

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

October 11, 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 11th day of October, 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 Justin Taack 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"); Josh Fort of Champions Hydro-Lawn, Inc. ("Champions"); and Sandra Staine, Gabby Gomez, and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the September 13, 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.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Mr. Taack reviewed a 2018 tax rate analysis, a copy of which is attached.

Ms. Staine stated that Tax Tech published a Notice of Public Hearing stating the District anticipates levying an \$0.82 tax rate at this meeting. The Board opened the public

hearing regarding the adoption of the District's 2018 tax rate. There being no members of the public in attendance who wished to address the Board, the public hearing was closed.

Ms. Staine reviewed an Order Levying Taxes with a total tax rate of \$0.82 per \$100 of assessed valuation, comprised of \$0.5655 for debt service and \$0.2545 for maintenance and operations, and an Amendment to Information Form. She stated that the Amendment to Information Form will be filed with the Texas Commission on Environmental Quality ("TCEQ") and recorded in the Official Public Records of Harris County. After review and discussion, Director Mohr moved to (1) adopt the Order Levying Taxes reflecting a tax rate of \$0.82 per \$100 of assessed valuation, consisting of \$0.5655 for debt service and \$0.2545 for maintenance and operations expenditures, and direct that the Order be filed appropriately and retained in the District's official records; and (2) authorize execution of the Amendment to Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Naedler seconded the motion, which passed by unanimous vote. The Board confirmed its intention that the 2018 tax levy includes a debt service component for the calendar year ending December 31, 2019, and a maintenance tax component for the fiscal year ending August 31, 2019.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Bailey presented and reviewed the bookkeeper's report and submitted the bills for the Board's review. The Board discussed amending the budget for fiscal year end August 31, 2019, at the next Board meeting. Following review and discussion, Director Naedler moved to approve the bookkeeper's report, the checks presented for payment, and the investment report. Director Mohr seconded the motion, which passed by unanimous vote. 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 99.8% of the District's 2017 taxes have been collected through the end of September. 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

Ms. Schroeder stated the District has received a request from Camden Property Trust Apartments ("Camden") for a utility commitment letter for the Cypress Creek Apartment Phase II. Ms. Schroeder stated that the District has sufficient capacity to accommodate Camden's request. Following review and discussion, Director Naedler moved to approve a utility commitment letter to Camden, subject to finalization by ABHR, and direct that the letter be filed appropriately and retained in the District's official records. Director Mohr seconded the motion, which passed unanimously.

WATER PLANT PROJECTS

Ms. Schroeder updated the Board on construction of the hydropneumatic tank project at the joint water plant in Harris County Municipal Utility District No. 433. She reported that the project is expected to begin in January 2019.

LIFT STATION REHABILITATION

Ms. Schroeder updated the Board on the lift station rehabilitation project. She reported that the Notice to Proceed was issued for October 15, 2018.

MOUND ROAD WATERLINE ADJUSTMENTS FOR HARRIS COUNTY MOUND ROAD EXPANSION

There was no update on this agenda item.

WATERLINE CONNECTION AT CROSSLAND PARK DRIVE

Ms. Schroeder updated the Board on the waterline connection at Crossland Park Drive. She reported that she has the contracts for this project for execution by the Board.

EMERGENCY WATER INTERCONNECT WITH HARRIS COUNTY MUD NO. 500

Ms. Schroeder informed the Board that BGE is still in discussion with Harris County Municipal District No. 500 ("MUD 500") regarding a proposed emergency water interconnect.

GEOGRAPHIC INFORMATION SYSTEM ("GIS") MAPPING TECHNOLOGY PROPOSAL

The Board discussed possibly having BGE develop a GIS system in the District. Ms. Schroeder reminded the Board how a GIS system could be beneficial to the District including helping to reduce the costs of the valve and manhole surveys that Inframark performs and to develop a repair history on the District system. Following discussion, the Board requested that Mr. Demel provide a cost estimate for the valve and manhole surveys so they can determine the cost benefit for this project if a GIS system is developed in the District.

ENGINEERING MATTERS (CONTINUED)

Director Sykes requested an update from BGE on the acreage included for maintenance under I.M.S. Landscape Services, Inc.'s ("I.M.S.") landscaping contract to determine if the acreage is being accurately reflected in the current I.M.S. landscaping contract. Following discussion, the Board directed BGE to calculate the detention pond maintenance acreage and determine what I.M.S. should be maintaining.

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 August. He then reviewed the report and invoices with the Board. Mr. Demel also reported on routine maintenance and repair items during the month.

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

Mr. Fort presented a report on the District's drainage facilities, a copy of which is attached.

LAKE PRO, INC. ("LAKE PRO") REPORT AND PROPOSALS

There was no discussion on this agenda item.

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

Director Sykes updated the Board on pruning the trees at lakes 1 and 2. He reported that he walked around all nine lakes in the District to look at the trees to determine if they need pruning. He added that he does not think the trees need to be pruned at this time. Following review and discussion, the Board concurred to not have the trees pruned at this time.

After discussion, the Board concurred to allow property owners in the cul-de-sac of Castlemoor Court to plant trees on top of the bank of the District's drainage channel behind their properties if they wish.

PATROL SERVICES

Director Sykes reported on security matters in the District. He informed the Board that there is a new officer who is patrolling during the day.

MEETING FACILITY REPORT, INCLUDING MAINTENANCE AND IMPROVEMENTS AT CYPRESS CREEK LAKES COMMUNITY CENTER ("CLUBHOUSE")

Director Sykes reported on matters relating to the clubhouse. He informed the Board that the air conditioning in the clubhouse has been repaired.

DISTRICT WEBSITE

Director Sykes informed the Board that he provided Off Cinco with an email to send out to the District residents informing them of the lowering of the District's tax rate.

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



Secretary, Board of Directors

(SEAL)



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