

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

November 9, 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 9th day of November, 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"); Teri Laguarda of Severn Trent Services, Inc. ("ST"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Allyson Baker 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 October 12, 2017, regular Board meeting. Following review and discussion, Director Owens moved to approve the regular meeting minutes as presented. Director Naedler seconded the motion, which passed by unanimous vote.

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

Ms. Baker presented the bookkeeper's report and submitted the bills for the Board's review. Ms. Baker also noted that Harris County Municipal Utility District No. 371 had applied to the West Harris County Regional Water Authority ("WHCRWA") for reimbursement of eligible chloramine conversion costs but had not yet received reimbursement. After discussion, Director Mohr 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.

Ms. Edwards reviewed the Final Excess Earnings Report on the Series 2010 Bonds, as prepared by OmniCap Group LLC. She stated the report reflects that no arbitrage rebate or yield reduction payment is due to the Internal Revenue Service. The Board concurred to accept the report and directed that the report be filed appropriately and retained in the District's official records.

The Board discussed the replacement of all existing water meters with electronic "smart" meters and asked that the project be placed on a future agenda for consideration.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy and considered adoption of an Amended Investment Policy to comply with 2017 legislative changes. Ms. Edwards reviewed a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy with the Board. Following review and discussion, Director Owens moved to adopt a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy and direct that the Resolution and Amended Investment Policy be filed appropriately and retained in the District's official records. Director Naedler seconded the motion, which passed by unanimous vote.

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 October. Following discussion, Director Mohr moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Naedler seconded the motion, which carried by unanimous vote. A copy of the tax report is attached.

RESOLUTION TO REPLACE PAYING AGENT/REGISTRAR FOR DISTRICT'S OUTSTANDING BONDS

This agenda item was deferred.

RESOLUTION CASTING BALLOT FOR THE ELECTION OF A PERSON TO THE BOARD OF DIRECTORS OF THE HARRIS COUNTY APPRAISAL DISTRICT

Ms. Edwards presented a Resolution Casting Ballot for the Election of a Person to the Board of Directors of the Harris County Appraisal District. After review and discussion, Director Owens moved to adopt a Resolution Casting Ballot for the Election of a Person to the Board of Directors of the Harris County Appraisal District reflecting the District's vote cast in favor of Glenn E. Peters and direct that the Resolution be filed

appropriately and retained in the District's official records. Director Naedler seconded the motion, which carried unanimously.

RESOLUTION NOMINATING A CANDIDATE TO SERVE AS A DIRECTOR ON THE BOARD OF DIRECTORS OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY DIRECTOR PRECINCT NO. 5

After discussion, Director Naedler moved to adopt the Resolution Nominating Mike Owens for the Board of Directors of the West Harris County Regional Water Authority Director Precinct No. 5. Director Mohr seconded the motion, which carried by unanimous vote.

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 station no. 3 (the "pump station"). She presented and reviewed a proposal from Gulf Coast Lake Irrigation for repairs related to the blown drive in the pump station at a cost of \$17,985. Following review and discussion, Director Owens moved to authorize Gulf Coast Lake Irrigation to make repairs related to the blown drive in the pump station at a cost of \$17,985. Director Naedler seconded the motion, which passed unanimously.

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 Texas Commission on Environmental Quality ("TCEQ") on August 2, 2017. She reported that BGE has published notice of the renewal application one time and is waiting for authorization from the TCEQ for the second publication.

WATER PLANT PROJECTS

Ms. Schroeder presented and reviewed Harris County Municipal Utility District No. 371's Capital Improvements Plan ("CIP").

SUMMARY OF COSTS FOR PROPOSED PARK BOND APPLICATION

Ms. Schroeder reviewed preliminary information for a summary of costs for Park Bond No. 2, included in the engineer's written report. Ms. Allen presented and reviewed a detailed financial analysis for Park Bond No. 2, a copy of which is attached, with most park reimbursement costs being paid from bond proceeds and a portion being paid from cash on hand. Following all discussion, Director Owens moved to authorize BGE to finalize summary of costs for an application to the TCEQ for Park Bond No. 2. Director Naedler seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Ms. Laguarda 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 September. She then reviewed the report and invoices with the Board. Ms. Laguarda also reported on routine maintenance and repair items during the month.

Ms. Laguarda presented a request from a homeowner at 11407 Garden Shadows who has a higher than normal water bill and requests an adjustment to his water bill. Ms. Laguarda stated ST believes the customer has a leak in his irrigation system. Director Owens suggested having I.M.S. Landscape Services, Inc. ("I.M.S."), do a presentation to District residents on irrigation systems.

Following review and discussion, Director Naedler moved to approve a credit for the homeowner at 11407 Garden Shadows on District sewer fees only and visit with the homeowner about the irrigation system and possible leak. Director Mohr seconded the motion, which passed unanimously.

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

Ms. Laguarda reported on the list of delinquent customers this month. The Board conducted a hearing regarding water and sewer service terminations. She 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 Naedler 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 Mohr seconded the motion, which passed by unanimous vote.

WATER SMART APPLICATION

There was no discussion on this agenda item.

COORDINATION WITH CY-FAIR ISD FOR DETENTION POND MANAGEMENT

Ms. Edwards reported that Cypress-Fairbanks ISD and the District engineers will review the operations of the ISD and District detention ponds to see if any improvements can be implemented.

PURCHASE OF APPROXIMATELY 3 ACRES FROM CYPRESS CREEK LAKES PROPERTY OWNERS ASSOCIATION, INC. ("POA")

Ms. Edwards presented and reviewed a proposal from Berg Oliver Associates, Inc. ("Berg Oliver") in the amount of \$2,365 for Phase I environmental assessments of the 3.313-acre POA park property that is being purchased by the District. Following review and discussion, Director Owens moved to approve the proposal from Berg Oliver in the amount of \$2,365 for Phase I environmental assessments of the 3.313-acre POA park property that is being purchased by the District. Director Naedler seconded the motion, which passed unanimously.

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 there were some dead fish in the lake as a result of the recent cold front.

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

Director Owens reported to the Board that he will coordinate with Kyle Franklin of I.M.S. to determine where to add additional trees in the District. He also said he will coordinate with Mr. Franklin regarding a presentation on irrigation systems.

PATROL SERVICES

The Board acknowledged receipt of the monthly security report, a copy of which is attached. Director Sykes informed the Board that the POA has hired security patrol to cover additional hours that the Constables do not work in the District.

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

Director Mohr reported that rentals of the clubhouse have recently increased.

DISTRICT WEBSITE

Director Owens updated the Board on the District's website.

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



Asst. Secretary, Board of Directors

(SEAL)



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