

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

September 13, 2018

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 374 (the "District") met in regular session, open to the public, on the 13th day of September, 2018, at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Joe Sykes	President
Thomas Mohr	Vice President
Jennifer Naedler	Assistant Vice President
Brian Canepa	Secretary
Scott Spidle	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Crystal Horn of McGrath & Company, PLLC ("McGrath"); Randy Corson of Mischer Investments, L.P. ("Mischer"); Linda Hubble of Public Finance Group LLC ("Public Finance Group"); Jason Demel of Inframark Water & Infrastructure Operations ("Inframark"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Diane Bailey of McLennan & Associates, L.P. ("McLennan"); Keli Schroeder and Jeremy Gaskins of BGE, Inc. ("BGE"); Josh Fort of Champions Hydro-Lawn, Inc. ("Champions"); and Susan Edwards, Sandra Staine, and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 9, 2018, regular Board meeting. Following review and discussion, Director Spidle moved to approve the regular meeting minutes as presented. Director Mohr seconded the motion, which passed by unanimous vote.

SERIES 2018 UNLIMITED TAX PARK BONDS, INCLUDING APPROVE DEVELOPER REIMBURSEMENT REPORT

Ms. Horn reviewed the developer reimbursement report for disbursement of proceeds from the District's Unlimited Tax Park Bonds, Series 2018 Bonds ("Series 2018 Park Bonds"). After review and discussion, Director Naedler moved to approve the developer reimbursement report for the Series 2018 Park Bonds and direct that the report be filed appropriately and retained in the District's official records. Director Canepa seconded the motion, which passed unanimously.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Bailey presented and reviewed the bookkeeper's report and submitted the bills for the Board's review. The Board discussed the budget for fiscal year end August 31, 2019, that was approved at the last Board meeting. Following discussion, the Board requested that Ms. Bailey correct the budget to reflect the changes that were requested at the last Board meeting. Following review and discussion, Director Naedler moved to (1) approve the bookkeeper's report, as revised, the checks presented for payment, and the investment report; and (2) authorize disbursement of the proceeds from the Series 2018 Park Bonds. Director Canepa seconded the motion, which passed by unanimous vote. A copy of the bookkeeper's report, including the investment report, is attached.

The Board discussed the \$200 monthly fee that the Cypress Creek Lakes Property Owners Association is charging the District and Harris County Municipal Utility District No. 433 ("MUD 433") for janitorial services for the Constable's new office in the recreational center. It was noted that the District and MUD 433 are each paying \$100 per month.

## CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

Ms. Edwards reviewed the District's Investment Policy and stated no amendments to the policy are recommended at this time. After discussion, the Board determined not to amend the Investment Policy. Following review and discussion, Director Naedler moved to adopt a Resolution Regarding Annual Review of Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Mohr seconded the motion, which passed by unanimous vote.

## REVIEW, REVISE, AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Edwards reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. After review and discussion, Director Naedler moved to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. Director Canepa seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS, INCLUDING DELINQUENT TAX COLLECTIONS, INSTALLMENT AGREEMENT, AND PAYMENT OF TAX BILLS

Ms. Cruthirds reviewed the District's monthly tax report and stated that 99.81% of the District's 2017 taxes have been collected through the end of August. Following review and discussion, Director Mohr moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Canepa seconded the motion, which carried by unanimous vote. A copy of the tax report is attached.

2018 TAX RATE, PUBLIC HEARING DATE, AND NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered setting a public hearing date and authorizing notice of a public hearing regarding the District's adoption of a 2018 tax rate. Ms. Hubble presented a recommendation for the levy of a tax rate of \$0.5655 per \$100 of assessed valuation to provide for the District's debt service requirements, a copy of which is attached. The Board also discussed the District's operating account and agreed to levy a tax rate of \$0.2545 per \$100 of assessed valuation to provide for maintenance and operations. After discussion, Director Mohr moved to authorize publication of the tax rate of \$0.82 per \$100 of assessed valuation and set the public hearing for October 11, 2018, at 11:30 a.m. to receive comments on the District's 2018 proposed tax rate. Director Canepa seconded the motion, which passed unanimously.

ENGINEER'S REPORT

Ms. Schroeder presented the engineer's report, a copy of which is attached.

DEEDS, EASEMENTS, AND CONSENTS TO ENCROACHMENT

There were no deeds, easements, or consents to encroachment for the Board's approval.

UTILITY COMMITMENT LETTERS

There were no utility commitment letters for the Board's approval.

WATER PLANT PROJECTS

Ms. Schroeder updated the Board on construction of the hydropneumatic tank project at the joint water plant in Harris County Municipal Utility District No. 433. She reported that the Notice to Proceed was issued for August 27, 2018.

LIFT STATION REHABILITATION

Ms. Schroeder updated the Board on the lift station rehabilitation project. She reviewed and recommended approval of Change Order No. 1 to the contract with T&G Services ("T&G") in the amount of \$85,895.90 to increase the contract amount for additional costs for an alternate coating system in accordance with BGE's standards. She

added that this coating system should have been included in the original contract but was erroneously left out and that the overall cost, including the change order, will still be lower than the amount of the second highest bidder during the bidding of the project. The Board determined that Change Order No. 1 is beneficial to the District.

Following review and discussion, Director Spidle moved to approve Change Order No. 1 in the amount of \$85,895.90 as an increase to the contract with T&G, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Canepa seconded the motion, which passed by unanimous vote.

