

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

May 9, 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 9th day of May, 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 except Director Mohr, thus constituting a quorum.

Also present at the meeting were Linda Hubble of Public Finance Group LLC ("Public Finance Group"); Jason Demel and ElizaBeth Reeves of Inframark Water & Infrastructure Operations ("Inframark"); Kathy Cruthirds 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 April 11, 2019, regular Board meeting, and the April 11, 2019, special Board meeting. Following review and discussion, Director Naedler moved to approve the meeting minutes as presented. Director Spidle 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. She noted that the District received a payment from FEMA in the amount of \$14,801.88 for damages related to Hurricane Harvey.

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.

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

APPROVE PRELIMINARY OFFICIAL STATEMENT FOR THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2019

Ms. Hubble reviewed the Preliminary Official Statement for the Refunding Bonds. After review and discussion, Director Spidle moved to approve the Preliminary Official Statement, subject to final review. Director Naedler seconded the motion, which passed by unanimous vote.

DESIGNATE UNDERWRITER

The Board considered selecting an underwriter to purchase the Refunding Bonds. Following review and discussion, Director Spidle moved to designate Hutchinson, Shockey, Erley & Co. ("Hutchinson") and Raymond James & Associates, Inc. ("Raymond James") as co-underwriters of the Refunding Bonds, with Hutchinson as the senior underwriter and Raymond James as the junior underwriter. Director Naedler seconded the motion, which passed by unanimous vote.

APPOINT PAYING AGENT/REGISTRAR AND ESCROW AGENT

The Board considered appointing a Paying Agent/Registrar and Escrow Agent for the Refunding Bonds. Following review and discussion, Director Spidle moved to appoint BOKF, NA, as Paying Agent/Registrar and Escrow Agent for the Refunding Bonds. Director Naedler seconded the motion, which passed by unanimous vote.

RESOLUTION AUTHORIZING THE ISSUANCE OF THE REFUNDING BONDS AND AUTHORIZE THE BOARD OF DIRECTORS TO SIGN ALL DOCUMENTS RELATING TO THE SALE OF THE BONDS

Ms. Edwards presented and reviewed with the Board a Resolution Authorizing the Issuance of the Refunding Bonds. After review and discussion, Director Spidle moved to (1) adopt the Resolution Authorizing the Issuance of the District's Refunding Bonds; and (2) authorize Director Sykes, with Director Spidle as alternate, to act as the District's authorized representative to approve the sale of the Refunding Bonds subject to a minimum net present value savings of 3.0% and a principal amount not greater than \$22,320,000 and to select the specific maturities or series of the District's outstanding bonds to be refunded and perform any actions needed to effect the sale of the Refunding Bonds, including the execution of the Bond Purchase Agreement and any other necessary documents. Director Naedler seconded the motion, which passed unanimously.

AUTHORIZE THE DISTRICT'S ATTORNEY AND THE FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION IN CONNECTION WITH THE ISSUANCE OF THE DISTRICT'S REFUNDING BONDS

Ms. Edwards discussed the necessary action to be taken by the District's attorney and the financial advisor in connection with the issuance of the Refunding Bonds. After review and discussion, Director Spidle moved to authorize the District's attorney and financial advisor to take all necessary action in connection with the issuance of the Refunding Bonds. Director Naedler seconded the motion, which passed unanimously.

EXECUTION OF CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Ms. Edwards presented and reviewed with the Board a Certificate Regarding Provision of Financial Advice (the "Certificate"). After review and discussion, Director Spidle moved to authorize execution of the Certificate and direct that it be filed appropriately and retained in the District's official records. Director Naedler seconded the motion, which passed by unanimous vote.

APPROVE CHECK TO ATTORNEY GENERAL RELATING TO BOND ISSUE TRANSCRIPT REVIEW

The Board considered approving the check to the Attorney General relating to bond issue transcript review. After review and discussion, Director Spidle moved to approve the check to the Attorney General relating to bond issue transcript review. Director Naedler 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 98.47% of the District's 2018 taxes have been collected through the end of April. Following review and discussion, Director Spidle 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.

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 recommended the Board approve Pay Estimate No. 6 in the amount of \$151,037.81. Following review and discussion, Director Spidle moved to approve Pay Estimate No. 6 in the amount of \$151,037.81 payable to T&G Services for the lift station rehabilitation project. 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 a 0.1068-acre temporary construction easement to be conveyed to the Harris County contractor for the project performance. Following review and discussion, Director Spidle moved to authorize execution of the 0.1068-acre temporary construction easement for the Mound Road waterline adjustments, and direct that the recorded easement be filed appropriately and retained in the District's official records. 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 March. 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 updated the Board on the notification received from the West Harris County Regional Water Authority ("WHCRWA") about its summer operations water supply commitments and not providing surface water this summer beyond the District's water supply commitment. The Board requested Inframark provide information on the District's summer water supply demands. The Board also discussed communicating with District residents about the WHCRWA notification and the importance of conserving water.

