

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

December 13, 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 13th day of December, 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 Tayo Ilori of McGrath & Co., PLLC ("McGrath"); 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, Ethan Demary, and Christopher Doherty of BGE, Inc. ("BGE"); Josh Fort of Champions Hydro-Lawn, Inc. ("Champions"); Mark Naedler, 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 November 8, 2018, regular Board meeting. Following review and discussion, Director Spidle moved to approve the regular meeting minutes as presented. Director Naedler seconded the motion, which passed by unanimous vote.

ENGINEERING MATTERS

Mr. Doherty presented and reviewed with the Board a comparison of the 2007 floodplain and the 2013 floodplain area maps. The Board discussed the dirt fill work being done in the Towne Lake subdivision that was previously approved by Harris County Flood Control District ("HCFCD"). Mr. Doherty noted that HCFCD will begin a new floodplain study next month. Following discussion, the Board concurred to have BGE schedule a meeting with HCFCD to discuss the District's concerns regarding diminished stormwater transmission capacity in the District due to the fill work in Towne Lake. The Board also concurred to designate Director Sykes and Mr. Naedler as representatives for the District for this matter.

APPROVE AUDIT FOR FISCAL YEAR END AUGUST 31, 2018

Mr. Ilori presented and reviewed the District's audit for the fiscal year end August 31, 2018. After discussion, Director Naedler moved to approve the audit for the fiscal year ending August 31, 2018, subject to final review, and direct that it be filed appropriately and retained in the District's official records. Director Mohr seconded the motion, which passed unanimously.

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. Ms. Edwards recommended that all checks presented be included on the cash disbursement list in the bookkeeper's report except in very limited circumstances, noting that most invoices received by the bookkeeper after the report is prepared may be held until the following month. The Board expressed concern over excessive messenger charges.

Following review and discussion, Director Spidle moved to approve the bookkeeper's report, the checks presented for payment, 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.

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 4.20% of the District's 2018 taxes have been collected through the end of November. 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 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 contractor is currently working on installing necessary piping. She also reported that Harris County Municipal Utility District No. 371 received bids for a ground storage tank rehabilitation project in October. Ms. Schroeder added 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 both lift stations are currently down. She recommended the Board approve Pay Estimate No. 1 in the amount of \$44,421.97.

Following review and discussion, Director Spidle moved to approve Pay Estimate No. 1 in the amount of \$44,421.97 for the lift station rehabilitation project payable to T&G Services. 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 after final coordination with Harris County, it has been determined that the waterline adjustment is no longer necessary which will result in a lower overall District cost for the project. She added that Inframark may need to move some fire hydrants upon completion of 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 contractor is currently working on installing the water line.

EMERGENCY WATER INTERCONNECT WITH HARRIS COUNTY MUD NO. 500

There was no update on this agenda item.

GEOGRAPHIC INFORMATION SYSTEM ("GIS") MAPPING TECHNOLOGY PROPOSAL

Ms. Schroeder acknowledged the directors' concurrence not to move forward with developing a GIS system at this time. She informed the Board that BGE will waive the cost of the first year of maintenance in the amount of \$6,500 if the District decides to move forward with developing a GIS system at a later date.

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 three 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.

Mr. Demel reported that the bypass pump failed for the Mound Road project, possibly from a power surge, and the contractor has accepted responsibility for cleanup costs.

Director Spidle requested that Inframark provide a proposal for surge protection at the District's facilities.

Following review and discussion, Director Spidle moved to (1) approve the operator's report; and (2) authorize Inframark to turn over three accounts totaling \$879.85 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 Naedler seconded the motion, which passed by unanimous vote.

AMENDMENT TO OPERATOR'S AGREEMENT

There was no discussion on this agenda item.

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 a Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors ("AWBD") Water Smart Partners Program. After discussion, Director Spidle moved to adopt the Resolution and authorize Inframark to submit the District's Water Smart Application for the AWBD Water Smart Partners Program. Director Mohr 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. ("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

There was no discussion on this agenda item.

PATROL SERVICES, INCLUDING APPROVE INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES

Director Sykes reported on security matters in the District. He informed the Board that another District patrol officer has left because he was promoted to Sergeant. 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. The Board discussed giving out the code only one day in advance to a District resident renting the clubhouse.

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.

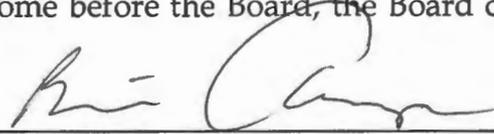
TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines and Director Expenses for the Association of Water Board Directors winter conference.

DISTRICT WEBSITE

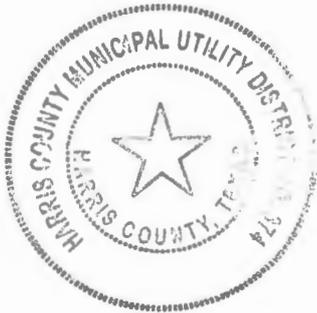
There was no discussion on this agenda item.

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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