#### MOUND ROAD WATERLINE ADJUSTMENTS FOR HARRIS COUNTY MOUND ROAD EXPANSION

Ms. Schroeder updated the Board on the Mound Road waterline adjustments for the Harris County Mound Road Expansion from Crossland Park Drive east to Fry Road. She reported that BGE has received an Interlocal Agreement from Harris County that provides the fees to the District for the adjustments to the District's waterline with the Mound Road Expansion Project. She added that the Interlocal Agreement allows for added engineering fees for plan revisions by Harris County's engineer and the estimated construction cost for the adjustments at a cost of approximately \$34,822.73. She informed the Board that ABHR has reviewed and approved the form of the Interlocal Agreement. Following review and discussion, Director Spidle moved to approve the Interlocal Agreement with Harris County and direct that the Interlocal Agreement be filed appropriately and retained in the District's official records. Director Canepa seconded the motion, which passed unanimously.

#### WATERLINE CONNECTION AT CROSSLAND PARK DRIVE

Ms. Schroeder updated the Board on the waterline connection at Crossland Park Drive. She reviewed the tabulation of bids and reported that three bids were solicited and two bids were received. Ms. Schroeder recommended that the Board award the contract for the project to the low bidder, Fellers & Clark, in the amount of \$66,000. The Board concurred that, in its judgment, Fellers & Clark was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Following review and discussion, Director Spidle moved to award the contract for the waterline connection at Crossland Park Drive project to Fellers & Clark in the amount of \$66,000, based upon the engineer's recommendation and subject to verification of the bonds and insurance. Director Canepa seconded the motion, which passed by unanimous vote.

#### ENGINEERING MATTERS (CONTINUED)

Mr. Gaskins gave a Geographic Information System ("GIS") presentation to the Board explaining the framework used to gather, manage, and analyze spatial data. He explained to the Board how a GIS system could be beneficial to the District including

helping to reduce the costs of the valve and manhole surveys that Inframark performs and to develop a repair history on the District system. Mr. Demel informed the Board that a GIS system can record the survey results which makes locating and inspecting the facilities in the future more efficient. Mr. Gaskins presented and reviewed a proposal outlining the costs associated with developing a GIS system in the District, a copy of which is attached.

Mr. Corson informed the Board that Mischer was approached by a developer who is proposing to build office suites on an approximately 5 acre tract in the District. Mr. Corson asked the District to consider participating in drainage costs associated with the development of the tract.

#### EMERGENCY WATER INTERCONNECT WITH HARRIS COUNTY MUD NO. 500

Ms. Schroeder informed the Board that BGE is still in discussion with Harris County Municipal District No. 500 ("MUD 500") regarding a proposed emergency water interconnect.

#### OPERATOR'S REPORT

Mr. Demel presented the monthly operator's report, a copy of which is attached, and reported no violations of the permitted parameters for the effluent discharge in May. He then reviewed the report and invoices with the Board. Mr. Demel also reported on routine maintenance and repair items during the month.

Following review and discussion, Director Canepa moved to approve the operator's report. Director Spidle seconded the motion, which passed unanimously.

#### HEARING REGARDING TERMINATION OF UTILITY SERVICE TO DELINQUENT ACCOUNTS AND AUTHORIZE TERMINATION OF SERVICE

Mr. Demel reported on the list of delinquent customers this month. The Board conducted a hearing regarding water and sewer service terminations. He reported the customers on the termination list who are delinquent in the payment of their water and sewer bills were given written notification in accordance with the District's Amended Rate Order prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility service should not be terminated for reason of non-payment. After discussion, Director Canepa moved to authorize termination of delinquent accounts in accordance with the District's Amended Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Spidle seconded the motion, which passed by unanimous vote.

#### AMENDMENT TO OPERATOR'S AGREEMENT

This agenda item was deferred until the next Board meeting.

CHAMPIONS REPORT

Ms. Schroeder presented a report on behalf of Champions Hydro-Lawn, Inc. on the District’s drainage facilities, a copy of which is attached.

LAKE PRO, INC. (“LAKE PRO”) REPORT AND PROPOSALS

Director Sykes presented a proposal from Lake Pro for replacement of Section 1 Fountain #4 with a new AquaMaster fountain at a cost of \$11,735. He added that it includes a 5-year manufacturer motor warranty. Following review and discussion, Director Mohr moved to approve the proposal from Lake Pro. Director Spidle seconded the motion, which passed unanimously. A copy of the proposal that was approved is attached.

PARK/RECREATIONAL IMPROVEMENTS INCLUDING I.M.S. LANDSCAPE SERVICES, INC. (“I.M.S.”), REPORT, AND PROPOSALS

Director Sykes presented a proposal from I.M.S. for pruning the trees at lakes 1 and 2 at a cost of \$9,540, a copy of which is attached. Following review and discussion, the Board requested that additional proposals be obtained for pruning the trees.

PATROL SERVICES

Director Sykes reported on security matters in the District.

MEETING FACILITY REPORT, INCLUDING MAINTENANCE AND IMPROVEMENTS AT CYPRESS CREEK LAKES COMMUNITY CENTER (“CLUBHOUSE”)

Director Sykes reported on matters relating to the clubhouse. He informed the Board that the air conditioning went out in the clubhouse and has since been repaired. Following discussion, the Board requested that Ms. Bailey check to see if the District has a standing maintenance service agreement in place with an air conditioning company for the clubhouse.

DISTRICT WEBSITE

There was no discussion on this agenda item.

There being no further business to come before the Board, the Board concurred to adjourn the meeting.

(SEAL)



  
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Vice President, Board of Directors

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