

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

March 14, 2019

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 14th day of March, 2019, 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 Shannon Waugh of Off Cinco; Jason Demel of Inframark Water & Infrastructure Operations ("Inframark"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Diane Bailey and Renee Butler of McLennan & Associates, L.P. ("McLennan"); Ethan Demary of BGE, Inc. ("BGE"); Josh Fort of Champions Hydro-Lawn, Inc. ("Champions"); and Susan Edwards, Sandra Staine, and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the February 14, 2019, regular Board meeting. Following review and discussion, Director Spidle moved to approve the meeting minutes as presented. Director Canepa seconded the motion, which passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Director Sykes stated that the Board's informal policy regarding director per diems has been to approve per diems for director attendance at Board meetings and Association of Water Board Directors' events, but not for other activities of a director related to the District. After discussion, the Board concurred to follow the current policy and also to approve the payment of a per diem to a director for services specifically requested by the Board that required a significant amount of time.

Ms. Bailey presented and reviewed the bookkeeper's report and submitted the bills for the Board's review. Following review and discussion, Director Naedler moved to approve the bookkeeper's report, the checks presented for payment, and the investment

report. Director Spidle seconded the motion, which passed by unanimous vote. A copy of the bookkeeper's report, including the investment report, is attached.

ORDER ADOPTING AMENDED AND RESTATED PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Ms. Edwards stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. She added that the provisions of that undertaking require that the District comply with certain continuing disclosure requirements for its bonds. Ms. Edwards explained that, in order to ensure that the District's procedures for continuing disclosure compliance are well documented, the Board has previously adopted such procedures in writing. She stated that, because the United States Securities and Exchange Commission has amended its Rule 15c2-12, ABHR recommends that the District's written procedures be amended by the Board. Ms. Edwards reviewed an Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance with the Board. Following review and discussion, Director Spidle moved to adopt the Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Canepa seconded the motion, which passed by unanimous vote.

BUILD AMERICA MUTUAL INSURANCE PROXY BALLOT

Ms. Edwards presented and reviewed a proxy from Build America Mutual ("BAM") for casting a vote for BAM directors in BAM's upcoming annual meeting. Following discussion, the Board concurred to abstain from voting in BAM's director election.

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 97.41% of the District's 2018 taxes have been collected through the end of January. Following review and discussion, Director Mohr moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Spidle seconded the motion, which carried by unanimous vote. A copy of the tax report is attached.

ENGINEER'S REPORT

Mr. Demary 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

There was no update on this agenda item.

LIFT STATION REHABILITATION

Mr. Demary updated the Board on the lift station rehabilitation project. He reviewed and recommended approval of Change Order No. 4 to the contract with T&G Services ("T&G") in the amount of \$173,145.63 to increase the contract amount due to unexpected coating failures of the T-Lock Liner in the wastewater treatment plant lift station and Lift Station No. 1. He added that the contractor will remove the damaged T-Lock Liner and replace it with Dura-Plate 6100 coating system. The Board determined that Change Order No. 4 is beneficial to the District. He also recommended the Board approve Pay Estimate No. 4 in the amount of \$90,046.15.

Following review and discussion, Director Spidle moved to (1) approve Change Order No. 4 in the amount of \$173,145.63 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; and (2) approve Pay Estimate No. 4 in the amount of \$90,046.15 for the lift station rehabilitation project payable to T&G. Director Canepa seconded the motion, which passed by unanimous vote.

MOUND ROAD WATERLINE ADJUSTMENTS FOR HARRIS COUNTY MOUND ROAD EXPANSION

Mr. Demary updated the Board on the Mound Road waterline adjustments for the Harris County Mound Road Expansion from Crossland Park Drive east to Fry Road. He reported that Inframark is relocating the fire hydrants as required by Harris County to facilitate the construction of Mound Road.

WATERLINE CONNECTION AT CROSSLAND PARK DRIVE

Mr. Demary updated the Board on the waterline connection at Crossland Park Drive. He recommended the Board approve Pay Estimate No. 2 and Final in the amount of \$4,584.30 and accept the project. Following review and discussion, and based on the engineer's recommendation, Director Spidle moved to approve Pay Estimate No. 2 and Final in the amount of \$4,584.30 payable to Fellers & Clark, LP for the waterline connection at Crossland Park Drive and final acceptance of the project. Director Canepa seconded the motion, which passed unanimously.

EMERGENCY WATER INTERCONNECT WITH HARRIS COUNTY MUD NO. 500

There was no update 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 January. 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 one account 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 Inframark submitted a water use survey to the Texas Water Development Board. A copy of the survey is included in the operator's report.

