

**MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS**

APRIL 10, 2023

THE STATE OF TEXAS	§
COUNTY OF HARRIS	§
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 537	§

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 537 (the "District"), noticed a regular session open to the public, to be held at 12:00 p.m., on Monday, April 10, 2023, at 1980 Post Oak Blvd, Suite 1380, Houston, Texas 77056, a designated meeting place located outside the boundaries of the District. Whereupon, at 12:09 p.m., the meeting was called to order and the roll was called of the members of the Board, to wit:

Allen Watson	-	President
Beatriz Armendarez	-	Vice President
Anthony Sartori	-	Secretary
James Balock	-	Assistant Secretary
Nancy Turner	-	Assistant Secretary

All members of the Board were present, except Director Turner, thus constituting a quorum. Copies of the notices of the meeting are attached hereto.

Also attending the meeting were Carson Nunnelly of Development Houston In Town, L.P. ("Hines"), a Developer of land within the District; Debra Loggins of L & S District Services ("L & S"), Bookkeeper for the District; Shammarie Leon of Bob Leared Interests, Tax Assessor/Collector for the District; Jaison Sanwald of Si Environmental, LLC ("SiEnviro"), Operator for the District; Alix Osgood and James Lott of Brown & Gay Engineers ("BGE"), Engineers for the District; Corey Howell of The GMS Group ("GMS"), Financial Advisor for the District; Zachary Smith of Lake Management Services L.P. ("Lake Management"); Jasmine Batteau of Harris County Precinct 4 Commissioners Office ("HC Precinct 4"); Josh J. Kahn, Darsey Norton, Ava Leigh Bryan (Legal Assistant) and Alyssa Sanford (Legal Assistant) of Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SK Law"), Attorneys for the District; and Neville Henry, a board member of the Somerset Green Homeowners Association ("HOA").

HEAR FROM THE PUBLIC

The Board recognized Ms. Batteau, who introduced herself and notified the Board that she is the communications director for the HC Precinct 4 office. She noted that she plans to attend future meetings to gain knowledge about the District.

The Board noted that no action was needed.

APPROVE MINUTES OF MEETING HELD FEBURARY 6, 2023 AND MARCH 3, 2023

The Board reviewed the proposed minutes of the meetings of the Board held February 6, 2023, and March 3, 2023, copies of which were previously distributed to the Board.

Upon motion by Director Watson, seconded by Director Balock, and after full discussion, the Board voted unanimously to approve such minutes, as presented.

GREEN FOR LIFE REPORT

The Board recognized Mr. Kahn who on behalf of the District's trash and recycle service provider, Green for Life Environmental ("GFL"), presented to and reviewed with the Board the Customer Service Report.

The Board noted no action was needed.

DEVELOPER'S REPORT

The Board recognized Mr. Nunnelly, who updated the Board on the status of development in the District and stated that there were 35 home sales in the first quarter of 2023. He also noted that in the entirety of the District there had been 427 home sales, 350 closings, and a total of 491 completed homes. Mr. Nunnelly explained that he is working with Mr. Henry to have an HOA Board consisting of 5 members by the end of the year.

The Board noted that no action was necessary in connection with the Developer's Report.

HEAR FROM FINANCIAL ADVISOR

The Board recognized Mr. Howell who presented and reviewed with the Board a Summary of Cost and Cash Flow Analysis Report which outlined the remaining reimbursables for park and recreational facilities, a copy of which is attached hereto. He reviewed the analysis that assumed the sale of \$3,460,000 in park bonds and also requested that the Board approve a Resolution Requesting

an Estimate of Value from Harris County Appraisal District as of April 1, 2023, to determine the District's growth projections. Ms. Osgood then discussed with the Board the costs related to Engineering fees to be reimbursed by the proposed bond issue. The Board discussed the timeline to approve and sell the bonds.

Upon motion by Director Sartori, seconded by Director Balock, and after full discussion, the Board voted unanimously to authorize GMS and BGE to begin the preparation of the proposed bond application to the TCEQ.

TAX ASSESSOR-COLLECTOR'S REPORT

The Board recognized Ms. Leon, who reviewed with the Board the Tax Assessor/Collector's Report for the months February and March. She also noted that 98.3% of the District's 2022 taxes have been collected. Ms. Leon provided the Board with the list of delinquent tax accounts and notified them that the letters providing notice of 20% penalty on delinquent taxes will be sent in July.

