

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

AUGUST 21, 2019

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 21, 2019, 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
Rudy Ammer	Secretary/Investment Officer/Co-Tax Compliance Officer
Larry W. Davis	Treasurer
Kenneth L. Comeaux	Assistant Secretary/Co-Tax Compliance Officer

All members of the Board were present, thus constituting a quorum. Also attending all or portions of the meeting were: Kim Shelnutt of Myrtle Cruz, Inc. (the "Bookkeeper" or "MCI"), bookkeeper for the District; David Ferrier of Equi-Tax, Inc. (the "Tax Assessor/Collector" or "Equi-Tax"), tax assessor/collector for the District; Bob Ring of Inframark (the "Operator" or "Inframark"), operator for the District; David Leyendecker, of Clay & Leyendecker, Inc., engineer for the District; Alan P. Petrov of Johnson Petrov LLP (the "Attorney" or "JP"), attorneys for the District; and Ms. Alexis Carrico, a resident of 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.

Ms. Carrico asked about discussions with the City of Katy. Mr. Leyendecker reported that he believes the City is agreeable to including the change to the berm in the City's Phase II project which should begin construction early next year. The Board asked Mr. Leyendecker to obtain an email from the City to confirm this.

2. Approval of Minutes. Next, the Board considered approval of the July 17, 2019 regular meeting minutes. Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the minutes subject to certain corrections.

3. Engage Auditor for FYE 8/31/19 and Accept TEC Form 1295. Mr. Joseph 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, 2019 along with the TEC Form 1295, copies of which are attached hereto as Exhibit "A".

Upon motion by Director Comeaux, 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, 2019.

4. Bookkeeper's Report and Investment Report. Ms. Shelnutt reviewed with the Board the Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "B".

a. Ms. Shelnutt reviewed the written reports and responded to questions.

b. Ms. Shelnutt then reviewed the current and year-to-date revenue and expenditures against the District's budget for the fiscal year ending August 31, 2019.

c. Ms. Shelnutt next reviewed the Budget for FYE 8/31/20 with the Board. A copy of which is attached to the Bookkeeper's Report. The Board discussed the proposed budget with the Bookkeeper.

Upon motion by Director Carp, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board adopted the Budget for FYE 8/31/20.

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 and Investment Report, as presented, authorized payment of checks numbered 1576 through 1602 from the Operating Account.

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

a. Mr. Ferrier reviewed with the Board the Tax Assessor/Collector's Report. He also responded to questions from the Board.

b. Mr. Ferrier next reported that 99.0% of the 2018 taxes had been collected as of July 31, 2019.

c. Mr. Ferrier reviewed the Delinquent Tax Report and answered questions regarding same, a copy of which is attached hereto as Exhibit "C-1".

Upon motion by Director Ammer, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved 1) the Tax Assessor/Collector's Report, as presented; and 2) authorized payment of check number 2236 from the Tax Account.

d. Next, the Board discussed setting the 2019 maintenance tax rate. 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 Davis, seconded by Director Comeaux, 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 and a proposed maintenance tax rate of

\$0.49 per \$100 assessed valuation in the *Katy Times* and the notice of the public hearing on the 2019 tax rate to be held at the September 18th Board meeting.

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

a. Mr. Ring reviewed the current operations in the District. He reported no excursions at the wastewater treatment plant and he responded to questions from the Board.

b. He also reported there were three (3) delinquent accounts scheduled for termination due to non-payment of water and sewer bills.

Upon motion by Director Davis, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the approved 1) the Operations Report; and 2) authorized termination of service to three (3) delinquent accounts pursuant to the District's Rate Order.

7. Engineering Report.

a. Mr. Leyendecker first updated the Board on the status of projects in the District.

b. Mr. Leyendecker reported that he has reviewed the plans for the Perez annexation.

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

8. New Business.

a. Insurance Renewal. The Board then discussed the District's insurance renewal. Mr. Petrov presented the proposal from Arthur J. Gallagher & Co. ("W.I.N."), which had previously been distributed to the Board. Upon motion by Director Ammer, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board accepted the proposal of W.I.N., a copy of which is attached as Exhibit "E".

b. Annual Review of Investment Policy. Mr. Petrov then presented an Order Reviewing Investment Policy, a copy of which is attached hereto as Exhibit "F." Mr. Petrov stated that reviewing the Investment Policy was an annual requirement of the Texas Public Funds Investment Act, but that no changes were being proposed at this time.

Upon motion by Director Davis, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Order Reviewing Investment Policy.

c. HOA Landscaping Request. No action was taken at this time.

d. Legislative Update, including memorandum regarding Senate Bill 239.

Mr. Petrov presented and reviewed the with the Board the Legislative Update for the 86th Texas Legislature (2019), which summarizes the actions of the recently concluded legislative

session, with particular attention to changes in law that directly affect the District. He also reviewed the memo regarding Senate Bill 239, which included new language to be included on the District's water bill.

9. Old Business.

- a. Update on Fire Protection Services with the City of Katy.

No update at this time.

b. Status of maintenance of Katy Mills berm, drainage facilities and Katy Mills Management District and discussions with the City of Katy.

No update at this time.

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

SIGNED, PASSED and APPROVED this 18th day of September, 2019.

[DISTRICT SEAL]



Secretary, Board of Directors

EXHIBITS:

- A - Auditor Engagement Letter
- B - Bookkeeper's Report
- C - Tax Assessor/Collector's Report
- C-1- Delinquent Tax Report
- D - Operations Report
- E - Insurance Renewal Proposal
- F - Certificate of Annual Review of Investment Policy

