

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

November 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 November, 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, thus constituting a quorum.

Also present at the meeting were Jason Demel of Inframark Water & Infrastructure Operations ("Inframark"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Jorge Diaz of McLennan & Associates, L.P. ("McLennan"); Keli Schroeder and Ethan Demary of BGE, Inc. ("BGE"); and Susan Edwards, Sandra Staine, and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

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

FINANCIAL AND BOOKKEEPING MATTERS

Mr. Diaz presented and reviewed the bookkeeper's report and submitted the bills for the Board's review. He informed the Board of additional checks to add to the cash disbursements section of the bookkeeper's report. Following review and discussion, Director Spidle moved to approve the revised bookkeeper's report, the checks presented for payment as revised, and the investment report. Director Canepa seconded the motion, which passed by unanimous vote. A copy of the bookkeeper's report, including the investment report, is attached.

ADOPT AMENDED BUDGET FOR FISCAL YEAR END AUGUST 31, 2019

Mr. Diaz reviewed with the Board an amended budget for the fiscal year ending August 31, 2019, a copy of which is attached to the bookkeeper's report. He stated that the line item for Maintenance Tax in the budget was amended. Following review and

discussion, Director Spidle moved to adopt the amended budget for the fiscal year ending August 31, 2019, 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.

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 0.31% of the District's 2018 taxes have been collected through the end of October. Following review and discussion, Director Canepa moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Naedler 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 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 still expected to begin in January 2019. Ms. Schroeder noted that BGE is no longer the engineering firm for Harris County Municipal Utility District No. 371.

LIFT STATION REHABILITATION

Ms. Schroeder updated the Board on the lift station rehabilitation project. She reported that during the recoating, the underlying structure was found to be in much better condition than anticipated which will result in a much lower overall cost for the lift station rehabilitation project. She reported that as a result of the inspection, it was determined that the ductile iron pipe is in poor condition and needs to be replaced. She reviewed and recommended approval of Change Order No. 2 to the contract with T&G Services ("T&G") in the amount of \$12,057.75 to increase the contract amount for additional costs for replacing the ductile iron pipe. The Board determined that Change Order No. 2 is beneficial to the District.

Following review and discussion, Director Spidle moved to approve Change Order No. 2 in the amount of \$12,057.75 as an increase to the contract with T&G, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Canepa 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 Harris County resubmitted their final plans for review by BGE and that upon review, BGE has determined that the waterline adjustment many no longer be necessary. She added that this will result in a lower overall District cost for the project.

WATERLINE CONNECTION AT CROSSLAND PARK DRIVE

Ms. Schroeder updated the Board on the waterline connection at Crossland Park Drive. She reported that the Notice to Proceed was issued for November 26, 2018.

EMERGENCY WATER INTERCONNECT WITH HARRIS COUNTY MUD NO. 500

There was no update on this agenda item.

GEOGRAPHIC INFORMATION SYSTEM ("GIS") MAPPING TECHNOLOGY PROPOSAL

The Board discussed possibly having BGE develop a GIS system for the District. Mr. Demel informed the Board that a GIS system could save the District approximately \$9,000 annually for the valve and manhole surveys that Inframark performs. Ms. Schroeder informed the Board that the GIS system would cost approximately \$73,900 for the set up with a \$500 monthly fee for hosting and upkeep of the GIS system. Following discussion, the Board deferred action on this agenda item.

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 invoice amounts with the Board. Mr. Demel also reported on routine maintenance and repair items during the month.

Mr. Demel presented a write-off report of water and sewer accounts deemed to be uncollectible and recommended that two accounts be turned over to a collection agency. A copy of the write-off report is filed appropriately and retained in the District's official records.

Following review and discussion, Director Spidle moved to (1) approve the operator's report; and (2) authorize Inframark to turn over two accounts totaling \$637.10 to a collection agency. 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 Spidle 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

Director Spidle informed the Board that he and Director Mohr met with Mr. Demel to review the proposed amendment of the agreement between Inframark and the District, and that Inframark is finalizing the amendment form.

WATER SMART APPLICATION

Mr. Demel discussed the water smart application and requested the Board provide to him, throughout the year, evidence of water conservation activities in the District. After discussion, the Board concurred to authorize the preparation of the water smart application for 2019.

CHAMPIONS REPORT

There was no discussion on this agenda item. A copy of the report on the District's drainage facilities provided by Champions Hydro-Lawn, Inc. is attached.

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

Director Sykes reported on maintenance at the lake.

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

Director Sykes reported on park and recreational improvements in the District.

PATROL SERVICES

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

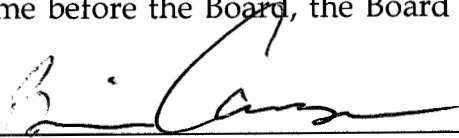
MEETING FACILITY REPORT, INCLUDING MAINTENANCE AND IMPROVEMENTS AT CYPRESS CREEK LAKES COMMUNITY CENTER ("CLUBHOUSE")

Director Canepa reported on matters relating to the clubhouse. He informed the Board that the Young Life high school group has requested use of the clubhouse, at no charge, for Young Life meetings on 14 Mondays between November 2018 and April 2019. He noted that the Board had previously not allowed weekly meetings at the clubhouse. Director Canepa informed the Board that the Garden Club has already reserved the clubhouse for one Monday each month so those Mondays are not available. Following discussion, Director Spidle moved to approve the request from the Young Life high school group to use the clubhouse for Young Life meetings, at no charge, every Monday between November 2018 and April 2019, with the exception of the one Monday each month that the Garden Club has already reserved the clubhouse. Director Naedler seconded the motion, which passed unanimously.

DISTRICT WEBSITE

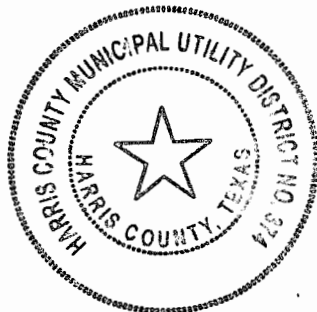
Ms. Edwards informed the Board that Off Cinco has asked if the Board would like to add a comprehensive new documentary video from the West Harris County Regional Water Authority to the District's website. The Board requested that ABHR email a copy of the video to the directors for review, and postponed action on the request to the December meeting.

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



Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	1
Tax report	2
Engineer's report.....	2
Operator's report.....	3
Champions report	4
Security services report	5