

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

August 9, 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 9th day of August, 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 except Directors Canepa and Spidle, 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 ("Public Finance Group"); 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 and Ethan Demary of BGE, Inc. ("BGE"); Marie Mohr, a resident of the District; and Susan Edwards, Sandra Staine, and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the July 12, 2018, regular Board meeting. Following review and discussion, Director Mohr moved to approve the regular meeting minutes as presented. Director Naedler seconded the motion, which passed by unanimous vote.

UNLIMITED TAX PARK BONDS, SERIES 2018

Ms. Hubble reviewed with the Board the bids received for the sale of the District's \$1,495,000 Unlimited Tax Park Bonds, Series 2018 ("Series 2018 Park Bonds"), noting that eight bids were received. Ms. Hubble distributed the bid summary, a copy of which is attached. She stated that good faith checks were submitted by all of the bidders as requested, and that the bids have been verified for accuracy.

The Board next considered awarding the sale of the Series 2018 Park Bonds. Ms. Hubble recommended that the Board accept the bid with the lowest net effective interest rate of 3.153697% submitted by Raymond James & Associates, Inc.

The Board considered approving the Resolution Authorizing the Issuance of the District's \$1,495,000 Unlimited Tax Park Bonds, Series 2018.

The Board then considered approving the Paying Agent/Registrar Agreement with BOKF, NA, Dallas, Texas.

The Board next considered approving the Official Statement for the Series 2018 Park Bonds.

Ms. Edwards presented a Certificate Regarding Provision of Financial Advice related to the Series 2018 Park Bonds certifying that ABHR has not provided financial advice to the Board concerning the issuance of the Series 2018 Park Bonds.

The Board next considered authorizing the Board of Directors to sign all the documents relating to the bond sale and to authorize the attorney and financial advisor to take all necessary action to deliver the bonds to the purchaser.

The Board discussed approving a check to the Attorney General of Texas for the Series 2018 Park Bonds transcript review.

Ms. Edwards stated that the Texas Water Code requires the District to file an Amendment to the Information Form with Harris County and the Texas Commission on Environmental Quality ("TCEQ") in order to reflect the bonds issued by the District.

After review and discussion, Director Mohr moved to (1) award the sale of the Series 2018 Park Bonds to Raymond James & Associates, Inc.; (2) adopt the Resolution Authorizing the Issuance of the District's \$1,495,000 Unlimited Tax Park Bonds, Series 2018 and direct that it be filed appropriately and retained in the District's official records; (3) approve the Official Statement and direct that it be filed appropriately and retained in the District's official records; (4) approve and authorize execution of the Paying Agent/Registrar Agreement with BOKF, NA, Dallas, Texas; (5) approve the Certificate Regarding Provision of Financial Advice; (6) authorize the Board of Directors to sign the Series 2018 Park Bonds documents and authorize the attorney and financial advisor to take all necessary action to deliver the bonds to the purchaser; (7) approve a check to the Attorney General of Texas for transcript review; and (8) approve the Amendment to Information Form and direct that it be filed appropriately and retained in the District's official records. Director Naedler seconded the motion, which passed unanimously.

2018 TAX RATE, PUBLIC HEARING DATE, AND NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

This agenda item was deferred until the next Board meeting.

RENEWAL OF DISTRICT INSURANCE POLICIES

The Board reviewed the District's current insurance policies and renewal proposal from Waterworks Insurance Network on behalf of Arthur J. Gallagher & Co. Following review and discussion, Director Naedler moved to accept the renewal proposal for the District's insurance and direct that the proposal be filed appropriately and retained in the District's official records. Director Mohr seconded the motion, which carried 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. Following further review and 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.

ADOPT BUDGET FOR FISCAL YEAR END AUGUST 31, 2019

The Board considered adopting a budget for the District's fiscal year end August 31, 2019. Ms. Bailey presented a draft budget for the Board's review, a copy of which is attached to the bookkeeper's report. The Board requested that line items be added for (1) the inspection and repair of sanitary sewer manholes and waterline valves in the amount of \$10,000; (2) replacement of the catwalk grating with new non slip galvanized grating at sewer plant no. 1 in the amount of \$35,000; and (3) additional landscaping, including adding live oak trees and other improvements in the amount of \$60,000. Following review and discussion, Director Mohr moved to approve the budget as revised. Director Naedler seconded the motion, which carried unanimously.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END AUGUST 31, 2018

The Board considered authorizing McGrath & Co., PLLC ("McGrath") to prepare the District's audit report for the fiscal year end August 31, 2018, pursuant to its engagement with the District. Following review and discussion, Director Naedler moved to authorize McGrath to prepare the audit for fiscal year end August 31, 2018. Director Mohr seconded the motion, which carried 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 99.46% of the District's 2017 taxes have been collected through the end of July. Following review and discussion, Director Naedler 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.

