

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

December 14, 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 14th day of December, 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, thus constituting a quorum.

Also present at the meeting were of Jennifer Smith and Sara Burson of Accurate Meter & Supply ("Accurate Meter"); Colette Garcia of McGrath & Co., PLLC; Jason Demel of Inframark Water Infrastructure Operations; Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Diane Bailey of McLennan & Associates, L.P.; Keli Schroeder of BGE, Inc. ("BGE"); and Susan Edwards and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the November 9, 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.

PRESENTATION FROM ACCURATE METER SUPPLY REGARDING SMART METERS

Ms. Smith and Ms. Burson presented and reviewed information regarding Badger electronic smart water meters ("smart meters") and the process associated with installing such smart meters in the District. The Board discussed installation of the smart meters in the District, including the associated costs and the difference between polymer and stainless steel meters. The Board also discussed a four-month smart meter trial program. Following discussion, the Board requested that Accurate Meter provide a list of water districts that have already installed smart meters and have Inframark as an operator. The Board concurred to have Director Mohr contact some of the references

provided to learn more about smart meters and report back to the directors at the next Board meeting.

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. Ms. Bailey noted that Harris County Municipal Utility District No. 371 has received reimbursement of eligible chloramine conversion costs from the West Harris County Regional Water Authority ("WHCRWA"), and the District had received its pro rata share of the reimbursement in the amount of approximately \$244,000. After discussion, Director Sykes moved to approve the bookkeeper's report, the checks presented for payment, and the investment report. Director Canepa seconded the motion, which carried unanimously. A copy of the bookkeeper's report, including the investment report, is attached.

The Board considered adding an endorsement to the District's insurance policies for the addition of the District's four irrigation pumps at an additional annual cost of \$208 through September 21, 2018, and approximately \$300.68 annually thereafter. After discussion, Director Owens moved to add the four irrigation pumps to the District's insurance policies, as discussed. Director Mohr seconded the motion, which carried unanimously.

ADOPT AMENDED BUDGET FOR FISCAL YEAR END AUGUST 31, 2018

Ms. Bailey reviewed with the Board an amended budget for the fiscal year ending August 31, 2018, a copy of which is attached to the bookkeeper's report. Ms. Bailey stated that the line items for Maintenance Tax, Chloramine Conversion Refund, and Engineering TPDES Permit Renewal in the budget were amended. Following review and discussion, Director Sykes moved to adopt the amended budget for the fiscal year ending August 31, 2018 and direct that it be filed appropriately and retained in the District's official records. Director Canepa seconded the motion, which passed by unanimous vote.

ADOPT RESOLUTION ADOPTING PREVAILING WAGE RATE

Ms. Edwards presented and reviewed a Resolution Adopting Prevailing Wage Rate. Following discussion, Director Owens moved to adopt a Resolution Adopting Prevailing Wage Rate Scale and direct that it be filed appropriately and retained in the District's official records. Director Naedler seconded the motion, which passed unanimously.

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 2.73% of the District's 2017 taxes had been collected through the end of November. 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.

APPROVE AUDIT FOR FISCAL YEAR END AUGUST 31, 2017

Ms. Garcia presented and reviewed the District's audit for the fiscal year end August 31, 2017. After discussion, Director Canepa moved to approve the audit for the fiscal year ending August 31, 2017, subject to final review, and direct that it be filed appropriately and retained in the District's official records. Director Naedler seconded the motion, which passed unanimously.

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 contract with Gulf Coast Lake Irrigation is being presented for signature.

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 is still waiting for authorization from the TCEQ for the second publication.

WATER PLANT PROJECTS

Ms. Schroeder reported to the Board that Harris County Municipal Utility District No. 433 has authorized design of two hydropneumatic tanks.

SUMMARY OF COSTS FOR PROPOSED PARK BOND APPLICATION

Ms. Schroeder reported that BGE is still working on the summary of costs for the park bond application.

COORDINATION WITH CY-FAIR ISD FOR DETENTION POND MANAGEMENT

Ms. Schroeder reported that she and Christopher Doherty, a BGE hydrologist, met with Cypress-Fairbanks ISD to review the operations of the ISD and District detention ponds to see if any improvements can be implemented.

APPROVE PURCHASE AND SALE AGREEMENT WITH CYPRESS CREEK LAKES PROPERTY OWNERS ASSOCIATION, INC. ("POA")

Ms. Edwards presented and reviewed a Purchase and Sale Agreement (the "Agreement") with the POA in relation to the 3.313-acre POA park property that is being purchased by the District. Following review and discussion, Director Naedler moved to approve the Agreement, as revised. Director Owens seconded the motion, which passed unanimously.

CHAMPIONS REPORT

Ms. Schroeder presented a report on behalf of Champions Hydro-Lawn, Inc. 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 to the Board that he and Kyle Franklin of I.M.S. met in the District to determine where to add additional trees. He also reported that he will be getting an estimate from I.M.S. to repair the grass that was torn up by 4-wheelers.

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 September. 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 reported that Severn Trent Services, Inc. had changed its name to Inframark Water Infrastructure Operations ("Inframark").

The Board discussed suspending the meter replacement program while it investigates installation of smart meters in the District.

The Board then discussed having Inframark make a courtesy phone call, in addition to hanging a door tag, for all delinquent water customers prior to shutting off the customer's water.

Mr. Demel presented and reviewed a proposal from JACH Controls & Automations, LLC ("JACH Controls") for replacing the damaged processor in Lift Station 1 at a cost of \$4,900.

Following review and discussion, Director Mohr moved to (1) suspend the meter replacement program; (2) authorize Inframark to make a courtesy phone call, in addition to hanging a door tag, for all delinquent water customers prior to shutting off the customer's water; and (3) accept the proposal from JACH Controls for replacing the damaged processor in Lift Station 1 at a cost of \$4,900. 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 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 Owens seconded the motion, which passed by unanimous vote.

WATER SMART APPLICATION AND RESOLUTION APPROVING SUBMITTAL OF THE WATER SMART APPLICATION FOR INCLUSION IN THE AWBD WATER SMART PARTNERS PROGRAM ("RESOLUTION")

The Board considered adopting the Resolution for the water smart application. After discussion, Director Naedler moved to adopt the Resolution. Director Mohr seconded the motion, which passed unanimously.

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 adding an additional officer in the District. Following discussion, Director Owens moved not to add an additional officer in the District. Director Mohr seconded the motion, which passed unanimously.

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 updated the Board on options for locking the clubhouse. He reported that changing the code one time each month appears to be the best option. He added that he will coordinate with Director Canepa regarding changing the code.

REVIEW AND UPDATE EMINENT DOMAIN REPORT TO THE TEXAS COMPTROLLER

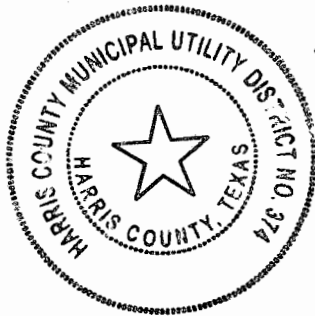
Ms. Edwards informed the Board that ABHR has filed an annual updated eminent domain report with the Texas Comptroller on the District's behalf pursuant to state requirements.

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.

(SEAL)



[Handwritten Signature]
Asst. Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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