under Senate Bill 1812 ("SB 1812"). Mr. Petrov informed the Board that recently enacted SB 1812 requires public and private entities with eminent domain authority to report specific information to the Texas Comptroller by February 1, 2016. Mr. Petrov informed the Board that Johnson Petrov has completed such filing and a copy of the filing confirmation receipt is attached hereto as Exhibit "F".

9. Old Business.

a. Status of Maintenance of Katy Mills Berm and proposed Katy Mills Management District. No Update at this time.

b. Update on North Fort Bend County Water Authority's Conservation Program. Director Ammer updated the Board on the North Fort Bend County Water Authority Conservation Program.

10. Election Agenda.

a. Order Calling Directors Election. Mr. Petrov presented the Order Calling Directors Election for the upcoming May 7, 2016 Directors Election. Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the Order Calling Directors Election as presented, a copy of which is attached hereto as Exhibit "G".

b. Canvassing Date. The Board then discussed the possible canvassing date for the Election and determined the date would be Wednesday, May 18, 2016 at 7:00 p.m.

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

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

[DISTRICT SEAL]


Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report, including Investment Report
- B - Tax Assessor/Collector Report
- C - Operations Report
- D - Memorandum Regarding House Bill 1295
- E - Memorandum Regarding House Bill 23
- F - Eminent Domain Filing Receipt Senate Bill 1812
- G - Order Calling Directors Election

