

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

March 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 March, 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 of Champions Hydro-Lawn, Inc. ("Champions"); Keli Schroeder and Ethan Demary of BGE, Inc. ("BGE"); Shannon Waugh of Off Cinco; Hank Clepper and Robert Trevino of the Cypress Creek Ranch Homeowners Association ("Cypress Creek Ranch HOA"); Randy Corson of Mischer Investments, L.P.; and Susan Edwards and Susan Prospere of Allen Boone Humphries Robinson LLP ("ABHR").

DISTRICT WEBSITE DISCUSSION

Ms. Waugh and the Board discussed the content and features of the District website at hcmud374.com. The Board agreed that payments for rental of the Cypress Creek Lakes Clubhouse will be set up for payment through PayPal. The Board discussed the receipt of emails on the website and agreed that general questions will be discussed at the Board meetings and item-specific emails will be directed to the appropriate consultant for a response. The Board also considered purchasing the website domain named hcmud374.org to avoid confusion. Ms. Waugh stated that the website should be available to the public in approximately one week. After discussion, Director Sykes moved to approve the proposed website, subject to final review, and to authorize purchase of the hcmud374.org domain. Director Mohr seconded the motion, which carried unanimously.

REQUEST FROM CYPRESS CREEK RANCH HOA FOR PERMISSION TO PLANT TREES AND INSTALL FENCE AND MONUMENT AT MOUND ROUND DETENTION POND

Mr. Trevino presented photographs and plans in conjunction with a request by the Cypress Creek Ranch HOA to plant trees and install a fence and monument on the District's property on the upper area of the Mound Round detention pond. After discussion, Director Sykes moved to authorize BGE to prepare an easement description and ABHR to prepare an easement document to be conveyed by the District to the Cypress Creek Ranch HOA for the purposes discussed. Director Owens seconded the motion, which carried unanimously.

MINUTES

The Board considered approving the minutes of the February 9, 2017, meeting. Following review and discussion, Director Sykes moved to approve the minutes as presented. Director Mohr seconded the motion, which passed by unanimous vote.

BOOKKEEPER'S REPORT

Ms. Bailey presented the bookkeeper's report and submitted the bills for the Board's review. She also presented the investment report for the Board's review. Upon a motion made by Director Sykes and seconded by Director Mohr, 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 96.41% of the District's 2016 taxes had been collected through the end of February. After discussion, Director Sykes 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.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION ("RESOLUTION")

The Board considered adopting the Resolution providing for an exemption from ad valorem taxation of \$35,000 of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older and rejection of the general homestead exemption and any exemptions for travel trailers. Upon a motion made by Director Sykes and seconded by Director Canepa, the Board voted unanimously to adopt the Resolution.

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.

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 the pump is operational but no Pay Estimates or Change Orders were submitted by Gulf Coast Lake Irrigation for the Board's approval.

Ms. Schroeder reported that she will present a proposal for repair of irrigation pump station no. 2 for review at the Board's next meeting.

DETENTION POND CONNECTOR LINES

Ms. Schroeder reported that Champions will obtain a proposal for a scuba diving inspection of the detention pond connector lines. She stated that BGE will provide the District's water model with an extreme rain event to indicate the effect of the event on the drainage.

DEEDS, EASEMENT, 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.

PURCHASE OF LAND FROM CYPRESS CREEK LAKES PROPERTY OWNERS ASSOCIATION ("POA")

The Board discussed 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. Director Sykes reported that he attended the POA's town hall discussion where a resident raised the issue of the POA's authority to sell the land to the District. After discussion, the Board agreed that Ms. Edwards will review the POA covenants and related information to confirm the POA's authority and process to sell the land.

DISTRICT PROPERTY ADJACENT TO BACK YARD FENCE LINE ON JODIE LYNN STREET

The Board discussed maintaining District property located behind the fence along the back yards of the residents on Jodie Lynn Street. Director Mohr volunteered to contact the residents with fences obstructing the area regarding fence repairs required in order that the area can be maintained. The Board considered approving a proposal from I.M.S. Landscape Services, Inc. ("I.M.S."), for cleaning the District property from Cypress North Houston to the end of the wastewater treatment plant fence after the fence repairs are completed at a cost of \$6,770, a copy of which is attached. After discussion, Director Owens moved to approve the I.M.S. proposal. Director Sykes seconded the motion, which carried unanimously.

Director Leonard requested that Champions install no trespassing/no dumping signs at entrances to the District's property.

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 December. He then reviewed the report and invoices with the Board. He also reported on routine maintenance and repair items during the month.

Mr. Demel reviewed the reports on the effluent and reuse flow/rainfall, the meter replacement report for January, and a list of zero usage meter readings in the District, copies of which are attached.

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 Mohr 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.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Demel stated that he will present the annual report on implementation of the Water Conservation Plan at the Board's next meeting.

ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board agreed that no changes to the District's Drought Contingency Plan are necessary at this time.

CHAMPIONS REPORT

Mr. Fort presented a report from Champions on the District's drainage facilities, a copy of which is attached. He presented a photograph of construction activity adjacent to Channel C. The Board requested that Champions monitor the activity.

LAKE PRO, INC., REPORT

Director Sykes reported that Lake Pro, Inc., presented a proposal for new digital fountain and light timers at a cost of \$11,609, 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 Lake Pro, Inc., proposal, subject to receipt of the Form 1295.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WCHRWA") REPORT

There was no report on the WCHRWA.

PARK/RECREATIONAL IMPROVEMENTS AND I.M.S. REPORT

There were no updates on these matters.

PATROL SERVICES

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

MEETING FACILITY

Director Canepa stated that he is still investigating options for locking the Cypress Creek Lakes Clubhouse and will provide a proposal for purchasing stackable chairs on a rolling platform for review at the Board's next meeting. After discussion, Director Mohr moved to declare the existing chairs to be surplus property and to authorize purchase of a lock at a cost not to exceed \$3,500. Director Owens seconded the motion, which carried unanimously.

DEVELOPER'S REPORT

Mr. Corson reported on development in the District.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.072, TEXAS
GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR
VALUE OF REAL PROPERTY

The Board determined that it was unnecessary to convene in Executive Session at this time.

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



Michael Owens
Secretary, Board of Directors

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