

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

September 14, 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 14th day of September, 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"); Diane Bailey of McLennan & Associates, L.P.; Josh Fort of Champions Hydro-Lawn, Inc. ("Champions"); Keli Schroeder and Ethan Demary of BGE, Inc. ("BGE"); Linda Hubble of Public Finance Group LLC; and Susan Edwards, Susan Prospere, and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 10 and 26, 2017, meetings. Following review and discussion, Director Mohr moved to approve the meeting minutes as presented. Director Canepa seconded the motion, which passed by unanimous vote

INSURANCE RENEWAL

The Board considered approving the revised insurance renewal proposals from Waterworks Insurance Network on behalf of Arthur J. Gallagher & Co., copies of which are attached. After discussion, Director Owens moved to approve the insurance proposals. Director Naedler seconded the motion, which carried unanimously.

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

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

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

Ms. Edwards reported on the Notice of Anticipated Fees from the West Harris County Regional Water Authority, a copy of which is attached, indicating a proposed \$0.25 per 1,000 gallon increase to the Groundwater Reduction Plan Fee, resulting in a total of \$2.70 per 1,000 gallons, and a \$0.25 per 1,000 gallon increase in the Surface Water Fee, resulting in a total of \$3.10 per 1,000 gallons.

RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPTION OF AMENDED INVESTMENT POLICY

The Board deferred this matter.

RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

The Board considered adopting the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. Upon a motion made by Director Owens and seconded by Director Canepa, the Board voted unanimously to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions.

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 99.49% of the District's 2016 taxes had been collected through the end of August. After discussion, Director Canepa moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Owens seconded the motion, which carried by unanimous vote. A copy of the tax report is attached.

2017 TAX RATE, PUBLIC HEARING DATE, AND NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered setting a public hearing date and authorizing notice of a public hearing regarding the District's adoption of a 2017 tax rate. Ms. Hubble presented a recommendation for the levy of a tax rate of \$0.5485 per \$100 of assessed valuation to provide for the District's debt service requirements, a copy of which is attached. The Board also discussed the District's operating account and agreed to levy a tax rate of \$0.3015 per \$100 of assessed valuation to provide for maintenance and operations. After discussion, Director Canepa moved to authorize publication of the tax rate of \$0.85 per \$100 of assessed valuation and set the public hearing for October 12,

2017, at 11:30 a.m. to receive comments on the District's 2017 proposed tax rate. The motion was seconded by Director Naedler and carried unanimously.

The Board agreed to authorize publication of the proposed tax rate in the *This Week* section of the *Houston Chronicle*, to include the proposed rate on the District's website, and to authorize ST to mail a letter to the District's residents regarding the proposed tax rate, to be prepared by Ms. Edwards.

MATTERS RELATED TO CREDIT CARD PAYMENTS OF TAX BILLS, INCLUDING SELF-ASSESSMENT QUESTIONNAIRE

Ms. Cruthirds stated that this item is no longer necessary.

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 recommended approval of the final pay estimate in the amount of \$17,865 submitted by Gulf Coast Lake Pumping Systems ("Gulf Coast") and acceptance of the project. Upon a motion made by Director Canepa and seconded by Director Mohr, the Board voted unanimously to approve the pay estimate as recommended.

Ms. Schroeder stated that she will obtain a proposal from Gulf Coast for the repair of the irrigation pump no. 3 drive.

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 an updated Capital Improvements Plan ("CIP"), a copy of which is attached.

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 July. 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 reported that meter readings were not possible during the Hurricane Harvey storm event. He stated that the District's customers were billed on the basis of a four-month average, which amounts will be reconciled with the next billings. Director Owens stated that the information provided by Mr. Demel regarding this matter will be included on the District's website.

Mr. Demel reported that a significant portion of the fence of the lift station on Cypress North Houston was damaged during Hurricane Harvey. He also said it appeared no water entered homes in the District.

HEARING REGARDING TERMINATION OF UTILITY SERVICE TO DELINQUENT ACCOUNTS AND AUTHORIZE TERMINATION OF SERVICE

The Board deferred action on this matter because of Hurricane Harvey and agreed not to assess penalties on delinquent accounts in August.

CHAMPIONS REPORT

Mr. Fort presented a report on the District's drainage facilities, a copy of which is attached. He said that the drainage facilities performed well during the storm.

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 that I.M.S. will perform landscape repairs required because of Hurricane Harvey at an estimated cost of \$5,000-\$6,000.

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 deferred discussion of this matter.

DISTRICT WEBSITE

The Board agreed that Director Owens will be responsible for the District's website. Director Owens distributed a data report on usage of the District website, a copy of which is attached. Director Owens also said a Harris County Municipal Utility District No. 433 representative had inquired about sharing the District's website.

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

(SEAL)



[Signature]
Asst. Secretary, Board of Directors

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