

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

April 11, 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 11th day of April, 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 Linda Hubble of Public Finance Group LLC ("Public Finance Group"); Jason Demel of Inframark Water & Infrastructure Operations ("Inframark"); Esther Flores of Tax Tech, Inc. ("Tax Tech"); Diane Bailey of McLennan & Associates, L.P. ("McLennan"); Keli Schroeder 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 March 14, 2019, regular Board meeting. Following review and discussion, Director Canepa moved to approve the meeting minutes as presented. Director Naedler seconded the motion, which passed by unanimous vote.

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 the pay estimate for ground storage tank no. 2 and the total costs for the project. Following discussion, the Board requested that McLennan provide a complete accounting for the engineering projects in the monthly bookkeeper's report, including the total amount of the project and the current balance paid and remaining to be paid for each project.

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.

UNLIMITED TAX REFUNDING BONDS, SERIES 2019 ("SERIES 2019 REFUNDING BONDS")

REPORT FROM FINANCIAL ADVISOR ON REFUNDING BOND ISSUE, INCLUDING AUTHORIZE PURCHASE OF INSURANCE AND APPLICATION FOR RATING

Ms. Hubble distributed and reviewed an updated analysis of the refunding prepared by Public Finance Group, a copy of which is attached.

ENGAGE RATING AGENCY TO PERFORM CREDIT RATING ANALYSIS FOR SERIES 2019 UNLIMITED TAX REFUNDING BONDS

Ms. Hubble discussed engaging a rating agency to perform a credit rating analysis for the Series 2019 Refunding Bonds. Following discussion, the Board concurred to engage Moody's Investors Service to perform a credit rating analysis for the Series 2019 Refunding Bonds.

AUTHORIZE TAX ASSESSOR/COLLECTOR TO REQUEST CERTIFICATE OF ASSESSED VALUE AS OF JANUARY 1 FROM THE APPRAISAL DISTRICT

Ms. Hubble stated that the District's tax assessor/collector may need to request a Certificate of Assessed Value as of January 1, 2018, from the Harris County Appraisal District in connection with the Series 2019 Refunding Bonds.

TAX ASSESSMENT AND COLLECTION MATTERS, INCLUDING DELINQUENT TAX COLLECTIONS, INSTALLMENT AGREEMENT, AND PAYMENT OF TAX BILLS

Ms. Flores reviewed the District's monthly tax report and stated that 98.01% of the District's 2018 taxes have been collected through the end of February. Ms. Flores noted that Verizon Wireless made an overpayment due to a miscoding so the report includes a check to Verizon Wireless in the amount of \$90,198.32. 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 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

There was no update on this agenda item.

LIFT STATION REHABILITATION

Ms. Schroeder updated the Board on the lift station rehabilitation project. She reported that a revised schedule has been submitted and the project should be completed in early May. She recommended the Board approve Pay Estimate No. 5 in the amount of \$36,140.62.

Following review and discussion, Director Spidle moved to approve Pay Estimate No. 5 in the amount of \$36,140.62 for the lift station rehabilitation project payable to T&G Services. 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 requested the Board approve the conveyance of a 30' wide temporary construction easement to the contractor for a dual wall container and barrier during the project, noting the contractor will be responsible for removal and restoration after the project. Following review and discussion, Director Spidle moved to approve conveyance of the temporary construction easement as described. Director Naedler seconded the motion, which passed by unanimous vote.

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 February. 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 reported that Inframark is changing its credit card processing company to PACE which will affect District credit card customers. He informed the Board that Inframark will notify the District residents of this change by adding it to the District website and sending a notice to District residents by email. He noted that Inframark may waive late fees attributable to the transition for customers who may fail to re-enter their credit card information.

Mr. Demel informed the Board that he received notification from the West Harris County Regional Water Authority ("WHCRWA") about its summer operations water

supply commitments. He reported that the WHCRWA will not provide surface water this summer beyond the District's water supply commitment. Mr. Demel noted that there is a possibility the District will need to implement its drought contingency plan this summer.

The Board discussed the importance of notifying District residents to conserve water, especially irrigation water. Following discussion, The Board requested that Inframark include a notice in the District water bills about water conservation.

Director Spidle requested that Inframark add a page to the monthly operator's report about the District's sludge haul with the percentage of solids hauled including the date and volume.

Following review and discussion, Director Spidle moved to approve the operator's report. Director Naedler seconded the motion, which passed unanimously.

CONDUCT ANNUAL REVIEW AND RECEIVE REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM AND ADOPT IDENTITY THEFT PREVENTION PROGRAM AMENDMENT

Mr. Demel reviewed the rules for identity theft prevention issued by the Federal Trade Commission. He stated that under the rules, the District is required to conduct an annual review of its Identity Theft Prevention Program. Mr. Demel reviewed the annual report on the Identity Theft Prevention Program, a copy of which is attached to the operator's report, and stated the procedures have been implemented and that no incidents have occurred. Ms. Edwards added ABHR is not recommending any changes to the Program at this time.

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 Canepa seconded the motion, which passed by unanimous vote.

AMEND RATE ORDER

The Board considered amending the Rate Order to reflect the fees of customer services included in the amended operator's agreement. Following review and discussion, Director Spidle moved to adopt an Amended Rate Order, effective April 15, 2019, and

direct that the Order be filed appropriately and retained in the District's official records. Director Canepa seconded the motion, which passed unanimously.

CHAMPIONS REPORT

There was no discussion on this agenda item.

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

Director Sykes reported that he is going to be meeting with I.M.S. regarding adding new trees around the lake.

PATROL SERVICES

The Board discussed possibly adding a fourth constable or sergeant to patrol in the District. Director Sykes informed the Board that he was contacted about an opportunity to add a sergeant to the patrol which would be a cost of an additional \$30,000 to be paid by the District and \$30,000 to be paid by HC433. It was noted that the Cypress Creek Lakes Property Owners Association current pays for three off duty officers to patrol during the times that the patrol in the District is not working in the District. Following discussion, the Board concurred to consider adding a fourth constable or sergeant at the next Board meeting.

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

There was no discussion on this agenda item.

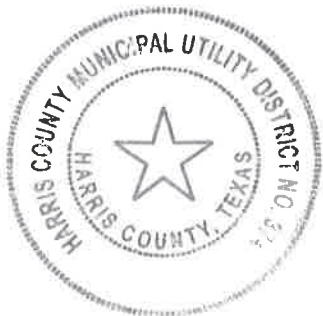
DISTRICT WEBSITE

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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