Upon motion by Director Watson, seconded by Director Balock, and after full discussion, the Board voted unanimously to (1) approve the Tax Assessor/Collector's Report; and (2) authorize payment of the tax checks listed therein.

BOOKKEEPER'S REPORT

The Board recognized Ms. Loggins, who submitted to and reviewed with the Board the Bookkeeper's Report, payment of invoices, and Investment Report, copies of which are attached hereto. Ms. Loggins also presented to and reviewed with the Board a proposed budget for fiscal year ending May 31, 2024. Discussion ensued about the proposed budget and no action was taken. The Directors requested to schedule a special meeting on May 2, 2023, to approve the budget.

Upon motion by Director Balock, seconded by Director Watson, and after full discussion, the Board voted unanimously to approve the Bookkeeper's Report, payment of invoices, and Investment Report, as presented.

OPERATOR'S REPORT

The Board recognized Mr. Sanwald, who presented to the Board a Notice of Assignment (the "Assignment") from Texas Operations & Professional Services ("TOPS") to SiEnvironmental, LLC

("SiEnviro"), and explained to the Board that SiEnviro recently purchased TOPS. He asked for the Board members to acknowledge and accept the Assignment.

Upon motion by Director Sartori, seconded by Director Balock, and after full discussion, the Board voted unanimously to accept the Assignment of TOPS to SiEnviro, as presented.

Mr. Sanwald then submitted and reviewed with the Board the Operator's Reports for the months of February and March, copies of which are attached hereto. He stated that there were 10 new meters installed in March bringing their total connection count to 401, and that the average water accountability was at 100%. He also reviewed with the Board the new EPA Lead and Copper Rule which requires the District to conduct a survey and report. Mr. Sanwald informed the Board of a Water Conservation Program through the City of Houston (the "COH") and said that SiEnviro would monitor as needed if the Board was interested in participating. The Board requested more information on the Water Conservation Program before taking action.

Mr. Sanwald provided an update on Sanitary Sewer projects within the District and said that the COH confirmed knowledge of the sag in the pipeline located under the railroad and made plans to implement a preventative maintenance plan. He also noted that the sewer issue on Blackshire was resolved without excavation.

Mr. Sanwald then presented to the Board a bill protest request from a resident in the District for an unexplainable increase in water usage. He explained that the resident is protesting 30,000 gallons of water. The Board agreed to provide the resident with the lowest billing rate for water service.

Upon motion by Director Sartori, seconded by Director Balock, and after full discussion, the Board voted unanimously to (1) approve the Operator's Report, as presented; and (2) authorize SiEnviro to provide the resident's bill protest request for 30,000 gallons to be charged at the lowest billing rate for water service.

ENGINEER'S REPORT

The Board recognized Ms. Osgood who introduced Mr. James Lott, and noted that he will be serving as the new District Engineer. Ms. Osgood then presented to and reviewed with the Board the Engineer's report and noted that the average water pressure in the District was 33 PSI. Next Ms.

Osgood requested authorization from the Board to submit the annual renewal for the Somerset Green Storm Water Quality permit.

Upon motion by Director Watson, seconded by Director Sartori, and after full discussion, the Board voted unanimously to (1) approve the Engineer's Report; and (2) authorize the District's Engineer to submit the Somerset Green Storm Water Quality permit renewal.

WATER PRESSURE & DISCUSS SUPPLEMENTAL WATER PRESSURE SYSTEM

The Board then recognized Director Sartori, who presented to and reviewed with the Board his concerns regarding the Supplemental Water Pressure System (the "SWPS") that was discussed at the February 6th Board meeting. He explained that it was determined that the recent lack of pressure complaints by few residents was due to them not having a booster pump installed in their home and listed his concerns regarding the SWPS which included: the cost, additional liability of the District, noise disturbance, unpleasant aesthetics, increase in maintenance and a potential decrease in property values. The Directors then discussed alternatives to resolve the existing water pressure issues and proposed that Hines require booster pumps in all homes built in the District. Mr. Kahn suggested including a requirement for booster pumps in the Amended Rate Order.

