

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

SEPTEMBER 25, 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 special session open to the public, to be held at 12:00 p.m., on Monday, September 25, 2023, at 1980 Post Oak Blvd, Suite 1380, Houston, Texas 77056, a designated meeting place located outside the boundaries of the District. Whereupon, at 12:01 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 Balock, thus constituting a quorum.

Copies of the notices of the meeting are attached hereto.

Also attending the meeting were Debra Loggins of L & S District Services ("L & S"), Bookkeeper for the District; Alex Stachow of McGrath & Co. ("McGrath"), Auditors for the District; Shammarie Leon of Bob Leared Interests, Tax Assessor/Collector for the District; Alix Osgood, James Lott, and Julia Frankovich of Brown & Gay Engineers ("BGE"), Engineers for the District; Corey Howell of The GMS Group ("GMS"), Financial Advisors for the District; Jaison Sanwald of Si Environmental, LLC ("SiEnviro"), Operator for the District; Bryant Cook of Development Houston In Town, L.P. ("Hines"), a Developer of land within the District; Simon VanDyke of Touchtone Services; Zachary Smith of Lake Management Services ("LMS"); Joshua J. Kahn, Darsey Norton, and Deidra Daniels (Paralegal) of Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SK Law"), Attorneys for the District; and Members of the Public Neville Henry, Mike Reckles, Kimberly Hickson-Spaw, Michael Robinson, and David Villarreal.

Some Agenda items were taken out of order.

#### **HEAR FROM PUBLIC**

The Board noted that no Public wished to address the Board.

#### **APPROVE MINUTES OF MEETING AUGUST 21, 2023**

The Board reviewed the proposed minutes of the meeting of the Board held August 21, 2023, copies of which were previously distributed to the Board.

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

#### **GREEN FOR LIFE REPORT**

The Board recognized Mr. Kahn, who noted that a Report was included with the meeting materials, previously distributed.

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

#### **DEVELOPER'S REPORT**

No Report was offered.

#### **AUDITOR'S REPORT**

##### **FYE Audit**

The Board recognized Mr. Stachow, who reviewed with the Board the Annual Financial Report for the fiscal year ending May 31, 2023.

Upon motion by Director Watson, seconded by Director Turner, and after full discussion, the Board voted unanimously to approve the Annual Financial Report for the fiscal year ending May 31, 2023, subject to final review by the District's Directors and Consultants.

#### **FINANCIAL ADVISOR'S REPORT**

##### **Review Tax Rate Calculations and Authorize Publication of Notice**

The Board next discussed calling a public hearing on the District's proposed 2023 tax rate. Mr. Howell reviewed with the Board the District's 2023 certified values and cash flow analysis based on the 2023 recommended debt service tax rate, noting that the District is a Developing District, as defined in Section Water Code, Section 49.23602. Mr. Kahn reviewed with the Board the process for

setting the tax rate, noting that the District must publish notice and hold a public hearing for discussion of the proposed 2023 tax rate.

The Board then discussed setting a meeting date for conducting the public hearing and setting the tax rate. It was the consensus of the Board to schedule such meeting for 12 p.m., Monday, October 30, 2023, at 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056.

Upon motion by Director Watson, seconded by Director Armendarez, and after full discussion, the Board voted unanimously to (1) confirm that the District is a Developing District, as that term is defined in Texas Water Code, Section 49.23602; (2) call the public hearing on the proposed 2023 Tax Rate, to be held at 12:00 p.m., Monday, October 30, 2023, at 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056; and (3) authorize the publication of the Notice of Public Hearing on Tax Rate at a proposed total tax rate for 2023 of \$0.50 per \$100 of assessed, along with a tax rate and levy analysis as required by Chapter 49 of the Texas Water Code.

**Order Adopting Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of Preliminary Official Statement and Authorizing Publication of Notice of Sale**

The Board recognized Mr. Howell, who reviewed with the Board the Preliminary Official Statement prepared in connection with the proposed issuance of the District's Unlimited Tax Park Bonds, Series 2023 (the "Bonds"). Mr. Howell noted that the District would receive bids and award the sale of the Bonds at its meeting on October 30, 2023.

Upon motion by Director Sartori, seconded by Director Watson, and after full discussion, the Board voted unanimously to approve the Preliminary Official Statement for the Bonds and to adopt the Order Adopting Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of Preliminary Official Statement, and Authorizing Publication of Notice of Sale.

