

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

July 12, 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 12th day of July, 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
Thomas Mohr	Vice President
Jennifer Naedler	Assistant Vice President
Brian Canepa	Secretary
Scott Spidle	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"); Avik Bonnerjee of B&A Municipal Tax Service, LLC; Linda Hubble of Public Finance Group LLC ("Public Finance Group"); Crystal Horn of McGrath & Co., PLLC ("McGrath"); Jason Demel of Inframark Water & Infrastructure Operations ("Inframark"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Diane Bailey of McLennan & Associates, L.P. ("McLennan"); 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 June 14, 2018, regular Board meeting. Following review and discussion, Director Spidle moved to approve the regular meeting minutes as presented. Director Canepa seconded the motion, which passed by unanimous vote.

UNLIMITED TAX PARK BONDS, SERIES 2018

APPROVE PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE

Ms. Hubble reviewed the Preliminary Official Statement for the District's Unlimited Tax Park Bonds, Series 2018 ("Series 2018 Park Bonds").

DISCLOSURES PURSUANT TO MUNICIPAL SECURITIES RULEMAKING BOARD REQUIREMENTS

Ms. Hubble stated that pursuant to the Municipal Securities Rulemaking Board requirements, Public Finance Group, as financial advisor to the District, has provided a written disclosure to the Board of Directors related to the District's Series 2018 Park Bonds. Ms. Hubble reviewed the disclosure information with the Board.

ENGAGE RATING COMPANY TO PERFORM CREDIT RATING ANALYSIS FOR SERIES 2018 UNLIMITED TAX PARK BONDS

Ms. Hubble discussed engaging a rating agency to perform a credit rating analysis for the Series 2018 Park Bonds.

APPOINT PAYING AGENT/REGISTRAR

The Board considered appointing a Paying Agent/Registrar for the Series 2018 Park Bonds.

AUTHORIZE ADVERTISEMENT FOR SALE OF THE SERIES 2018 BONDS AND SCHEDULE BOND SALE

The Board considered authorizing the District's financial advisor to advertise the sale of the District's Series 2018 Park Bonds. The Board agreed to schedule the bond sale for August 9, 2018.

After review and discussion, Director Canepa moved to (1) approve the Preliminary Official Statement and Official Notice of Sale; (2) direct that the written disclosure be filed appropriately and retained in the District's official records; (3) engage Moody's Investors Service to perform a credit rating analysis for the Series 2018 Park Bonds; (4) appoint BOKF, NA, Dallas, Texas, as Paying Agent/Registrar for the Series 2018 Park Bonds; and (5) authorize the District's financial advisor to advertise the sale of the District's Series 2018 Park Bonds, subject to receipt of the Texas Commission on Environmental Quality ("TCEQ") Order. Director Spidle seconded the motion, which passed by unanimous vote.

ENGAGE AUDITOR TO PREPARE DEVELOPER REIMBURSEMENT REPORT

Ms. Horn presented and reviewed a revised evergreen engagement letter from McGrath and requested authorization to prepare a developer reimbursement report for the District's Series 2018 Park Bonds. After review and discussion, Director Canepa moved to (1) authorize execution of the revised evergreen engagement letter; and (2) authorize McGrath to prepare the developer reimbursement report for the Series 2018 Park Bonds. Director Spidle seconded the motion, which passed unanimously.

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

Ms. Bailey presented and reviewed the bookkeeper's report and submitted the bills for the Board's review. Ms. Edwards noted that the interest earnings in the capital projects fund are not subject to being escrowed as indicated in the report. Ms. Bailey informed the Board that she would deduct the interest earnings from the escrowed amount. Following further review and discussion, Director Naedler moved to approve the bookkeeper's report, the checks presented for payment, and the investment report. Director Spidle seconded the motion, which carried unanimously. A copy of the bookkeeper's report, including the investment report, is attached.

BUDGET FOR FISCAL YEAR END AUGUST 31, 2019

Ms. Bailey presented and reviewed a draft budget for the fiscal year ending August 31, 2019, a copy of which is attached to the bookkeeper's report. Following review and discussion, Ms. Bailey stated that the draft budget will be presented for adoption at the next Board meeting.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND ATTENDANCE AT WINTER CONFERENCE

The Board discussed the AWBD summer conference. The Board reviewed the AWBD summer conference expenses submitted by directors for reimbursement. The Board next considered authorizing attendance for any interested directors at the AWBD winter conference. Following review and discussion, Director Mohr moved to approve reimbursement of eligible AWBD summer conference expenses submitted by the directors and to authorize attendance for any interested directors at the AWBD winter conference. Director Canepa seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS, INCLUDING DELINQUENT TAX COLLECTIONS, INSTALLMENT AGREEMENT, AND PAYMENT OF TAX BILLS

Mr. Bonnerjee distributed and reviewed a report on Sales Tax Permit Audit, a copy of which is attached.

Ms. Cruthirds reviewed the District's monthly tax report and stated that 99.1% of the District's 2017 taxes have been collected through the end of June. Following discussion, Director Mohr moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Spidle 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.

## WATER PLANT PROJECTS

Ms. Schroeder reported that construction of the hydropneumatic tank project at the water plant in Harris County Municipal Utility District No. 433 will begin this month.