The Board agreed to include a requirement for booster pumps in the Amended Rate Order and take action when it would be discussed as a following agenda item.

AMENDED RATE ORDER

The Board recognized Mr. Kahn who reminded the Board of their approval to continuously amend the District Rate Order to reflect the current Water and Wastewater Rates of the COH. He then asked for approval of the Order Amending Consolidated Rate Order and Rules and Regulations; Establishing a Drought Contingency Plan; Establishing Certain Other Policies; and Providing Penalties for Violation Thereof (the "Amended Rate Order"). Mr. Kahn noted that SiEnviro prepared a letter to send to residents in the District informing them of the upcoming rate change. He also stated the Amended Rate Order would include a Booster Pump Installation Requirement for all construction started on or after the effective date.

Upon motion by Director Sartori, seconded by Director Watson, and after full discussion, the Board voted unanimously to approve the increase of water and wastewater rates in the District to match the COH's rates by increasing periodically; and approve the Amended Rate Order, subject to final review by the District's attorney.

DISCUSS CITY OF HOUSTON WATER SERVICE AGREEMENT

Mr. Kahn updated the Board on matters related to the billing reconciliation that remains outstanding with the City of Houston. He explained he continues to reach out to the City of Houston for assistance and will update the Board of his findings.

GROUNDWATER USE AND CREDITS

The Board recognized Mr. Smith, who submitted to and reviewed with the Board the Lake Management Report on the District's groundwater use and credits.

The Board noted that no action was needed.

ATTORNEY'S REPORT

Consider Approving Order Authorizing Application and Application for Approval by Texas Commission on Environmental Quality ("TCEQ") of Project Issuance of Park Bonds

The Board noted the previous discussion regarding the proposed Bond Application for Park and Recreational Facilities in the year 2023. Mr. Kahn submitted to and reviewed with the Board a proposed Order Authorizing Application for Approval by the Texas Commission on Environmental Quality (the "TCEQ") of Projects and Issuance of Bonds. Mr. Kahn explained that the proposed Order would authorize the formal Application for Approval by the TCEQ of Projects and Issuance of Bonds, which documents would accompany the District's bond application to be submitted to the TCEQ.

Upon motion by Director Watson, seconded by Director Balock, and after full discussion, the Board voted unanimously to adopt the Order Authorizing Application for Approval and the Application for Approval by the TCEQ of Project and Issuance of Bonds.

Annual Review of Investment Policy

Consideration was then given to a Resolution Evidencing Review of Investment Policy and Investment Strategies. Mr. Kahn reminded the Board that the Public Funds Investment Act requires

the Board to review the District's Investment Policy annually and consider making any changes thereto. Mr. Kahn recommended that no changes be made to the Investment Policy at this time other than to update the list of authorized brokers for the District.

Upon motion by Director Watson, seconded by Director Balock, and after full discussion, the Board by unanimous vote agreed not to make any changes to the District's Investment Policy, other than to update the list of authorized brokers for the District, and to adopt the Resolution Evidencing Review of Investment Policy and Investment Strategies.

Identity Theft Prevention Policy

Mr. Kahn next presented to the Board for approval a Resolution Providing for Annual Review of Identity Theft Prevention Policy (the "Policy"), noting that SiEnviro had recommended no changes to the Policy at this time.

Upon motion by Director Watson, seconded by Director Balock, and after full discussion, the Board voted unanimously to approve the Resolution Providing for Annual Review of Identity Theft Prevention Policy.

Emergency Preparedness Plan

The Board recognized Mr. Kahn, who noted that the District is required to review and update the Emergency Preparedness Plan (EPP) on an annual basis. He stated that a review of the District's files reflected that the District's EPP was last updated in April 2020 and that no changes were needed except that it would need to be updated with the appropriate Board of Director contact information.

Upon motion by Director Watson, seconded by Director Balock, and after full discussion, the Board voted unanimously to approve the Resolution Providing for Annual Review of the Emergency Preparedness Plan.

ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made and seconded, the Board by unanimous vote adjourned the meeting.

PASSED, APPROVED, AND ADOPTED this 19th day of June, 2023.

(SEAL)



Secretary, Board of Directors

A handwritten signature in blue ink, written over a horizontal line. The signature is stylized and appears to be "C. S. S." followed by a large flourish.