

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37**

**MINUTES OF MEETING OF BOARD OF DIRECTORS**

**August 19, 2015**

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 19, 2015, 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, 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., the District's Engineer; David Monk with the Westheimer Parkway Project ("Developer"); Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC (the "Auditor"), auditor for the District; Drew K. Masterson of FirstSouthwest Company ("FirstSouthwest"), financial advisors for the District; and Scott Eidman 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 July 15, 2015 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. Audit Engagement Letter. Mr. Ellis presented an engagement letter for auditing services from McCall Gibson Swedlund Barfoot PLLC, the District's Auditor, a copy of which is attached hereto as Exhibit "A", for the preparation of an audit of the District's financial statements for the fiscal year ended August 31, 2015. Upon motion by Director Carp, seconded

by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved engaged of McCall Gibson Swedlund Barfoot PLLC for the fiscal year ended August 31, 2015.

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

a. Ms. Shelnutt 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 August 31, 2015.

c. Ms. Shelnutt then reviewed the proposed budget for the fiscal year ending August 31, 2016 (the "Budget"), a copy of which is attached hereto as Exhibit "B-1". The Board of Directors asked additional questions concerning the proposed budget.

Upon motion by Director Ammer, seconded by Director Berckenhoff, 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 7555 through 7575 from the Operating Account, and approval of the Budget for fiscal year end August 31, 2016.

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

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

b. The Tax Assessor/Collector's Report reflected that 97.9% of the 2014 taxes have been collected as of July 31, 2015.

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 and authorized payment of check numbers 1999 thru 2000 from the Tax Account.

c. Mr. Sonnheim then distributed copies of the 2015 tax rate recommendation to the Board, a copy of which is attached hereto as Exhibit "D". Mr. Sonnheim recommended a 2015 maintenance tax rate of \$0.52 per \$100 assessed valuation. 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 of \$0.50 per \$100

assessed valuation in the *Katy Times* and notice of the public hearing on the 2015 tax rate to be held at the September 16<sup>th</sup> Board meeting.

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

a. Mr. Williams reviewed the written report and responded to questions from the Board. Mr. Williams reported that 92.20% of the water pumped was accounted for during the previous month.

b. Update on Pulte Development connections. There was no update at this time.

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

7. Engineer's Report. Mr. Leyendecker reviewed the current engineering activities within the District and responded to questions from the Board.

a. Mr. Monk presented a conceptual project plan, a copy of which is attached hereto as Exhibit "F". Mr. Monk responded to questions from the Board and the Engineer. The Board informed Mr. Monk that it needed more time to review the project. No action was taken.

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

8. New Business.

a. The Board then discussed the District's insurance renewal. Mr. Eidman presented the proposal from Arthur J. Gallagher & Co. ("W.I.N."). Upon motion by Director Ammer, seconded by Director Comeaux, 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 "G".

b. Mr. Eidman next presented a legislative update prepared by Johnson Petrov LLP, detailing various legislative changes effecting water districts' from the most recent Texas Legislative Session that affect water districts.

9. Old Business.

a. Status of maintenance at Kay Mills Berm. There was no update at this time.

b. Status of Relocating Street Light(s) – Pin Oak Village and Mills Pointe. There was no update at this time.

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

SIGNED, PASSED and APPROVED this 16<sup>th</sup> day of September, 2015.



Stephen B. Berdahl  
Secretary, Board of Directors

EXHIBITS:

- A - Audit Engagement Letter
- B - Bookkeeper's Report and Investment Report
- B-1- Draft budget for the fiscal year ending August 31, 2016
- C - Tax Assessor/Collector's Report
- D - 2015 tax rate recommendation
- E - Operations Report
- F - Westheimer Parkway Conceptual Project Plan
- G - Arthur J. Gallagher & Co. Insurance Proposal