

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

May 10, 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 10th day of May, 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, thus constituting a quorum.

Also present at the meeting were Randy Corson of Mischer Investments, L.P. ("Mischer"); Linda Hubble of Public Finance Group LLC; Jason Demel of Inframark Water & Infrastructure Operations ("Inframark"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Diane Bailey and Stephanie Nagle of McLennan & Associates, L.P. ("McLennan"); Josh Fort of Champions Hydro-Lawn, Inc. ("Champions"); Keli Schroeder of BGE, Inc. ("BGE"); and Susan Edwards, Sandra Staine, and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the April 12, 2018, 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.

APPOINT NEW DIRECTOR TO FILL A VACANCY ON THE BOARD OF DIRECTORS, IF APPROPRIATE

This agenda item was deferred until the next Board meeting.

2018 DIRECTORS ELECTION

CERTIFICATE OF ELECTION

The Board considered approving a Certificate of Election reflecting the re-election of Jennifer Naedler and Mike Owens to the Board of Directors of the District for a four-year term. After review and discussion, Director Owens

moved to approve the Certificate of Election. Director Naedler seconded the motion, which passed by unanimous vote.

DIRECTORS' SWORN STATEMENTS AND OATHS OF OFFICE

The Board considered accepting the Sworn Statements and Oaths of Office for Directors Naedler and Owens. After review and discussion, Director Owens moved to approve the Sworn Statements and Oaths of Office and to authorize filing of the Oaths of Office with the Secretary of State as required by law. Director Naedler seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD

The Board considered reorganizing the Board of Directors. Following discussion, Director Owens moved to reorganize the Board as follows:

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

Director Naedler seconded the motion, which passed by unanimous vote.

DISTRICT REGISTRATION FORM

The Board then considered authorizing filing an updated District Registration Form with the Texas Commission on Environmental Quality ("TCEQ") reflecting the terms of the newly elected directors. Following review and discussion, Director Owens moved to authorize filing of the updated District Registration Form with the TCEQ. Director Naedler seconded the motion, which passed by unanimous vote.

OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

There was no discussion or Board action on this agenda item.

CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE AND LIST OF LOCAL GOVERNMENT OFFICERS FOR THE DISTRICT

There was no discussion or Board action on this agenda item.

REVIEW ARBITRAGE REPORT FOR SERIES 2013 BONDS

Ms. Edwards reviewed the Interim Excess Earnings Report on the \$6,945,000 Unlimited Tax Bonds, Series 2013, as prepared by OmniCap Group LLC. She stated that 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 direct that the report be filed appropriately in the District's records.

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. Following further discussion, Director Mohr moved 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.

Director Sykes requested that McLennan add a column for net revenues to the Cypress Creek Lakes Clubhouse Income Statement in the bookkeeper's report.

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 98.9% of the District's 2017 taxes have been collected through the end of March. 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.

ENGINEER'S REPORT

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

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 permit has been approved by the TCEQ and is valid through 2023.

WATER PLANT PROJECTS

Ms. Schroeder reported to the Board that Harris County Municipal Utility District No. 433 will be advertising for bids and awarding the contract for the hydropneumatics tank project in June 2018.

LIFT STATION REHABILITATION

Ms. Schroeder updated the Board on the lift station rehabilitation project. She reported that BGE is preparing the project design scope.

PARK BOND APPLICATION NO. 2

Ms. Schroeder updated the Board on park bond application no. 2. She reported that the administratively complete letter has been received from the TCEQ. She added that she has initiated the pre-purchase inspection.

ENGINEERING MATTERS (CONTINUED)

Ms. Schroeder reported that Harris County is expanding Mound Road from Crossland Park Drive east to Fry Road. She stated that the District waterline within the public right-of-way on the north side of Mound Road is in conflict in four locations with the County storm sewer in the Mound Road expansion design. She added that BGE is coordinating with Harris County to reduce or eliminate the areas of conflict. Ms. Schroeder requested the Board authorize BGE to work with Harris County and Inframark to work through the conflicts and possible water line adjustments as required. Ms. Schroeder further recommended a second water supply line in case there was a break in the Mound Road waterline serving the apartments. Ms. Schroeder said the second line could be an interconnect with Harris County Municipal Utility District No. 500 or adding an extension to the Mound Road line to create a loop in the system. Following review and discussion, Director Owens moved to authorize BGE to work with Harris County on this project and on a secondary water supply line for the apartments. Director Naedler seconded the motion, which passed unanimously.

ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF CHANGE IN SCOPE AND RELEASE OF ESCROWED FUNDS

Ms. Edwards presented and reviewed a Resolution Authorizing Application to the TCEQ for Approval of Change in Scope and Release of Escrowed Funds (the "Resolution") for the lift station rehabilitation project.

Following review and discussion, Director Mohr moved to adopt the Resolution and authorize submittal to the TCEQ. Director Owens seconded the motion, which passed unanimously.

COORDINATION WITH CY-FAIR ISD FOR DETENTION POND MANAGEMENT

Ms. Schroeder updated the Board on the coordination with Cy-Fair ISD for management of its detention pond. She reported that the assessment prepared by BGE has been provided to the Cy-Fair ISD engineer, who has requested that a meeting be scheduled after May 15, 2018, when school is out for the summer.

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.

Mr. Demel presented a write-off report of water and sewer accounts deemed to be uncollectible and recommended that one account be turned over to a collection agency. A copy of the write-off report is filed appropriately and retained in the District's official records.

Mr. Demel reported that the water accountability is higher on this month's report due to a broken well meter.

Following review and discussion, Director Naedler moved to (1) approve the operator's report; and (2) authorize Inframark to turn over one account totaling \$204.81 deemed to be uncollectible to a collection agency. Director Owens 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 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 Owens seconded the motion, which passed by unanimous vote.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

This agenda item was deferred until the next Board meeting.

CONSUMER CONFIDENCE REPORT

Mr. Demel reviewed the Consumer Confidence Report ("CCR") with the Board, a copy of which is attached to the operator's report. The Board discussed notifying the District residents of the CCR by posting the CCR on the District's website. After review and discussion, Director Naedler moved to approve the CCR, authorize the operator to post the CCR on the District's website, and authorize filing the CCR with the TCEQ. Director Owens seconded the motion, which passed by unanimous vote.

SMART METER MATTERS

Mr. Demel updated the Board on the continuation of the Automatic Meter Reading Badger Poly E-Series Meters trial program. There was no Board action taken.

REVIEW CRITICAL LOAD SPREADSHEET FOR DISTRICT FACILITIES AND AUTHORIZE ANNUAL FILING

Ms. Edwards reviewed the Critical Load Spreadsheet for District's facilities with the Board. She stated that the District's operator, engineer, and bookkeeper are reviewing the Critical Load Spreadsheet and will make the necessary revisions. Ms. Edwards added that the Critical Load Spreadsheet for District's facilities will be filed with the appropriate governmental agencies as required by the Water Code. Following review and discussion, Director Owens moved to authorize annual filing of the Critical Load Spreadsheet and direct that it be filed appropriately and retained in the District's official records. Director Mohr seconded the motion, which passed unanimously.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA") CREDIT FOR APPLICATION OF RE-USE WATER FOR IRRIGATION PURPOSES

Director Owens updated the Board on a proposed application to the WHCRWA for credits for the District's irrigation with re-use water. He recommended to the Board that meters be installed on the 4 irrigation pump stations to register the amount of re-use water used and develop 12 months of data for the credit application to the WHCRWA. Director Owens stated the cost for installation of the 4 electronic meters is \$9,200. Director Owens said that potable water used at the splash pad runs off to a detention pond, which also is a re-use of water and the data for that usage already exists to be included in the future credit application to the WHCRWA. Following review and discussion, Director Owens moved to authorize the purchase of 4 meters, as discussed. 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

There was no discussion on this agenda item.

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

Director Owens reported on park and recreational improvements in the District.

PATROL SERVICES

Director Sykes reported on security matters in the District.

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

Director Owens reported on maintenance and improvements at the clubhouse.

DISTRICT WEBSITE

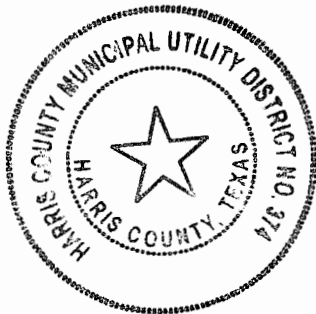
There was no update on this agenda item.

DEVELOPER'S REPORT

Mr. Corson reported on development in the District.

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

(SEAL)



Asst. 
Secretary, Board of Directors

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