Mr. Demel reported that the District's Water Smart Application has been submitted to the Texas Commission on Environmental Quality ("TCEQ"). A copy of the application is attached.

Following review and discussion, Director Spidle moved to (1) approve the operator's report; and (2) authorize Inframark to turn over one account totaling \$283.38 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

Mr. Demel presented and reviewed an amendment to the operator's agreement. Following review and discussion, Director Spidle moved to approve the amendment to the operator's agreement effective April 1, 2019. Director Mohr seconded the motion, which passed unanimously.

REPORT ON SURGE PROTECTION FOR DISTRICT FACILITIES

Mr. Demel presented and reviewed a proposal for installing new Eaton Surge Protection devices on equipment at the wastewater treatment plant in the amount of \$11,500. A copy of the proposal is attached. Following review and discussion, Director Spidle moved to authorize Inframark to install the surge protection, as proposed. Director Naedler seconded the motion, which passed unanimously.

ORDER ADOPTING AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Ms. Edwards stated that the TCEQ rules require that the District review and adopt an Amended and Restated Drought Contingency Plan prior to May 1, 2019. She reviewed an Amended and Restated Drought Contingency Plan with the Board. After review and discussion, Director Naedler moved to adopt an Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject and direct that the Order be filed appropriately and retained in the District's official records. Director Spidle seconded the motion, which passed by unanimous vote.

REVIEW WATER CONSERVATION PLAN; APPROVE ANNUAL REPORT AND WATER CONSERVATION IMPLEMENTATION REPORT; ADOPT ORDER ADOPTING AMENDED AND RESTATED WATER CONSERVATION PLAN

Ms. Edwards reviewed the Water Conservation Plan Annual Report and Five-Year Implementation Report on the Water Conservation Plan with the Board. She stated that the TCEQ rules require that the District review and adopt an Amended and Restated Water Conservation Plan prior to May 1, 2019. Ms. Edwards reviewed an Amended and Restated Water Conservation Plan with the Board.

After review and discussion, Director Canepa moved to (1) approve the Water Conservation Annual Report and Five-Year Implementation Report, direct that the reports be filed appropriately and retained in the District's official records, and authorize the District's Operator to submit the reports to the appropriate government agencies; and (2) adopt an Order Adopting Amended and Restated Water Conservation Plan, direct that the Order be filed appropriately and retained in the District's official records, and authorize the District Operator to submit the Amended and Restated Water Conservation Plan to the appropriate government agencies. Director Spidle seconded the motion, which passed by unanimous vote.

SUMMARY OF JOINT WATER SUPPLY AGREEMENTS

Ms. Edwards presented and reviewed a summary of the District water supply agreements, a copy of which is attached.

CHAMPIONS REPORT

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

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

Director Sykes updated the Board on replacement of the Section 7 South Fountain with a new AquaMaster fountain. He reported that Lake Pro had to order a new jet from the manufacturer.

PATROL SERVICES

Director Sykes updated the Board on Harris County Municipal Utility District No. 433's request to add a fourth constable to patrol in the District. He reported that the Board can consider this at the end of the year when it is time to renew the security patrol contract.

INSTALLATION OF CAMERAS AT DISTRICT ENTRANCES

Director Spidle stated that he had received additional information regarding the cost of installing security cameras at the entrances to the District. The Board discussed the cost and feasibility of installing security cameras in the District, and concurred not to take any action at this time.

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

Director Canepa reported on matters relating to the clubhouse.

DISTRICT WEBSITE

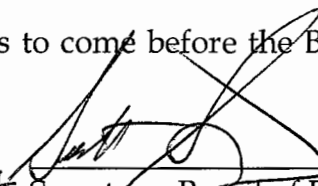
Ms. Waugh presented and reviewed an amendment to Off Cinco's Service Agreement to include additional monthly hours for the clubhouse management. She informed the Board that the clubhouse management with the reservations is taking over three hours of time each month and the original contract only allows for 30 minutes of time. She also is recommending the purchase and integration of the SSL certificate. Following discussion, Director Spidle moved to approve the amendment to Off Cinco's agreement effective April 1, 2019. Director Naedler seconded the motion, which passed unanimously.

REQUEST TO INSTALL MONUMENT SIGN ON DISTRICT PROPERTY

Director Sykes informed the Board that the Cypress Creek Lakes Property Owners Association (the "POA") is requesting authorization to install two monument signs on District property on Cypress North Houston. He added that the POA is also requesting

that the District pay for the monument signs at a cost of approximately \$7,000. Following discussion, the Board concurred to deny the request of the POA.

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


Asst. Secretary, Board of Directors

(SEAL)



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