

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

### **MINUTES OF MEETING OF BOARD OF DIRECTORS**

**AUGUST 16, 2017**

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 16, 2017, 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:

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

All members of the Board were present, with the exception of Director Comeaux, thus constituting a quorum. Also attending all or portions of the meeting were: Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC, auditors for the District ("McCall Gibson"); Kim Shelnutt 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; Bob Ring 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 July 19, 2017 regular meeting minutes. Upon motion by Director Ammer, seconded by Director Carp, after full discussion and with all Directors present voting aye, the Board approved as presented.

3. Engage Auditor for FYE 8/31/17 and Accept TEC Form 1295. Mr. 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, 2017. Mr. Ellis also presented the TEC Form 1295, copies of same are attached hereto as Exhibit "A".

Upon motion by Director Berckenhoff, seconded by Director Ammer, 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, 2017.

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 first 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, 2017.

Ms. Shelnutt next reviewed the Budget for FYE 8/31/18 with the Board. A copy of which is attached to the Bookkeeper's Report.

Upon motion by Director Berckenhoff, 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 8194 through 8216 from the Operating Account and approved the Budget for FYE 8/31/18.

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 "B".

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

b. The Tax Assessor/Collector's Report reflected 98.3% of the 2016 taxes had been collected as of July 31, 2017.

Next, the Board discussed the 2017 maintenance tax rate of \$0.49 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 Berckenhoff, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board 1) authorized the Tax Assessor-Collector to publish the net effective tax rate calculation of \$0.49 per \$100 assessed valuation in the *Katy Times* and notice of the public hearing on the 2017 tax rate to be held at the September 20<sup>th</sup> Board meeting; 2) approved the Tax Assessor/Collector's Report, as presented and authorized payment of check numbers 2097 thru 2100 from the Tax Account.

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

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

b. Mr. Ring noted low water accountability. Mr. Ring reported that 83.70% of the water pumped was accounted for during the previous month. Discussion ensued regarding the District's water accountability and Mr. Ring stated that he would investigate this further. He also reported there were five (5) delinquent accounts scheduled for termination due to non-payment of water and sewer bills.

c. He also updated the Board on the Water Meter Project, stating that the meters have been delivered to ST's office and the replacement project should begin in September.

d. Mr. Ring next presented a draft response for submission to the TCEQ. Mr. Leyendecker stated he will work with Mr. Ring to complete the letter before August 31<sup>st</sup>.

Upon motion by Director Ammer seconded by Director Berckenhoff, after full discussion and with all Directors present voting aye, the Board approved the Operations Report, as presented including, authorizing termination of service to five (5) delinquent accounts pursuant to the District's Rate Order.

7. Engineering Report.

a. Mr. Leyendecker reported on the current development in the vicinity of the District. He also responded to questions from the Board.

b. He also stated that the City of Katy would be going on the District's Interconnect.

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

8. New Business.

a. Legislative Update. Mr. Petrov presented the 85<sup>th</sup> Legislative Update prepared by Johnson Petrov LLP, detailing various legislative changes.

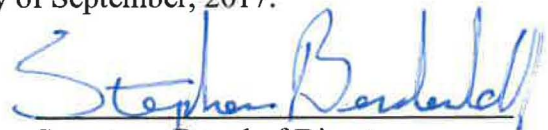
9. Old Business.

Status of Maintenance of Katy Mills Berm and proposed Katy Mills Management District. There was no action on this item.

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

RESOLVED, PASSED and APPROVED this 20<sup>th</sup> day of September, 2017.



  
Secretary, Board of Directors

- A - Auditor Engagement Letter/TEC Form 1295
- B - Bookkeeper/Investment Report
- B-1- Certificate and Order Adopting Budget for the  
FYE August 31, 2018
- C - Tax Assessor/Collector's Report
- C-1- 2017 Tax Recommendation
- D - Operations Report