**TAX ASSESSOR-COLLECTOR'S REPORT**

The Board recognized Ms. Leon, who reviewed with the Board the Tax Assessor/Collector's Reports.

Upon motion by Director Sartori, seconded by Director Watson, 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.

Upon motion by Director Watson, seconded by Director Turner, and after full discussion, the Board voted unanimously to approve (1) the Bookkeeper's Report, (2) payment of invoices, and (3) Investment Report, as presented.

#### **OPERATOR'S REPORT**

The Board recognized Mr. Sanwald, who submitted to and reviewed with the Board the Operator's Report, a copy of which is attached hereto. Mr. Sanwald advised that (1) daily water samples were being tested due to the removal of the backflow preventers; (2) the annual fire hydrant inspection was delayed due to the current drought conditions; (3) the TCEQ required lead and copper sampling has been completed; and (4) there were no low water pressure calls from August 21 through September 18, 2023.

Upon motion by Director Turner, seconded by Director Watson, and after full discussion, the Board voted unanimously to approve the Operator's Report.

#### **ENGINEER'S REPORT**

The Board recognized Mr. Kahn, who advised that he had contacted TxDOT regarding the possible purchase of TxDOT property for placement of the District's proposed water pressurization system and was waiting on a response. The Board discussed various other possible locations for the proposed water repressurization system, noting that a variance from the City of Houston may be required. The Board further discussed the two options for a proposed water repressurization system which were presented by BGE at the August 21 meeting.

The Board recognized Ms. Osgood, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto. Ms. Osgood also presented two proposals from Storm Water Solutions for cleaning the drainage channel: (1) in the amount \$9,629, which proposal includes labor and equipment to remove and haul off the silt and vegetation from the channel; and (2) in the amount of \$5,543.00, which proposal includes to remove the silt and vegetation from the channel but does not include hauling off such silt and vegetation. Ms. Osgood also presented a proposal from Storm Water Solutions in the amount of \$66,450 to clean the canals. Director Turner noted that, due to low water levels, residents could see cinder blocks, trash, and sediment in the canals. Mr. Smith of LMS advised that the cinder blocks in the canals were being used as anchors for the fountains. Ms. Osgood also presented a proposal from BGE in the amount of \$15,000 for property assessment and design services for the proposed water repressurization system.

Upon motion by Director Watson, seconded by Director Armendarez, and after full discussion, the Board voted unanimously to: (1) approve the proposal from Storm Water Solutions in the amount of \$5,543 to remove the silt and vegetation from the drainage channel, and, as a contingent, approve the Storm Water Solutions proposal in the amount of \$9,629 if it is determined that the silt and vegetation must be hauled offsite; (2) approve the BGE proposal in the amount of \$15,000 for property assessment and design services for the proposed water repressurization system; and (3) approve the Engineer's Report. The Board took no action on the Storm Water Solutions proposal for cleaning the canals.

#### **WATER PRESSURE IN DISTRICT**

The Board recognized Mr. Kahn, who proposed that the Board authorize a Director to approve emergency actions between meetings relating to water pressure issues in the District.

Upon motion by Director Watson, seconded by Director Armendarez, and after full discussion, the Board voted unanimously to authorize Mr. Kahn, with the approval from any two Directors, to approve emergency actions relating to water pressure issues between meetings in an amount not to exceed \$10,000.

### **GROUNDWATER USE AND CREDITS**

The Board recognized Mr. Smith, who reviewed with the Board the Groundwater Credit Report.

The Board noted that no action was necessary.

### **DISTRICT WEBSITE/COMMUNICATIONS**

The Board recognized Mr. VanDyke, who discussed website updates and noted that the site had 117 views since the District's last meeting.

The Board noted that no action was necessary.

### **ATTORNEY'S REPORT**

#### **Interlocal Agreement with Subsidence District**

The Board recognized Mr. Kahn, who reviewed with the Board an Agreement for the WaterWise Program sponsored by the Houston Galveston Subsidence District. Mr. Kahn advised that by participating in the program and sponsoring students, the District would receive groundwater credits which may be applied against the District's total yearly water demand, if needed, or may be sold.

Upon motion by Director Turner, seconded by Director Watson, and after full discussion, the Board voted unanimously to approve the WaterWise Program and authorize execution of the Interlocal Agreement with the Harris Galveston Subsidence District.

### **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 30th day of October, 2023.

(SEAL)



  
Secretary, Board of Directors