

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

February 9, 2017

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 9th day of February, 2017, 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:

Merry Leonard	President
Joe Sykes	Vice President
Brian Canepa	Secretary
Mike Owens	Assistant Secretary
Thomas Mohr	Assistant Vice President

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

Also present at the meeting were Jason Demel of Severn Trent Services, Inc. ("ST"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Diane Bailey of McLennan & Associates, L.P.; Josh Fort and Bill Ward of Champions Hydro-Lawn, Inc. ("Champions"); Keli Schroeder and Ethan Demary of BGE, Inc. ("BGE"); Rob Melloy and Stacey Thomas of the Cypress Creek Lakes Property Owners Association, Inc., Phases 1 and 2 ("POA"); and Susan Edwards and Susan Prospere of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 12, 2017, meeting. Following review and discussion, Director Owens moved to approve the minutes as presented. Director Canepa seconded the motion, which passed by unanimous vote.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND ATTENDANCE AT SUMMER CONFERENCE

The Board considered approving reimbursement to the directors for expenses incurred in attending the AWBD winter conference and authorizing attendance at the AWBD summer conference. After review and discussion, Director Owens moved to approve reimbursement of the AWBD winter conference expenses and to authorize attendance of Board members at the AWBD summer conference. The motion was seconded by Director Canepa and carried unanimously.

BOOKKEEPER'S REPORT

Ms. Bailey presented the bookkeeper's report and submitted the bills for the Board's review. She pointed out that checks were received from Lowe's for costs related to Public Information Act requests and from Warren Fludd for the second 1/3 payment of his share of repair and cleaning costs related to the Cypress Creek Lakes Clubhouse vandalism.

Ms. Bailey also presented the investment report for the Board's review.

Ms. Bailey presented the amended budget approved by the Board of Directors at its January meeting, a copy of which is attached.

Upon a motion made by Director Owens and seconded by Director Canepa, the Board voted unanimously to approve the bookkeeper's report, the checks presented for payment, and the investment report. A copy of the bookkeeper's report, including the investment report, is attached.

TAX REPORT

Ms. Cruthirds reviewed the District's monthly tax report and noted that 85.03% of the District's 2016 taxes had been collected through the end of January and that approximately 96% has been collected to date. After discussion, Director Sykes moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Mohr seconded the motion, which carried by unanimous vote. A copy of the tax report is attached.

ENGINEER'S REPORT

Ms. Schroeder presented the engineer's report, a copy of which is attached, and reviewed the items as follows in these minutes. She informed the Board that the West Harris County Regional Water Authority ("WHCRWA") has almost completed the installation of the water line affecting the District's property.

Ms. Schroeder reported that the District will be billed for its 39% share of the Harris County Municipal Utility District No. 433 ground storage and hydropneumatic tank painting.

Director Sykes presented the Association of Water Board Directors trophy to the District for its reuse project to Ms. Schroeder to retain in her office.

IRRIGATION PUMP STATION NO. 1, WET WELL, AND ELECTRICAL SERVICE UPGRADE

Ms. Schroeder reported on the status of the irrigation pump station no. 1, wet well, and electrical service upgrade. She stated that no Pay Estimates or Change Orders were submitted by Gulf Coast Lake Irrigation for the Board's approval.

DEEDS, EASEMENTS, AND CONSENTS TO ENCROACHMENT

Ms. Schroeder reported that there were no deeds, easements, and/or consents to encroachment for the Board's approval and/or acceptance.

UTILITY COMMITMENT LETTERS

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

OPERATOR'S REPORT

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

Mr. Demel recommended that the Board authorize writing off one delinquent water and sewer service account with a balance less than \$25. Upon a motion made by Director Sykes and seconded by Director Owens, the Board voted unanimously to authorize writing off one delinquent account under \$25.

Mr. Demel reviewed the reports on the December effluent and reuse flow/rainfall, the meter replacement report for December indicating no replacements, and a list of zero usage meter readings in the District, copies of which are attached.

Mr. Demel reported that the irrigation makeup well has been capped but the CenterPoint Energy meter has not yet been removed. He stated that the process for the meter removal is underway.

PROPOSAL FOR LAKE EQUALIZATION LINE CLEANING PROJECT

Mr. Demel presented a proposal for the Lake Equalization Line Cleaning Project, a copy of which is attached. Ms. Schroeder suggested that BGE investigate the system hydraulics and other items before the work is authorized. The Board concurred with Ms. Schroeder's suggestion.