## LIFT STATION REHABILITATION

Ms. Schroeder reported on the lift station rehabilitation project, requesting approval of the plans and authorization to advertise.

## PARK BOND APPLICATION NO. 2

Ms. Schroeder updated the Board on park bond application no. 2. She reported that the pre-purchase inspection by the TCEQ is complete and the approval letter was received today.

## MOUND ROAD WATERLINE ADJUSTMENTS FOR HARRIS COUNTY MOUND ROAD EXPANSION

Ms. Schroeder updated the Board on the Mound Road waterline adjustments for the Harris County Mound Road Expansion from Crossland Park Drive east to Fry Road. She reported that BGE has spoken to Harris County and is still working out solutions to incorporate adjustments to the County construction plans to avoid conflicts.

## WATERLINE CONNECTION AT CROSSLAND PARK DRIVE

Ms. Schroeder updated the Board on the waterline connection at Crossland Park Drive. She requested the Board approve the plans and specifications for the project and authorize BGE to advertise for bids. Following review and discussion, Director Spidle moved to approve the plans and specifications for the waterline connection project and authorize BGE to advertise for bids. Director Naedler seconded the motion, which passed unanimously.

## WATERLINE INTERCONNECT WITH HARRIS COUNTY MUD NO. 500

There was no update on this agenda item.

APPLICATION TO WEST HARRIS COUNTY REGIONAL WATER AUTHORITY  
("WHCRWA") FOR IRRIGATION WITH RE-USE WATER

Ms. Schroeder updated the Board on a proposed application to the WHCRWA for credits for the District's irrigation with re-use water. She reported that the 4 meters for the irrigation pump stations have arrived and will be installed in order to develop 12 months of data for the credit application to the WHCRWA.

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 she will be meeting with the Cy-Fair ISD engineer on July 26, 2018.

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 April. 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 two accounts 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 discussed a proposal for repair of blower 5 motor at sewer plant no. 1 at a cost of \$6,702 or replacement at a cost of \$9,531, a copy of which is attached to the operator's report. He recommended repair of blower 5 motor.

Mr. Demel presented and reviewed a proposal for replacement of lift pump 1 at sewer plant no. 1 at a cost of \$11,868, a copy of which is attached to the operator's report.

Mr. Demel presented and reviewed a proposal for replacement of the catwalk grating with new non-slip galvanized grating at sewer plant no. 1 at a cost of \$34,385. Following discussion, the Board requested that Inframark compare the costs of using fiberglass instead and present a proposal at the next Board meeting.

Mr. Demel presented and reviewed the 2018 fire hydrant survey report reflecting total repair costs of \$7,040. The Board discussed the report including alternate solutions for the fire hydrants requiring raising.

Following review and discussion, Director Spidle moved to (1) approve the operator's report; (2) authorize Inframark to turn over two accounts totaling \$564.53 to a collection agency; (3) authorize repair of blower 5 motor at sewer plant no. 1 at a cost of

\$6,702 as discussed; (4) authorize replacement of lift pump 1 at sewer plant no. 1 at a cost of \$11,868 as discussed; and (5) approve the repairs recommended in the 2018 fire hydrant survey report, with the exception of the fire hydrants requiring raising. Director Naedler 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 Spidle 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.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

This agenda item was deferred until the next Board meeting.

AMENDMENT TO OPERATOR'S AGREEMENT

This agenda item was deferred until the next Board meeting.

SMART METER MATTERS

Following discussion, the Board concurred to put the proposed replacement of all meters in the District with smart meters on hold at this time.

CHAMPIONS REPORT

Director Sykes presented a report from Champions Hydro-Lawn, Inc. on the District's drainage facilities, a copy of which is attached.

LAKE PRO, INC., REPORT AND PROPOSALS

Director Sykes reported that Lake Pro has been cleaning out the lake.

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

Director Sykes reported on park and recreational improvements. He asked the Board for a volunteer for coordinating with I.M.S. on District landscaping matters.

Following discussion, the Board concurred to have Director Sykes be the Board representative to coordinate with I.M.S., with Director Canepa as the alternate.

PATROL SERVICES

Director Sykes reported on security matters in the District. He informed the Board that there is a new constable patrolling in the District. The Board acknowledged receipt of the security services report for the month, a copy of which is attached.

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

Director Canepa reported on a District resident who complained that the clubhouse was not adequately cleaned for his event and requested a refund of the \$100 deposit. Director Canepa added that this resident left trash by the street after the event in violation of the contract which requires residents take the trash with them after an event. Following discussion, the Board requested that Director Canepa ask the cleaning crew to clean the refrigerator on the interior and exterior after each event.

DISTRICT WEBSITE

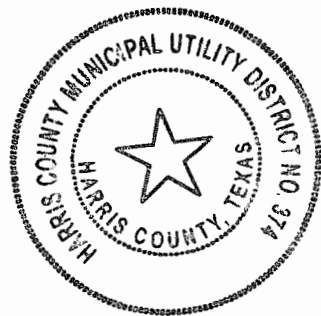
There was no discussion on this agenda item.


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)



  
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Secretary, Board of Directors  
Vice President

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report .....	3
Report on Sales Tax Audit Services .....	3
Tax report .....	3
Engineer's report .....	3
Operator's report .....	5
Champions report .....	6
Security services report .....	7