

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

February 8, 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 8th day of February, 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"); 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 and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 11, 2018, regular Board meeting. Following review and discussion, Director Owens moved to approve the regular meeting minutes as presented. Director Naedler seconded the motion, which passed by unanimous vote.

ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND ATTENDANCE AT SUMMER CONFERENCE

The Board discussed the recent Association of Water Board Directors ("AWBD") winter conference. The Board also discussed the upcoming AWBD summer conference. Following discussion, Director Owens moved to approve the reimbursement of eligible expenses related to the winter conference, which the bookkeeper confirmed were submitted in accordance with the District's Travel Reimbursement Guidelines, and authorize attendance of any interested directors at the summer conference. Director Canepa seconded the motion, which carried 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. After discussion, Director Owens 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.

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 83.85% of the District's 2017 taxes had been collected through the end of January. 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.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered adopting a Resolution Concerning Exemptions from Taxation. After review and discussion, Director Canepa moved to adopt a Resolution Concerning Exemptions from Taxation, reflecting that the Board of Directors grants a \$35,000 homestead exemption for persons who are over 65 years of age and/or disabled, rejects a general residential homestead exemption, and rejects any exemption of travel trailers from ad valorem taxation, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Owens seconded the motion, which passed by unanimous vote.

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 is still working on the pump station and has not submitted a pay estimate.

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 preparing to advertise.

WATER PLANT PROJECTS

There was no update on this matter.

RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS

Ms. Schroeder gave an update on preparation of Park Bond application No. 2, referring to the Summary of Costs distributed at the January Board meeting. The Board considered adopting a Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds, in an amount not to exceed \$1,495,000. Ms. Schroeder added that BGE will request an expedited review, if eligible.

Following review and discussion, Director Naedler moved to adopt the Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds, in an amount not to exceed \$1,495,000, and on an expedited basis, if appropriate, subject to finalization. Director Mohr seconded the motion, which passed unanimously.

LIFT STATION INSPECTION

Ms. Schroeder recommended an inspection of the coating of the District's three lift stations to assess their overall conditions. After discussion, Director Naedler moved to authorize BGE to conduct the lift station inspections at a cost not to exceed \$1,000 per lift station. Director Mohr 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.

Mr. Demel reported that the pump housing for the reuse system cracked during the recent hard freeze.

Director Sykes expressed concern that connector lines between detention ponds may have blockage, particularly after Hurricane Harvey in August, 2017.

Following review and discussion, Director Canepa moved to approve the operator's report. 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 Canepa 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 information on the Automatic Meter Reading ("AMR") Badger Poly E-Series Meters, a copy of which is attached. The Board discussed the proposed installation of smart meters in the District, including the associated costs and whether to proceed with participating in a smart meter trial program.

Following review and discussion, Director Owens moved to proceed with participating in a three-month smart meter trial program. 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 presented two proposals from I.M.S., one of which was for installing 20 additional oak trees around lakes 1 and 2 at a cost of \$9,700, and the other which was for installing 30 additional oak trees around lakes 1 and 2 at a cost of \$14,400. Following discussion, Director Owens moved to approve the proposal from

I.M.S. for installing 30 additional oak trees around lakes 1 and 2 at a cost of \$14,400. Director Naedler seconded the motion, which passed unanimously. A copy of the proposal that was approved is attached.

Director Owens presented and reviewed the District's residential water usage as of January 2018, a copy of which is attached.

PATROL SERVICES

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

Director Sykes reported that tires were stolen in the District last night.

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

Director Sykes reported that Cypress Creek Ranch Homeowners Association (the "HOA") requested the use of the clubhouse on the third Thursday of each month from 6:30 p.m. until 8:30 p.m. for HOA meetings. Following discussion, the Board concurred to allow the HOA to use the clubhouse, subject to the HOA paying the regular rental fee in the amount of \$200.

Director Canepa reported that the lights the contractor installed in the clubhouse are not working properly. He added that he will follow up with the contractor regarding the lights.

DISTRICT WEBSITE

Director Owens updated the Board on the District's website. He reported that the new website that includes the District and Harris County Municipal Utility District No. 433 is now online.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15C2-12

Ms. Edwards reviewed the District's annual report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the bond resolutions. She stated that the District is required to file certain financial and operating data with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System ("EMMA"). Following review and discussion, Director Owens moved to approve the annual report, authorize the attorney to submit the District's updated financial and operating data in compliance with the

continuing disclosure provisions contained in the bond resolutions through EMMA, and direct that the report be filed appropriately and retained in the District's official records. Director Canepa seconded the motion, which passed by unanimous vote.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Ms. Edwards stated that no changes are required at this time.

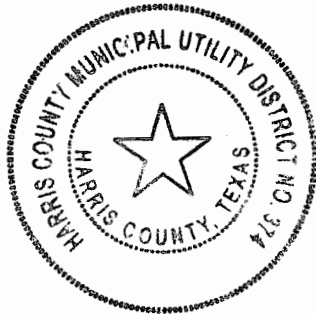
2018 DIRECTORS ELECTION

Ms. Edwards discussed procedures related to the 2018 Directors Election. She reviewed an Order Calling Directors Election. Following review and discussion, Director Naedler moved to adopt the Order Calling Directors Election. Director Canepa seconded the motion, which was approved by unanimous vote.

Ms. Edwards recommended the Board authorize ABHR to post a Notice of Election, if necessary, in the District and at the Harris County Clerk's Office. Following discussion, Director Naedler moved to authorize ABHR to post a Notice of Election, if necessary, in the District and at the Harris County Clerk's Office. Director Canepa seconded the motion, which passed 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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