HEARING REGARDING TERMINATION OF UTILITY SERVICE TO DELINQUENT ACCOUNTS

Mr. Demel submitted a list of delinquent accounts to the Board for termination of utility service. He stated that the accounts in question have been given written notification of the opportunity to appear, either in person or in writing, at the Board meeting to contest, explain, or correct the charges, services, or disconnection. Mr. Demel noted that the accounts listed have neither attended the Board meeting nor contacted his office or the District to contest or explain the charges. After discussion, Director Sykes moved that the District's operator be authorized to proceed with termination of the utility service to said accounts, pursuant to the provisions of the

District's Rate Order. The motion was seconded by Director Owens and carried unanimously.

CHAMPIONS REPORT

Mr. Fort presented a report from Champions on the District's drainage facilities, a copy of which is attached. The Board agreed that Champions will replace the damaged "No Trespassing" sign at Channel B when the WHCRWA has completed work in the area.

Director Sykes informed the Board that the District may receive a request from the Cypress Creek Ranch homeowners association for permission to plant trees in the Mound Road detention pond area. The Board requested that Mr. Fort provide an estimate of the increase in mowing costs if trees are planted for review at the Board's next meeting.

LAKE PRO, INC., REPORT

Director Sykes reported that Lake Pro, Inc., is checking the fountains more often and will present a proposal for a new electrical outlet post behind the Cypress Creek Lakes Clubhouse.

PARK/RECREATIONAL IMPROVEMENTS AND I.M.S. LANDSCAPE SERVICES, INC. ("I.M.S."), REPORT

There were no updates on these matters.

PURCHASE OF LAND FROM POA

Mr. Melloy reviewed the POA's offer to sell land to the District for the expansion of the green space at the lake by the splash pad in Cypress Creek Lakes, Section 1, at a price of approximately \$309,710, proposed for payment in three annual installments. He reported that the funds would be placed in the POA's community enhancement account. Director Sykes noted that he has located five drains on the property. The Board requested that BGE investigate the effect on drainage if impervious capital improvements are constructed on the property. Mr. Melloy stated that the POA is assessing the District's interest in purchasing the property prior to presentation of the proposed sale to the POA members. The Board agreed that the sale should be premised on three annual payments and should include covenants restricting use of the land only for a green space unless there is a 2/3 vote of the POA members in Cypress Creek Lakes, Sections 1 and 2, and a majority vote of the District's Board of Directors. After discussion, Director Owens moved to authorize BGE to investigate the property drainage and to authorize the POA to present the proposed sale to the POA members based on the terms as discussed. Director Sykes seconded the motion, which carried unanimously.

PATROL SERVICES

The Board acknowledged receipt of the security services report for the month, a copy of which is attached.

WHCRWA REPORT

There was no report on the WCHRWA.

MEETING FACILITY

The Board considered approving an increase in the Cypress Creek Lakes Clubhouse rental fee. After discussion, Director Canepa moved to approve an increase in the rental fee to \$200. Director Mohr seconded the motion, which carried unanimously.

Director Canepa stated that he is still investigating options for locking the Clubhouse.

Director Sykes requested that the Board consider purchasing stackable chairs on a rolling platform.

ANNUAL REPORT

The Board considered approving the Annual Report updating the District's financial and operating data in accordance with the continuing disclosure agreements contained in the resolutions authorizing issuance of the District's bonds and SEC Rule 15c2-12. Upon a motion made by Director Sykes and seconded by Director Owens, the Board voted unanimously to approve the Annual Report and to authorize filing the information with depositories in accordance with the District's agreements in the resolutions authorizing issuance of the District's bonds and pursuant to SEC Rule 15c2-12.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Ms. Edwards stated that no changes are required at this time.

DEVELOPER'S REPORT

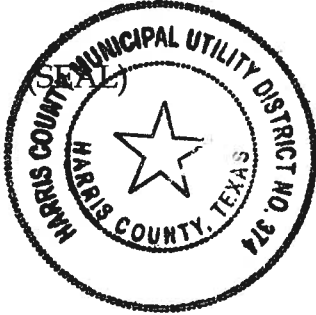
There was no report on development in or adjacent to the District.

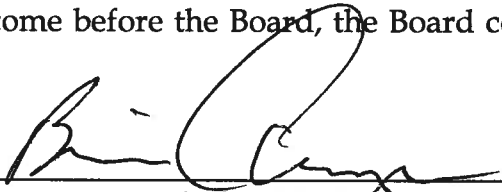
DISTRICT WEBSITE

The District discussed the content of the District's website and corrections to the existing items.

The Board requested that Mr. Demel prepare a residential water and sewer rate summary for the website and that the District's water smart status be included on the website. Director Owens stated that he will provide budget information to Shannon Waugh for inclusion on the website. Director Sykes requested that certain links not relevant to the District's residents be removed from the website.

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




Secretary, Board of Directors

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