WATER PLANT PROJECTS

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

LIFT STATION REHABILITATION

Ms. Schroeder updated the Board on the lift station rehabilitation project. She reviewed the tabulation of bids and reported that four bids were received. Ms. Schroeder recommended that the Board award the contract for the project to the low bidder, T&G Services, in the amount of \$282,360. The Board concurred that, in its judgment, T&G Services was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Following review and discussion, Director Mohr moved to award the contract for the lift station rehabilitation project to T&G Services in the amount of \$282,360, based upon the engineer's recommendation and subject to verification of the bonds and insurance. Director Naedler seconded the motion, which passed by unanimous vote.

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 provided information to the engineer for Harris County for review.

WATERLINE CONNECTION AT CROSSLAND PARK DRIVE

Ms. Schroeder updated the Board on the waterline connection at Crossland Park Drive. She requested the Board approve a 0.0120-acre and 0.0596-acre water line easement. She also requested the Board authorize BGE to solicit bids.

Following review and discussion, Director Mohr moved to (1) accept and authorize the execution of the 0.0120-acre and 0.0596-acre water line easement for the waterline connection at Crossland Park Drive, and direct that the easement be filed appropriately and retained in the District's official records; and (2) authorize BGE to solicit bids for the waterline connection project. Director Naedler seconded the motion, which passed unanimously.

ENGINEERING MATTERS (CONTINUED)

Director Sykes discussed the acreage included for maintenance under I.M.S. Landscape Services, Inc.'s ("I.M.S.") landscaping contract. He requested authorization for BGE to calculate the acreage to determine if it is being accurately reflected in the current IMS landscaping contract. The Board concurred and directed BGE to calculate the detention pond maintenance acreage.

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 CREDIT FOR IRRIGATION WITH RE-USE WATER

There was no report on this matter. The Board agreed to remove this item from the agenda until August 2019 after 12 months of data on irrigation with re-use water has been developed for the credit application to the WHCRWA.

COORDINATION WITH CY-FAIR ISD FOR DETENTION POND MANAGEMENT

Ms. Schroeder updated the Board on coordination with Cy-Fair ISD for management of its detention pond. She reported that she met with the Cy-Fair ISD engineer and informed the Board that the District could obtain approximately 6 inches of additional stormwater detention in its ponds if Cy-Fair ISD's detention pond released stormwater over a 6-day period instead of a 4-day period. Ms. Schroeder said that Cy-Fair ISD expressed willingness to be a good neighbor to the District but noted the school district has no additional funds for maintenance costs of the Bermuda grass at the school district pond that might be incurred if the grass were submerged for a 6-day

period, as proposed by the District, instead of the current 4-day period. Following discussion, the Board concurred not to pursue the request to the school district.

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 discussed a drain from a customer's property at 11522 Carson Field discharging onto District property and eroding the soil. Mr. Demel said the customer appears to be out of town, but he will continue to follow up.

The Board discussed the valve and manhole surveys. Mr. Demel said the cost is \$20 per item for inspection, noting the cost will increase in the future unless the District uses a GIS system to record the survey results, which makes locating and inspecting facilities quicker. Following discussion, the Board concurred to have Ms. Schroeder provide a proposal for BGE to develop a GIS system for the District.

Following review and discussion, Director Mohr 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 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 Naedler seconded the motion, which passed by unanimous vote.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

The Board considered approving the annual report on implementation of the Water Conservation Plan. Following review and discussion, Director Mohr moved to approve the annual report on implementation of the Water Conservation Plan. Director Naedler seconded the motion, which passed by unanimous vote.

AMENDMENT TO OPERATOR'S AGREEMENT

This agenda item was deferred until the next Board meeting.

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

There was no discussion on this agenda item.

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

There was no discussion on this agenda item.

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")

Director Sykes reported on matters relating to the clubhouse.

DISTRICT WEBSITE

The Board discussed the District website. It was noted that Inframark is working to add a feature on the District website that will allow customers to apply for and cancel water service in the District.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bid summary	1
Bookkeeper's report.....	3
Tax report.....	4
Engineer's report.....	4
Operator's report	6
Champions report.....	7