

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

August 10, 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 10th day of August, 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:

Joe Sykes	President
Mike Owens	Vice President
Jennifer Naedler	Assistant Vice President
Brian Canepa	Secretary
Thomas Mohr	Assistant Secretary

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"); Jorge Diaz of McLennan & Associates, L.P.; Josh Fort of Champions Hydro-Lawn, Inc. ("Champions"); Keli Schroeder and Ethan Demary of BGE, Inc. ("BGE"); Colette Garcia of McGrath & Co., PLLC ("McGrath"); Maria Mohr, a resident of the District; and Susan Edwards, Susan Prospere, and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the July 13, 2017, meeting. Following review and discussion, Director Mohr moved to approve the meeting minutes as presented. Director Owens seconded the motion, which passed by unanimous vote

INSURANCE RENEWAL

The Board discussed the insurance renewal proposals from Waterworks Insurance Network on behalf of Arthur J. Gallagher & Co. and requested revisions to the engineer's values used for the proposal calculations. The Board deferred approval of the proposals pending further review and revision.

FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING PAYMENT OF THE BILLS, AND REVIEW OF INVESTMENTS

Mr. Diaz presented the bookkeeper's report and submitted the bills for the Board's review. After discussion, Director Owens made a motion to approve the bookkeeper's report, the checks presented for payment, and the investment report.

Director Naedler seconded the motion, which carried unanimously. A copy of the bookkeeper's report, including the investment report, is attached.

#### BUDGET FOR FISCAL YEAR END AUGUST 31, 2018

Mr. Diaz presented and reviewed a draft budget for the fiscal year ending August 31, 2018, a copy of which is attached. The Board requested that \$100,000 be added to the District's expenses for the fiscal years ending August 31, 2018, through August 31, 2020, for the proposed purchase of property from the Cypress Creek Property Owners Association, Inc. After discussion, Director Owens moved to approve the budget as revised. Director Naedler seconded the motion, which carried unanimously.

#### 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 99.27% of the District's 2016 taxes had been collected through the end of July. After discussion, Director Naedler 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.

#### PREPARATION OF AUDIT REPORT FOR FISCAL YEAR ENDING AUGUST 31, 2017

The Board considered authorizing McGrath to prepare the District's audit report for the fiscal year end August 31, 2017, pursuant to its evergreen engagement letter with the District. Ms. Garcia stated that the estimated fees total \$11,500. Upon a motion made by Director Owens and seconded by Director Mohr, the Board voted unanimously to authorize McGrath to prepare the audit report as stated.

#### ENGINEER'S REPORT

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

#### IRRIGATION PUMP STATION NO. 2

Ms. Schroeder updated the Board on irrigation pump no. 2. She stated that the installation is complete but no Pay Estimates or Change Orders were submitted by Gulf Coast Lake Pumping Systems for the Board's approval.

#### 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.

## WASTE DISCHARGE PERMIT RENEWAL APPLICATION

Ms. Schroeder reported that the waste discharge permit renewal application was submitted to the Texas Commission on Environmental Quality on August 2, 2017.

## ADDITIONAL ENGINEERING MATTERS

Ms. Schroeder presented a map with estimated reimbursable costs remaining for park projects, a copy of which is attached. The Board requested that BGE prepare a report/map of projects previously reimbursed to the developer for park projects.

Ms. Schroeder reviewed the District's Capital Improvements Plan ("CIP"), a copy of which is attached. The Board requested that BGE update the CIP for review at its next meeting, if possible.

## 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 June. He then reviewed the report and invoices with the Board. Mr. Demel also reported on routine maintenance and repair items during the month.

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

The Board requested that ST investigate the drainage inlets at the intersection of Cypress Creek Lakes Drive and Silver Bluff Court because of a resident complaint regarding flooding.

## 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 Owens 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. The motion was seconded by Director Naedler and passed by unanimous vote.

CHAMPIONS REPORT

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

LAKE PRO, INC., REPORT AND PROPOSALS

Director Sykes reported no updates on this matter.

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

Director Owens reported no updates on this matter.

PATROL SERVICES

The Board acknowledged receipt of the monthly security report, a copy of which is attached.

MEETING FACILITY REPORT, INCLUDING MAINTENANCE AND IMPROVEMENTS AT CYPRESS CREEK LAKES COMMUNITY CENTER ("CLUBHOUSE"), INCLUDING PROPOSALS FOR LOCKS, CHAIR REPLACEMENTS, AND DISPOSITION OF OLD CHAIRS

The Board discussed options for locking the Clubhouse. Director Mohr presented information on a lock that may not be compatible with the Clubhouse quick-release bar doors. He stated that he will continue investigating the options.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

There was no report on this matter. The Board agreed to remove this item from the District's agenda.

DISTRICT WEBSITE

Director Owens reported on website updates.

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



  
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Secretary, Board of Directors