

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

April 13, 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 13th day of April, 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"); Molly R. Carson of McCall, Parkhurst & Horton, L.L.P.; Ellie O'Connor, a resident of the District; and Susan Edwards and Susan Prospere of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the March 9 and 20, 2017, meetings. Following review and discussion, Director Sykes moved to approve the minutes as presented. Director Owens seconded the motion, which passed by unanimous vote.

INTERIM EXCESS EARNINGS REPORT

Ms. Edwards presented an Interim Excess Earnings Report prepared by OmniCap Group LLC, a copy of which is attached, indicating that the District has not incurred an overall positive rebate liability since the sale of its Series 2012 Bonds and does not owe any rebate payments to the Internal Revenue Service.

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 Canepa 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.

The Board requested that the bookkeeper provide an analysis of the District's surplus and escrow funds for assisting in decisions regarding project financing.

REORGANIZATION OF THE BOARD AND DISTRICT REGISTRATION FORM

The Board considered reorganizing the Board of Directors. Following discussion, Director Sykes moved to elect Director Owens as Secretary and Director Canepa as Assistant Secretary, with the remaining officers to retain their positions. Director Canepa seconded the motion, which passed by unanimous vote.

The Board then considered authorizing preparation and filing of an updated District Registration Form with the Texas Commission on Environmental Quality ("TCEQ"), reflecting the reorganization of the Board. Following review and discussion, Director Sykes moved to authorize preparation and filing of the updated District Registration Form with the TCEQ. Director Canepa seconded the motion, which passed by unanimous vote.

TAX REPORT

Ms. Cruthirds reviewed the District's monthly tax report and noted that 97.73% of the District's 2016 taxes had been collected through the end of March. After discussion, Director Owens moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Sykes 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.

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 recommended payment of the final invoice in the amount of \$69,865 submitted by Gulf Coast Lake Irrigation and acceptance of the project. Upon a motion made by Director Owens and seconded by Director Sykes, the Board voted unanimously to approve payment of the final invoice and acceptance of the project.

IRRIGATION PUMP STATION NO. 2

Ms. Schroeder presented a proposal from Gulf Coast Lake Pumping Systems for rehabilitation of irrigation pump station no. 2 at a cost of \$17,865, a copy of which is

attached. Director Owens moved to accept the proposal subject to execution of a construction contract for the project. Director Sykes seconded the motion, which carried unanimously.

DEEDS, EASEMENTS, AND CONSENTS TO ENCROACHMENT

The Board considered approving a Landscape Easement conveyed by the District to the Cypress Creek Ranch Homeowners Association ("HOA") to allow the HOA to plant trees and install a monument on the District's property on the upper area of the Mound Road detention pond, subject to certain conditions. The Board requested that the Landscape Easement be revised to omit permission to install fences. After discussion, Director Owens moved to approve the Landscape Easement as revised. The motion was seconded by Director Sykes and carried by unanimous vote.

The Board considered approving a Drainage Easement for areas on Mound Road conveyed by the District to Harris County. After discussion, Director Owens moved to approve the Drainage Easement. Director Sykes seconded the motion, which carried unanimously.

UTILITY COMMITMENT LETTERS

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

PURCHASE OF LAND FROM CYPRESS CREEK LAKES PROPERTY OWNERS ASSOCIATION

The Board agreed to remove this item from the District's agenda.

DETENTION POND CONNECTOR LINES

Ms. Schroeder presented and discussed a memorandum and presentation regarding the District's detention system operations, copies of which are attached. The Board agreed that the presentation should be shown at a future town hall meeting. The Board also requested additional information on the drainage on the District's east side.

ADDITIONAL ENGINEERING MATTER

The Board agreed to continue discussion regarding the maintenance of District property located behind the fence along the back yards of the residences on Jodie Lynn Street or conveyance of the property for ownership and maintenance to the Towne Lake developer or Harris County Municipal Utility District No.502 at the next regular District meeting.

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 January.

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 February, and a list of zero usage meter readings in the District, copies of which are attached.

Mr. Demel recommended that the Board authorize turning over two delinquent water and sewer service accounts with balances in excess of \$25 to Collections Unlimited for collection. Upon a motion made by Director Owens and seconded by Director Sykes, the Board voted unanimously to authorize turning over two delinquent accounts over \$25 to Collections Unlimited for collection.

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 Owens 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 Sykes and carried unanimously.

ANNUAL REVIEW AND REPORT ON IDENTIFY THEFT PREVENTION PROGRAM

Mr. Demel presented the annual report on the identity theft prevention program, a copy of which is attached. He stated that there are no recommendations for revision of the program.

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.

CHAMPIONS REPORT

Mr. Fort presented a report on the District's drainage facilities, a copy of which is attached. He presented a photograph of the latest construction activity adjacent to Channel C. Mr. Fort reported that the herbicide treatments will be conducted in May.

LAKE PRO, INC., REPORT AND SERVICE AGREEMENT

Director Sykes reported that Lake Pro, Inc., presented a proposal to replace four of the five pumps on the front lake at a cost of \$14,000. He stated that he discussed the proposal with Director Leonard and authorized the replacement of the pumps and the light on lake no 4.

The Board then considered approving a Service Agreement with Lake Pro, Inc. Upon a motion made by Director Owens and seconded by Director Sykes, the Board voted unanimously to approve the Service Agreement with Lake Pro, Inc., and to approve the authorization of the lake no. 4 repairs.

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. Director Sykes reported on security incidents occurring during the month.

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 after the lock issue has been resolved.

DEVELOPER'S REPORT

There was no report on development in the District.

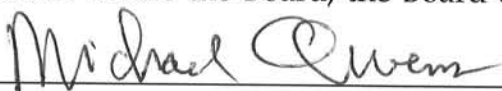
DISTRICT WEBSITE DISCUSSION

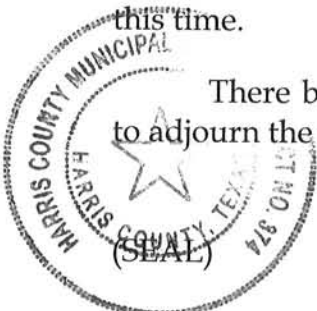
There was no discussion of website matters.

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.


Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Interim Excess Earnings Report prepared by OmniCap Group LLC	1
Bookkeeper's report.....	2
Investment report.....	2
Tax report	2
Engineer's report.....	2
Proposal from Gulf Coast Lake Pumping Systems.....	2
Memorandum and presentation on District's detention system operations	3
Operator's report.....	3
Reports on effluent and reuse flow/rainfall, meter replacement report for February, and list of zero usage meter readings	4
Annual report on identity theft prevention program.....	4
Champions report	4
Security services report	5