

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

October 15, 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, October 15, 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: 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, David Monk ("Developer"), and Andrew P. Johnson III 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.

Mr. David Monk inquired about the status of the feasibility study for the 6-acre tract on Westheimer Parkway. Mr. Leyendecker reported that he had done a preliminary feasibility study for service to said tract. Mr. Leyendecker noted the District has ample water capacity, but noted further that the issue would be with capacity for sanitary sewer for this project. Mr. Leyendecker further noted the assessed value will be approximately \$16 million, 16 buildings at \$1.1 million and a tax rate of \$0.52 per \$100 assessed valuation. Discussion ensued regarding the cost of expanding components of the District's STP and the benefits of annexation versus out of District service. No action was taken at this time. The final report should be completed by the next Board meeting.

2. Approval of Minutes. The Board then considered approval of the September 17, 2014 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 such minutes, as revised.

3. Bookkeeper's Report. Ms. Shelnutt presented the Bookkeeper's Report, Investment Report and Adopted Budget for Fiscal Year Ending ("FYE") August 31, 2015, copies of which are attached hereto as Exhibit "A" and A-1, respectively.

Discussion ensued regarding possible change in ownership of Westside Water System and payment issues. Upon motion by Director Ammer, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, Investment Report and Adopted the Budget for FYE August 31, 2015.

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 "B".

- 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 September 17, 2014.

Upon motion by Director Carp, 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.

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 four (4) delinquent accounts delinquent accounts for non-payment of water and sewer bills.
- c) Next, Mr. Williams reported there are three (3) large holes in the ground storage tank ("GST"), with estimated repairs of \$8,898, noting this would be a good time to remove any sand at an additional cost of \$1,500. The engineer recommended that the Board consider replacing the roof, rafters, ladder and increase the hatch size at an estimated cost of \$75,000 to \$100,000. A discussion ensued regarding the repairs and extent of additional maintenance and repair items.

Upon motion by Director Comeaux seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved the Operations Report, including approval to patch the roof of the GST and authorization for of termination of service to the delinquent accounts. Mr. Williams will coordinate opening the interconnect for the repairs.

6. Engineer's Report. The Engineer's Report was presented by Mr. Leyendecker.
- a) Mr. Leyendecker reported that the bulk of the engineer's report was the potential annexation, which was discussed earlier under Public Comment. Discussion ensued regarding the annexation, cost benefits, including the drainage situation.

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

7. Old Business.

a) Status of Maintenance of the Katy Mills Berm. Mr. Johnson noted that Mr. Petrov has an appointment on Monday, October 27, 2014 to walk the berm with the Kay Mills Mall Representative, and extended the invitation to any Director interested in attending. Director Comeaux stated he would be available on the morning of October 27<sup>th</sup>.

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

c) Feasibility Study of the Proposed Office Development at Westheimer Parkway. Discussed under Public Comment.

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

SIGNED, PASSED and APPROVED this 19th day of November, 2014.



Secretary, Board of Directors

EXHIBITS:

- A - Bookkeeper's Report
- A-1- Adopted Budget for FYE August 31, 2015
- B - Tax Assessor/Collector's Report
- C - Operations Report