

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

April 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 April, 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"); Shannon Waugh of Off Cinco; Jason Demel of Inframark Water & Infrastructure Operations ("Inframark"); 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"); and Susan Edwards, Cheryl Panozzo, and Gabby Gomez of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the March 8, 2018, regular Board meeting. Following review and discussion, Director Naedler moved to approve the regular meeting minutes as presented. Director Canepa seconded the motion, which passed by unanimous vote.

DISTRICT WEBSITE, INCLUDING CONSIDER AMENDMENT TO OFF CINCO'S SERVICE AGREEMENT

Ms. Waugh presented and reviewed an amendment to Off Cinco's Service Agreement to include management of the District's website reservation system to Off Cinco's current Agreement. Following discussion, Director Owens moved to approve the amendment to Off Cinco's Agreement as discussed. Director Canepa seconded the motion, which passed unanimously.

ADOPT RESOLUTION CASTING VOTE FOR A PERSON TO SERVE AS A DIRECTOR ON THE BOARD OF DIRECTORS OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY PRECINCT 5

After discussion, Director Mohr moved to adopt the Resolution Casting Its Vote for a Person to Serve as a Director on the Board of Directors of the West Harris County Regional Water Authority ("WHCRWA") Precinct 5, and Ballot and Certification of Vote, voting for Mike Owens. Director Naedler seconded the motion, which passed unanimously.

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 Owens 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.

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 98.52% of the District's 2017 taxes had been collected through the end of March. 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.

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 Texas Commission on Environmental Quality on August 2, 2017. She reported that the permit is under final review for approval by the TCEQ and should be approved by the end of May.

WATER PLANT PROJECTS

There was no update on this matter.

LIFT STATION INSPECTION

Ms. Schroeder updated the Board on the lift station inspection. She presented and reviewed the results from the lift station inspection. She reported that the District will need to rehabilitate the lift station. Ms. Schroeder estimated the costs for the lift station rehabilitation project to be \$300,000 to \$500,000 depending on what is found in the underlying structure during the process of recoating. The Board discussed seeking Texas Commission on Environmental Quality to use the escrowed funds, as well as surplus funds, from the 2012A unlimited tax bonds for the lift station rehabilitation project. Ms. Schroeder requested the Board authorize preparation of plans and specifications for the lift station rehabilitation project and authorize BGE to advertise for bids.

Following review and discussion, Director Owens moved to authorize preparation of plans and specifications for the lift station rehabilitation project and authorize BGE to advertise for bids. Director Canepa seconded the motion, which passed unanimously.

PARK BOND APPLICATION NO. 2

Ms. Schroeder reported that she submitted park bond application no. 2 to the TCEQ on April 5, 2018.

COORDINATION WITH CY-FAIR ISD FOR DETENTION POND MANAGEMENT

Ms. Schroeder updated the Board on the coordination with Cy-Fair ISD for management of the detention pond. She reported that the assessment prepared by BGE has been provided to the Cy-Fair ISD engineer.

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 and reviewed a CPI adjustment pursuant to the terms of Inframark's Professional Services Agreement, a copy of which is attached.

Mr. Demel reviewed the report on zero usage meter readings in the District.

Following review and discussion, Director Mohr moved to approve the operator's report. Director Canepa 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 Mohr 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 Canepa 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.

CONDUCT ANNUAL REVIEW AND RECEIVE REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM AND ADOPT IDENTITY THEFT PREVENTION PROGRAM AMENDMENT

Mr. Demel reviewed the rules for identity theft prevention issued by the Federal Trade Commission. He stated that under the rules, the District is required to conduct an annual review of its Identity Theft Prevention Program. Mr. Demel reviewed the annual report on the Identity Theft Prevention Program, a copy of which is attached to the operator's report, and stated the procedures have been implemented and that no incidents have occurred. Ms. Edwards added ABHR is not recommending any changes to the Program at this time.

SMART METER MATTERS

Mr. Demel updated the Board on the installation of the Automatic Meter Reading Badger Poly E-Series Meters for the smart meter trial program. He reported that he met with Accurate Meter & Supply on April 10, 2018, and that ten smart meter trial kits have been installed in the District. He added that three months are remaining on the smart meter trial program.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY CREDIT FOR APPLICATION OF RE-USE WATER FOR IRRIGATION PURPOSES

Ms. Schroeder updated the Board on a proposed application to the WHCRWA for credits for the District's irrigation with re-use water. She noted that the District's irrigation with re-use water and the use of potable water at the splash pad facility that is allowed to run into the lake as make-up water must be metered to develop the data for

the request for credit from the WHCRWA. Ms. Schroder noted that 4 meters would need to be installed. She added that the application must be approved by the Harris-Galveston Subsidence District as well before the WHCRWA may grant the credits. The Board discussed coordinating with Harris County Municipal Utility District No. 433 for the District to receive the financial benefit of the credits because the District does not hold a well permit in its own name.

CHAMPIONS REPORT

Mr. Fort presented a report on the District's drainage facilities, a copy of which is attached. He reported the de-silting of Channel A has been completed.

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

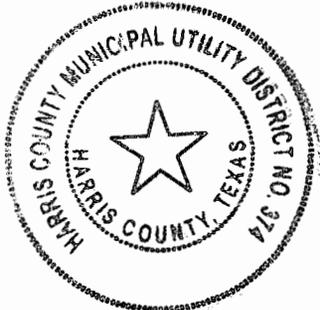
Director Sykes reported on security matters in the District. The Board acknowledged receipt of the security services report for the month, a copy of which is attached.

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

Director Canepa updated the Board on the maintenance and improvements at the clubhouse.

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

(SEAL)



Asst. Michael Owens
Secretary, Board of Directors

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