Following discussion, Director Spidle moved to (1) approve the operator's report; and (2) authorize Inframark to prepare a letter to the District residents regarding the notice received from the WHCRWA about the limited supply of surface water allocated during the peak demand periods and the importance of conserving water, and to have this letter mailed to the District residents, posted to the District's website, and included on the District residents' water bills. Director Naedler seconded the motion, which passed unanimously. The Board also discussed meeting with the Cypress Creek Lakes Property Owners Association, Inc. to make them aware of this situation.

The Board requested that Inframark obtain an updated proposal for replacement of all meters in the District with smart meters.

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 Spidle seconded the motion, which passed by unanimous vote.

CONSUMER CONFIDENCE REPORT

Mr. Demel reviewed the Consumer Confidence Report ("CCR") with the Board, a copy of which is attached to the operator's report. The Board discussed notifying the District residents of the CCR by providing a link to the CCR on the District residents' water bill. After review and discussion, Director Naedler moved to approve the CCR, authorize the operator to post the CCR on the District's website, and authorize filing the CCR with the TCEQ. Director Spidle seconded the motion, which passed by unanimous vote.

REVIEW CRITICAL LOAD SPREADSHEET FOR DISTRICT FACILITIES AND AUTHORIZE ANNUAL FILING

Ms. Edwards reviewed the Critical Load Spreadsheet for District's facilities with the Board. She stated that the District's operator, engineer, and bookkeeper are reviewing the Critical Load Spreadsheet and will make the necessary revisions. Ms. Edwards added that the Critical Load Spreadsheet for District's facilities will be filed with the appropriate governmental agencies as required by the Water Code. Following review and discussion, Director Spidle moved to authorize annual filing of the Critical Load Spreadsheet and direct that it be filed appropriately and retained in the District's official records. Director Canepa seconded the motion, which passed unanimously.

CHAMPIONS REPORT

The Board reviewed the Champions report on the District's drainage facilities, a copy of which is attached. Director Sykes reported that the detention pond on Mound Road is being torn up due to excavation that is taking place on Mound Road. Following discussion, the Board directed BGE to look into this matter.

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

Director Sykes informed the Board that he and Director Mohr met with I.M.S. regarding a recommendation to put wax leaf ligustrum around the splash pad lake. He added that this would not be done until the winter. He also added that I.M.S. is recommending that a screen hedge be planted at the end of the cul-de-sac on Castlemoor Court. Director Sykes presented a proposal from I.M.S. for installing wax leaf ligustrum around the splash pad lake at a cost of \$15,435 and a screen hedge at the end of the cul-de-sac on Castlemoor Court at a cost of \$842. Following discussion, Director Canepa moved to approve the proposal from I.M.S. for installing wax leaf ligustrum and a screen hedge in the total amount of \$16,277, as discussed. Director Spidle seconded the motion, which passed unanimously. A copy of the proposal that was approved is attached.

PATROL SERVICES

The Board discussed possibly adding a fourth constable or sergeant to patrol in the District when the new contract is renewed for 2020. Following discussion, the Board concurred to take no action at this time.

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

Director Canepa reported on matters related to the clubhouse.

DISTRICT WEBSITE

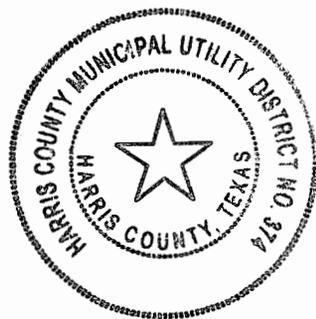
There was no discussion on this agenda item.

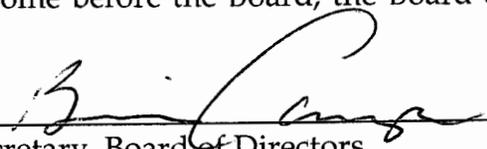
JUNE MEETING DATE CHANGE

Following discussion, the Board concurred to reschedule the June meeting for June 20, 2019, at 11:30 a.m. due to the Association of Water Board Directors summer conference scheduled for June 13, 2019.

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

(SEAL)



  
Secretary, Board of Directors

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