

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

October 12, 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 12th day of October, 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 except Director Canepa, thus constituting a quorum.

Also present at the meeting were Randy Corson of Mischer Investments, L.P. ("Mischer"); 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"); Cheryl Allen of Public Finance Group LLC; and Susan Edwards and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the September 14, 2017, regular Board meeting. Following review and discussion, Director Owens moved to approve the regular meeting minutes as presented. Director Mohr seconded the motion, which passed by unanimous vote

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 Naedler moved to approve the bookkeeper's report, the checks presented for payment, and the investment report. Director Owens seconded the motion, which carried unanimously. A copy of the bookkeeper's report, including the investment report, is attached.

Director Sykes reported that the Harris County Precinct 5 Constable's contract rate will be increasing in 2018 by 3% from \$67,150 to \$69,165 for a Deputy and \$75,860 to \$78,136 for a Sergeant. Director Sykes added that the Cypress Creek Lakes Property

Owners Association, Inc. ("POA"), has indicated that they will pay for a security patrol to cover additional hours that the Constables do not work in the District.

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

This agenda item was deferred until the next Board meeting.

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 99.57% of the District's 2016 taxes had been collected through the end of August. Following discussion, Director Owens moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Mohr seconded the motion, which carried by unanimous vote. A copy of the tax report is attached.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Allen reviewed a 2017 tax rate analysis, a copy of which is attached.

Ms. Edwards stated that Tax Tech published a Notice of Public Hearing stating the District anticipates levying a \$0.85 tax rate at this meeting. The Board opened the public hearing regarding the adoption of the District's 2017 tax rate. There being no members of the public in attendance who wished to address the Board, the public hearing was closed.

Ms. Edwards reviewed an Order Levying Taxes with a total tax rate of \$0.85 per \$100 of assessed valuation, comprised of \$0.5485 for debt service and \$0.3015 for maintenance and operations, and an Amendment to Information Form. She stated that the Amendment to Information Form will be filed with the Texas Commission on Environmental Quality ("TCEQ") and recorded in the Official Public Records of Harris County. After review and discussion, Director Naedler moved to take the following action: (1) adopt the Order Levying Taxes reflecting a tax rate of \$0.85 per \$100 of assessed valuation, consisting of \$0.5485 for debt service and \$0.3015 for maintenance and operations expenditures, and direct that the Order be filed appropriately and retained in the District's official records; and (2) authorize execution of the Amendment to Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Mohr seconded the motion, which passed by unanimous vote. The Board confirmed its intention that the 2017 tax levy includes a debt service component for the calendar year ending December 31, 2018, and a maintenance tax component for the fiscal year ending August 31, 2018.

RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION
FOR HARRIS COUNTY APPRAISAL DISTRICT

Ms. Edwards stated the Board has the opportunity to nominate a candidate for the Harris County Appraisal District board. Following discussion, the Board concurred to take no action on this agenda item.

ENGINEER'S REPORT

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

IRRIGATION PUMP STATION NO. 3

Ms. Schroeder updated the Board on irrigation pump no. 3. She reported that BGE is coordinating with Gulf Coast Lake Pumping Systems to obtain a proposal for repairs related to the blown drive in irrigation pump no. 3.

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 updated the Board on the waste discharge permit renewal application that was submitted to the TCEQ on August 2, 2017. She reported that the TCEQ is performing administrative review, and BGE is preparing to advertise.

PARK PROJECTS

Mr. Corson and the Board discussed options to fund the District's reimbursement of Mischer for eligible parks/recreational facilities.

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 August. 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 updated the Board on the one-month meter reading suspension for the District's customers who were billed on the basis of a four-month average due to

Hurricane Harvey. He reported that ST will confirm that no District customer was overbilled.

Mr. Demel reported that ST turned off the water reuse system prior to the arrival of Hurricane Harvey. Upon turning the system back on, ST failed to have certain samples taken and reported. He said ST is coordinating with the TCEQ regarding the omission.

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. Director Naedler seconded the motion, which 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 that the lights were out at the fountain and monument sign, but had been repaired.

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

Director Owens presented and reviewed a proposal from I.M.S. for the District to provide a sidewalk segment in front of the District's lift station at a cost of \$1,632.

Director Owens presented and reviewed a proposal from I.M.S. for mowing the 11 acres between the amenity lake and the golf course at a cost of \$847.

Director Owens presented and reviewed an amendment to I.M.S.'s contract increasing the annual cost by \$5,962.51 to include the additional maintenance areas on the property the District will purchase from the POA.

Following discussion, Director Owens moved to (1) authorize I.M.S. to complete the sidewalk in front of the District's lift station at a cost of \$1,632, as discussed; (2) authorize I.M.S. to mow the 11 acres between the amenity lake and the golf course at a cost of \$847; and (3) approve the amendment to I.M.S.'s contract increasing the annual cost of the contract by \$5,962.51 for the additional maintenance areas on the property the District will purchase from the POA. Director Naedler seconded the motion, which passed unanimously.

The Board discussed the purchase of the 3.16-acre park property from the POA. Ms. Edwards reviewed with the Board the process and proposed timeline for the purchase of the park property from the POA.

PATROL SERVICES

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

DISTRICT WEBSITE

Director Owens reported that he met with Shannon Waugh of Off Cinco to discuss possibly sharing the District's website with Harris County Municipal Utility District No. 433.

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.

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

(SEAL)



Asst.  Secretary Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	1
Investment report.....	1
Tax report.....	2
Tax rate analysis.....	2
Engineer's report.....	3
Operator's report.....	3
Champions report.....	4
Monthly security report.....	5