

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

August 20, 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, August 20, 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: Don Massey of Simon Properties, owner of Katy Mills Mall; Drew K. Masterson of FirstSouthwest Company ("FirstSouthwest"), financial advisors for the District; Constable Ron Cook and Aaron Tyksinski Chief Deputy of Fort Bend County, Precinct 3; Mr. Cassidy of the Pin Oak Village Homeowner's Association (the "HOA"); 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; 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 Comments. There being no public comment, the President moved two (2) old business items on the agenda to the beginning of the meeting to accommodate visitors to the meeting.

2. Security Matters in Pin Oak Village and Mills Pointe. Director Ammer began discussion regarding the security matters and the concerns that were previously expressed by members of the Pin Oak Village HOA and introduced Constable Ron Cook and Chief Deputy Aaron Tyksinski. Constable Cook gave a brief overview of the activities of his office and Chief Deputy Tyksinski described the Constables program for security. Chief Deputy Tyksinski stated that the Constable's Office currently has a program to provide additional deputies to neighborhoods on a contract basis and further stated that the cost for one (1) deputy is about \$95,000 a year. He also noted that some districts and homeowner associations share constables and split costs with other districts and homeowner associations. The Board thanked the Constable for the information, but took no action at this time.

3. Status of Maintenance of the Katy Mills Berm. Discussion next ensued regarding the maintenance of the Katy Mills berm. The Board first noted their complaints regarding the existing status of the berm and in particular the substantial number of trees that have died. Mr. Massey specifically acknowledged the contractual obligation of Simon Properties to maintain the berm and replace the trees. Mr. Massey further discussed their specific plans to replace the trees on the berm, indicating that he believed approximately fifty (50) trees needed to be replaced. He stated that he was waiting for corporate approval for the funds and that he was planning to contact an arborist to determine the best trees to use. It was noted that this matter had been going on for quite some time and that the District expected it to be addressed by this fall as that would be prime planting time and Mr. Massey agreed that that was his goal.

4. Approval of Minutes. The Board then considered approval of the July 16, 2014 regular meeting minutes. Upon motion by Director Carp, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved such minutes, as presented.

5. Next, the Board presented an engagement letter for auditing services from David L. Merritt of 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, 2014.

Mr. Petrov stated that David Merritt was unable to be at tonight's meeting and had asked that the item be deferred to next month if there were any questions. No Board member expressed any questions or concerns. Upon motion by Director Carp, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board engaged David L. Merritt.

6. Bookkeeper's Report. Ms. Shelnut presented the Bookkeeper's Report and draft budget for fiscal year ending August 31, 2015, copies of which are attached hereto as Exhibit "B". Discussion ensued concerning the draft budget and the Board Members reviewed various line items, revising some as appropriate.

Upon motion by Director Carp, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report and the draft budget as revised for fiscal year ending August 31, 2015.

7. 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 "C".

- a) Mr. Byrd reviewed the written report and responded to questions from the Board.
- b) The Tax Assessor/Collector's Report reflected that 97.9% of the 2013 taxes have been collected as of July 31, 2014. Mr. Byrd then distributed the 2014 Tax Rate Information, a copy of which is attached as Exhibit "D." Discussion ensued regarding the tax rate calculation. Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board authorized the Tax Assessor-Collector to publish the proposed tax rate, which is recommended at a total ad valorem tax rate of \$0.52 per \$100 of assessed value for the year 2014 for operation/maintenance purposes.

8. 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.
- b) Discussion ensued regarding the repair of the fence at the water plant at a cost of approximately \$4,500.00.
- c) Discussion ensued regarding patching the holes on the roof of the ground storage tank. Mr. Williams explained the repairs needed and Mr. Leyendecker further recommended the repairs to ground storage tank roof and stated that he believed that the repairs could be accomplished without having to replace the roof hatch.

Upon motion by Director Ammer, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Operations Report, including authorization for the repair of the fence at the water plant.

9. Engineer's Report. The Engineer's Report was presented by Mr. Leyendecker, a copy of which is attached hereto as Exhibit "F".

- a. Mr. Leyendecker reported that he received a call from a developer who has purchased about six (6) acres near the District. He stated that the developer is seeking water service as well as usage of the District's drainage ditch. Mr. Leyendecker invited the developer to attend the next board meeting in September.

10. New Business.

- a. Insurance Renewal. The Board then discussed the District's insurance renewal. Mr. Petrov presented the insurance renewal proposal from Highpoint Insurance Group, LLC. ("Highpoint"). Upon motion by Director Davis, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board accepted the proposal of Highpoint, a copy of which is attached as Exhibit "G".

11. Other Matters. Director Berckenhoff stated that he had asked a representative of the North Fort Bend County Water Authority to make a presentation to the District concerning the activities of the Authority. He asked that an item for this be placed on the next agenda.

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

SIGNED, PASSED and APPROVED this 17th day of September, 2014.




Secretary, Board of Directors

EXHIBITS:

- A - Auditor Engagement Letter for FYE August 31, 2014
- B - Bookkeeper's Report, including Budget for FYE August 31, 2015
- C - Tax Assessor/Collector's Report
- D - Tax Rate Information
- E - Operations Report
- F - Engineer's Report
- G - Highpoint Insurance Group, LLC Renewal