

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

MINUTES OF MEETING OF BOARD OF DIRECTORS

AUGUST 19, 2020

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, 2020, 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
Rudy Ammer	Vice President/Investment Officer/Co-Tax Compliance Officer
Larry W. Davis	Secretary
Kenneth L. Comeaux	Assistant Secretary
Greg Murray	Treasurer

All members of the Board were present, with the exception of Directors Comeaux and Murray, thus constituting a quorum. Also attending either in person or by Teleconference were Kim Shelnett 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; and Alan P. Petrov of Johnson Petrov LLP (the "Attorney" or "JP"), attorneys for the District; Allen Perez with the Westheimer Parkway Project ("Developer"); Tim Applewhite of McCall Gibson Swedlund Barfoot PLLC ("Auditor" or "McCall Gibson"); and Steve Startzell with WCA representative.

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. Startzell, a representative of WCA, commented that the WCA service has been impacted by COVID and that WCA hopes to resume normal services in a week or so. The Board President asked that WCA pick up the recycling with the garbage if it is put out by a resident until such normal services can resume to avoid issues with the recycling being left curbside for extended periods of time. Mr. Startzell also stated that heavy trash pick up has been suspended until further notice.

2. Approval of Minutes. The Board next considered approval of the regular meeting minutes of July 15, 2020, which was previously distributed to the Board. Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the minutes as presented.

3. Engagement of Auditor for Fiscal Year Ending August 31, 2020 and Accept TEC Form 1295. Mr. Applewhite reviewed and 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, 2020 along with the TEC Form 1295, copies of which are attached hereto as Exhibit "A".

Upon motion by Director Ammer, seconded by Director Davis, 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, 2020.

Director Comeaux enters the meeting at this time.

4. Bookkeeper's Report and Investment Report. Ms. Shelnut distributed the Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "B". She reviewed the written report and responded to questions. Discussion ensued.

a. Ms. Shelnut first reviewed the written report and responded to questions from the Board.

b. Ms. Shelnut next reviewed current and year-to-date revenue and expenditures against the District's budget for the fiscal year ending August 31, 2020.

The President discussed the street light invoices from Reliant and Hudson. He requested Ms. Shelnut see if Hudson can take over the one street light which is served by Reliant.

c. Ms. Shelnut next reviewed the Budget for fiscal year end August 31, 2021 with the Board. A copy of which is attached to the Bookkeeper's Report. The Board discussed the proposed budget with the Bookkeeper.

The Board deferred adopting the proposed budget, until later in the meeting.

Upon motion by Director Davis, seconded by Director Comeaux, 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 1922 through 1946 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 98.2% of the 2019 taxes had been collected as of July 31, 2020.

c. Mr. Ferrier stated there does not appear to be any updates on the Delinquent Tax Attorney Report Mr. Ferrier responded to questions from the Board. The President asked Mr. Ferrier to reach out to Mr. Thornhill regarding any updates.

Upon motion by Director Comeaux, seconded by Director Ammer, 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 2275- thru 2277 from the Tax Account and the Delinquent Tax Attorney Report.

d. Mr. Petrov reviewed with the Board a Resolution Determining the District's Status for Tax Rate Calculation Purposes. Mr. Petrov also reviewed the tax calculations prepared by Equi-Tax. Discussion ensued. The Board then determined that the District is a Low Tax Rate District, as defined by Texas Water Code, Section 49.23601, whereby a district would have a maintenance and operating tax under 2.5%, and would be allowed an annual tax increase not to exceed eight (8%) percent.

Upon motion by Director Ammer, seconded by Director Comeaux, after full discussion and with all Directors present voting aye, the Board approved the Resolution Determining the District's Status for Tax Rate Calculation Purposes and thus determined that the District is a Low Tax Rate District, as defined by Texas Water Code, Section 49.23601, whereby a district would have a maintenance and operating tax under 2.5%, and would be allowed an annual tax increase not to exceed eight (8%).

e. Next, the Board discussed setting the 2020 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 Ammer, 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 \$0.50 per \$100 assessed valuation in the *Katy Times* and the notice of the public hearing on the 2020 tax rate to be held at the September 16th Board meeting.

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

a. Mr. Ring reviewed the current operations in the District with the Board and answered questions. Next, Mr. Ring also reported there were eleven (11) delinquent accounts and two (2) collection accounts. Mr. Ring also reported to the Board that the Westside water meter is under reporting and needs to be replaced and that the isolation valve for the meter needs to be repaired. The Board requested Mr. Ring contact Quadvest to see if they show actual water usage for Westside and to also request the bill be adjusted accordingly.

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

7. Engineering Report. Mr. Leyendecker was not present at tonight's Board meeting. Director Berckenhoff reported that he talked with Mr. Leyendecker, that he is back to work and doing well, but has a difficult time talking. Director Berckenhoff stated he believes Mr. Leyendecker will be at the September meeting. Director Berckenhoff also stated that a Phase 2 of the Katy Boardwalk Project is expected to go out for bid and will include the spillway construction.

Mr. Perez updated the Board on his project and stated it is moving forward.

8. New Business.

a. Memorial Contribution to Katy Athletic Booster Club. The Board discussed contributing \$2,000 to the Katy Athletic Booster Club Scholarship Fund in memory of David Carp.

Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved a contribution of \$2,000 to the Katy Athletic Booster Club Scholarship Fund in memory of David Carp.

b. 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 Comeaux, seconded by Director Davis, 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 "F".

c. Annual Review of Investment Policy. 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 Comeaux, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board approved the Annual Review of Investment Policy with no proposed changes.

9. Old Business.

a. Update on Fire Protection Services with the City of Katy (the "City").

The Board reviewed and discussed the draft Agreement with the following proposed revisions: no specified monthly contribution amount and the Agreement should include the request for inclusion in the ETJ.

Upon motion by Director Davis, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board approved the above-referenced revisions to the Agreement and authorized Johnson Petrov to forward same to the City's attorney, Art Pertile.

In addition, Director Ammer reported that he had conversations with ESD No. 2 and ESD No. 2 expressed an interest in serving the District if an agreement could not be worked out with Katy.

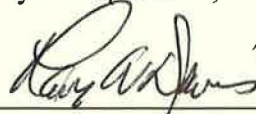
10. Budget for fiscal year end August 31, 2021

The President asked if the Board had any comments or revisions to the Budget. Upon motion by Director Comeaux, seconded by Director Ammer, after full discussion and with all Directors present voting aye, the Board adopted the Budget for fiscal year end August 31, 2021.

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

SIGNED, PASSED and APPROVED this 16th day of September, 2020.

[DISTRICT SEAL]



Secretary, Board of Directors

EXHIBITS:

- A - Engagement of Auditor
- B - Bookkeeper's Report
- C - Tax Assessor/Collector's Report
- D - Delinquent Tax Attorney Report
- E - Operations Report
- F - Insurance Renewal

