

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

January 11, 2018

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 January, 2018, 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 Inframark Water & Infrastructure Operations ("Inframark"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Diane Bailey and Karen Sears 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 December 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.

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 Mohr 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 and to authorize the District's operator to prepare and submit the Water Usage Reporting Form to the Authority. Director Naedler seconded the motion, which carried by unanimous vote.

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

Ms. Bailey introduced Ms. Sears who is now working with McLennan & Associates, L.P.

Ms. Bailey presented the bookkeeper's report and submitted the bills for the Board's review. Ms. Edwards noted that the first of three equal annual payments for the purchase of the 3.313 acres from the Cypress Creek Lakes Property Owners Association, Inc. ("POA"), in the amount of \$103,000 is due by January 31, 2018. After discussion, Director Owens moved to approve the bookkeeper's report, the checks presented for payment, including the \$103,000 check to the POA, 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.

ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Ms. Edwards stated that in accordance with the District's Investment Policy, the District's bookkeeper and Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission. After review and discussion, Director Owens moved to accept the disclosure statements, and direct that they be filed appropriately and retained in the District's official records. Director Naedler seconded the motion, which carried unanimously.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines and Director Expenses for the Association of Water Board Directors winter conference.

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 15.61% of the District's 2017 taxes had been collected through the end of December. Following discussion, Director Mohr 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.

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. She reported that the contractor expects the work to be completed by the end of this week.

### 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

There was no update on this matter.

### WATER PLANT PROJECTS

Ms. Schroeder updated the Board on Harris County Municipal Utility District No. 433's ("HC433") plan to acquire two new hydropneumatic tanks in lieu of constructing an elevated storage tank, as allowed by Texas Commission on Environmental Quality ("TCEQ") rules. She reported that HC433 will pay for acquisition of the two tanks, and operating costs of the tanks will be shared pro rata by HC433 and the District pursuant to the agreement between the districts.

### SUMMARY OF COSTS FOR PROPOSED PARK BOND APPLICATION

Ms. Schroeder presented and reviewed a draft of the summary of costs for the park bond application, a copy of which is included in the engineer's report. Ms. Allen presented and reviewed a financial analysis for Park Bond No. 2, a copy of which is attached. Following discussion, Director Owens moved to authorize BGE to prepare an application to the TCEQ for Park Bond No. 2. Director Naedler seconded the motion, which passed unanimously.

### COORDINATION WITH CY-FAIR ISD FOR DETENTION POND MANAGEMENT

There was no update on this matter.

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

Following review and discussion, Director Owens moved to approve the operator's report. Director Mohr seconded the motion, which passed unanimously.

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.

SMART METER MATTERS

Mr. Demel presented and reviewed a cost comparison for installing smart meters in the District, including a cost comparison for the District to pay Accurate Meter & Supply directly for the installation of the smart meters. A copy of the cost comparison is attached. The Board deferred taking action on this agenda item.

UPDATE ON PURCHASE OF 3.313 ACRES FROM CYPRESS CREEK LAKES PROPERTY OWNERS ASSOCIATION, INC.

Ms. Edwards updated the Board on the purchase of the 3.313 acres from the POA. She reported that all documents have been signed and recorded, and the District is now the owner of the 3.313 acres.

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

There was no discussion on this agenda item.

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

The Board discussed a ditch in front of HC433's water plant number 1 on Sawmill Road that is filled with debris and needs to be cleaned out and mowed.

Following discussion, the Board requested that Inframark ensure that the ditch is maintained properly including trash pick-up, debris removal, and mowing.

Director Owens presented a proposal from I.M.S. for preventive treatment for bagworms on the bald cypress trees around the lakes at a cost of \$1,325, a copy of which is attached. Director Owens presented a proposal from I.M.S. for pruning the trees around the splash pad at a cost of \$1,785, a copy of which is attached. Director Owens presented a proposal from I.M.S. for maintenance and erosion repair at a cost of \$18,065, a copy of which is attached. Following discussion, Director Owens moved to approve the proposals from I.M.S. Director Naedler seconded the motion, which passed unanimously.

The Board discussed the grass that is being torn up by 4-wheelers and requested that a statement be added to the District's website about not driving 4-wheelers on property in the District.

#### PATROL SERVICES AND INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES

The Board acknowledged receipt of the security services report for the month, a copy of which is attached.

The Board considered approving the Interlocal Agreement for Law Enforcement Services from Precinct 5 Harris County Constable's office, effective March 1, 2018. After discussion, Director Owens moved to authorize execution of the Interlocal Agreement for Law Enforcement Services between the District and Precinct 5 Harris County Constable's office, and direct that the Interlocal Agreement be filed appropriately and retained in the District's official records. Director Mohr seconded the motion, which passed by unanimous vote.

#### 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 Sykes reported that the clubhouse had a water leak that I.M.S. has repaired. He also reported that the management company winterized the clubhouse and patrol building and shut off all the water so the patrol officers were unable to use the bathroom facilities.

#### DISTRICT WEBSITE

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

ANNUAL REVIEW REGARDING POST-ISSUANCE COMPLIANCE

Ms. Edwards updated the Board on the District's Post-Issuance Compliance Policy. She stated that no changes are recommended to the Policy at this time.

2018 DIRECTORS ELECTION

Ms. Edwards discussed procedures related to the 2018 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2018 Directors Election Period. Following review and discussion, Director Owens moved to adopt a Resolution Designating an Agent of the Secretary of the Board during the 2018 Directors Election Period appointing Merry Heyne as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election and to authorize the agent to post the related notice as required. Director Naedler seconded the motion, which was approved by unanimous vote.

Ms. Edwards reported on requirements to file a Notice of Deadline to File Applications for Place on the Ballot for the 2018 Directors Election. Following discussion, Director Owens moved to authorize the Secretary's agent to post the notice as required. Director Naedler seconded the motion, which was approved by unanimous vote.

Ms. Edwards stated that the District cannot contract with Harris County to conduct the District's 2018 Directors Election and will be required to conduct the election, if more persons run for office than number of positions available.

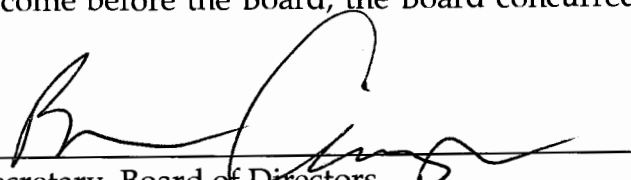
Ms. Edwards discussed the option of approving exemptions from using electronic voting systems during the 2018 Directors Election. Following discussion, Director Owens moved to approve an exemption from the electronic voting machine requirement and to authorize ABHR to publish the required notice. Director Naedler seconded the motion, which was approved by unanimous vote.

The Board considered establishing the pay for the election officials. Following discussion, Director Owens moved to establish payment at the rate of \$15 per hour. Director Naedler seconded the motion, which was approved by unanimous vote.

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

(SEAL)



  
Secretary, Board of Directors

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