

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

May 11, 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 11th day of May, 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
Mike Owens	Secretary
Brian Canepa	Assistant Secretary
Thomas Mohr	Assistant Vice President

and all of the above were present except Director Canepa, 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"); Randy Corson of Mischer Investments, L.P.; and Jim Boone and Susan Prospere of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the April 13, 2017, meeting. Following review and discussion, Director Owens 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 Owens 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 investigate pre-paying AT&T, Reliant Energy, and Nexus Disposal for District services to reduce the number of blank checks. Director Sykes also asked that Ms. Bailey investigate the possibility of converting to balanced billing by Reliant Energy.

TAX REPORT

Ms. Cruthirds reviewed the District's monthly tax report and noted that 98.24% of the District's 2016 taxes had been collected through the end of April. 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. 2

Ms. Schroeder presented contracts with Gulf Coast Lake Pumping Systems for rehabilitation of irrigation pump station no. 2 for execution.

DETENTION POND CONNECTOR LINES

There was no update on this matter. The Board agreed to remove this item from the agenda.

DEEDS, EASEMENTS, AND CONSENTS TO ENCROACHMENT

There were no deeds, easements, and/or consents to encroachment for approval or acceptance.

ADDITIONAL ENGINEERING MATTER

The Board considered authorizing BGE to prepare the District's waste discharge permit renewal application. Upon a motion made by Director Sykes and seconded by Director Mohr, the Board voted unanimously to authorize preparation of the waste discharge permit renewal application.

UTILITY COMMITMENT LETTERS

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

NOTIFICATION TO TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ") REGARDING USE OF SURPLUS FUNDS

Ms. Prospere reported that notification has been sent to the TCEQ regarding the District's use of surplus construction funds to pay the District's 39% share of the Harris County Municipal Utility District No. 433 ground storage tank rehabilitation design and construction costs in the amount of \$181,092.

CONVEYANCE OF JODIE LYNN STREET STRIP

Director Mohr reported that he discussed the conveyance of the land behind the fences of nine residences on Jodie Lynn Street to Caldwell Companies, with Jerry Hlozek, the developer in Harris County Municipal Utility District No. 500. He stated that Mr. Hlozek indicated that a fence would be constructed a foot from the residents' fences, which would allow the property owners to remove their existing fences and connect to the newly constructed fences. After discussion, Director Sykes moved to authorize ABHR to work on the conveyance at no cost to the District. Director Mohr seconded the motion, which carried unanimously.

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

Mr. Demel presented one delinquent water and sewer service account with a balance in excess of \$25 proposed for turning over to Collections Unlimited for collection. The Board requested that Mr. Demel check to see if the customer has opened another account in the District, based upon his prior history, before action is taken.

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 Mohr and carried unanimously.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

The Board deferred discussion of the annual report on implementation of the Water Conservation Plan pending receipt.

CONSUMER CONFIDENCE REPORT ("CCR")

The Board considered approving the CCR, a copy of which is attached, authorizing filing with the TCEQ, and mailing to the District's customers. Upon a motion made by Director Owens and seconded by Director Mohr, the Board voted unanimously to approve the CCR and to authorize filing with the TCEQ and mailing to the District's customers.

The Board discussed the possibility of posting the CCR on the District's website and possibly foregoing mailing the CCR in the future. Mr. Demel stated that ST is investigating options for including a link on the water and sewer bills rather than the individual mailings for consideration next year.

CRITICAL LOAD SPREADSHEET

The Board considered authorizing the annual filing of the Critical Load Spreadsheet with all appropriate entities. After discussion, Director Sykes moved to authorize ABHR to file the Critical Load Spreadsheet as required. Director Owens seconded the motion, which carried unanimously.

CHAMPIONS REPORT

Mr. Fort presented a report on the District's drainage facilities, a copy of which is attached.

LAKE PRO, INC., REPORT

There was no update on this matter.

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

Director Owens reported that he will obtain proposals from I.M.S. for additional plants and removal of the dead magnolias. After discussion, Director Sykes moved to proceed with the landscape improvements in an amount not to exceed \$17,000, subject to the receipt of proposals from I.M.S. Director Mohr 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.

MEETING FACILITY

The Board stated that Director Canepa is still investigating options for locking the Cypress Creek Lakes Clubhouse and purchasing stackable chairs on a rolling platform. Director Mohr volunteered to assist in resolving these matters.

DEVELOPER'S REPORT

Mr. Corson reported on development adjacent to 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

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	1
Investment report.....	1
Tax report	2
Engineer's report.....	2
Operator's report.....	3
Reports on effluent and reuse flow/rainfall, meter replacement report for March, and list of zero usage meter readings	3
Consumer Confidence Report.....	4
Champions report	4
Security services report	4