

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

July 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 July, 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 Avik Bonnerjee of B&A Municipal Tax Service, LLC; ElizaBeth Reeves and Sabrina Alaquez-Wallin 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"); Josh Fort of Champions Hydro-Lawn, Inc. ("Champions"); Taytum Canepa, a member of the public; and Susan Edwards, Sandra Staine, and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the May 9, 2019, regular Board meeting. Following review and discussion, Director Canepa moved to approve the meeting minutes as presented. Director Spidle seconded the motion, which passed by unanimous vote.

RENEWAL OF DISTRICT INSURANCE POLICIES

This agenda item was deferred until the next Board meeting.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Bailey presented and reviewed the bookkeeper's reports for June and July and submitted the bills for the Board's review. Following review and discussion, Director Canepa moved to approve the bookkeeper's reports and investment reports for June and July, and the checks presented for payment. Director Mohr seconded the

motion, which passed by unanimous vote. A copy of the bookkeeper's reports, including the investment reports, are attached.

BUDGET FOR FISCAL YEAR END AUGUST 31, 2020

Ms. Bailey presented and reviewed a draft budget for the fiscal year ending August 31, 2020, a copy of which is attached to the bookkeeper's report. Following review and discussion, Ms. Bailey stated that the draft budget will be presented for adoption at the next Board meeting.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND ATTENDANCE AT WINTER CONFERENCE

The Board discussed the AWBD summer conference. The Board reviewed the AWBD summer conference expenses submitted by directors for reimbursement. The Board next considered authorizing attendance for any interested directors at the AWBD winter conference. Following review and discussion, Director Canepa moved to approve reimbursement of eligible AWBD summer conference expenses submitted by the directors and to authorize attendance for any interested directors at the AWBD winter conference. Director Naedler seconded the motion, which passed unanimously.

REPORT ON UNLIMITED TAX REFUNDING BONDS, SERIES 2019

Ms. Edwards updated the Board on the Series 2019 Refunding Bond sale. She reported that the total debt service savings was \$911,895, and the total net present value savings was \$656,221 or 3.675%.

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 98.96% of the District's 2018 taxes have been collected through the end of June. 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.

Mr. Bonnerjee distributed and reviewed a Sales Tax Permit Audit report, a copy of which is attached. Following review and discussion, Director Mohr moved to approve the Sales Tax Permit Audit report. Director Spidle seconded the motion, which carried by unanimous vote.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH COLLECTION OF DELINQUENT TAXES

After discussion, Director Canepa moved to authorize the delinquent tax attorney to proceed with collection of 2018 delinquent taxes. Director Mohr seconded the motion, which passed unanimously.

ENGINEER'S REPORT

Ms. Schroeder presented the engineer's report, a copy of which is attached.

Ms. Schroeder requested the Board approve a 0.0258-acre water meter easement for the Camden Creek Apartment Expansion off Mound Road. Following review and discussion, Director Naedler moved to ratify execution of the 0.0258-acre water meter easement for the Camden Creek Apartment Expansion off Mound Road, and direct that the recorded easement be filed appropriately and retained in the District's official records. Director Canepa seconded the motion, which passed by unanimous vote.

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. 7 in the amount of \$40,935.75 and Pay Estimate No. 8 and Final in the amount of \$156,953.42. Following review and discussion, Director Naedler moved to approve Pay Estimate No. 7 in the amount of \$40,935.75 and Pay Estimate No. 8 and Final in the amount of \$156,953.42, both payable to T&G Services for the lift station rehabilitation project. 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 BGE has been coordinating with the engineer and contractor during construction as needed.

EMERGENCY WATER INTERCONNECT WITH HARRIS COUNTY MUD NO. 500

There was no update on this agenda item.

OPERATOR'S REPORT

Ms. Reeves 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. She then reviewed the report and invoice amounts with the Board. Ms. Reeves also reported on routine maintenance and repair items during the month.

Ms. Reeves 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.

Ms. Reeves informed the Board that Pump Solutions, Inc. ("PSI") has replaced the lift pump at lift station no. 1 which was covered under warranty. She added that PSI's installation cost for the new lift pump in the amount of \$11,600 was not covered under warranty.

Ms. Reeves discussed the bill message for July, August, and September.

Ms. Reeves presented and reviewed a proposal from Accurate Meter & Supply ("Accurate") for replacing the meters in the District with Automatic Meter Reading ("AMR") Badger Poly E-Series Meters at a cost of \$482,050 for the material and installation, a copy of which is attached. The Board discussed the proposed installation of smart meters in the District, including the associated costs and whether to install the smart meters in phases. Ms. Reeves noted that these costs are guaranteed for one year. She informed the Board that Inframark would install the smart meters that are one inch and less, and Accurate would install the smart meters that are over one inch. Following discussion, the Board concurred to defer action on this matter until the next Board meeting.

The Board discussed the effect of current hydrant flushing procedures on water accountability in the District. Following discussion, the Board requested that Inframark look into this matter.

Director Spidle requested that Inframark send him copies of invoices every month. He also requested that Inframark add a page to its report showing the percentage of sludge that is hauled each month.

Ms. Schroeder updated the Board on the notification received from the West Harris County Regional Water Authority ("WHCRWA") that due to its overall summer operations and water supply commitments, it will not provide surface water this summer beyond the District's minimum water supply commitment. She informed the Board that after researching and analyzing the District's previous usage during the

summer months, there should not be any issues with the District's summer water supply demands.

Following discussion, Director Mohr moved to (1) approve the operator's report; and (2) authorize Inframark to turn over one account totaling \$581.47 to a collection agency. Director Naedler seconded the motion, which passed unanimously.

HEARING REGARDING TERMINATION OF UTILITY SERVICE TO DELINQUENT ACCOUNTS AND AUTHORIZE TERMINATION OF SERVICE

Ms. Reeves reported on the list of delinquent customers this month. The Board conducted a hearing regarding water and sewer service terminations. She 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 Mohr 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.

CHAMPIONS REPORT

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

Mr. Fort updated the Board on the detention pond on Mound Road that is being torn up due to excavation that is taking place on Mound Road. He reported that the contractors for this project may be storing their equipment outside of the boundaries of the temporary construction access easement. Following discussion, the Board requested that BGE look into this matter.

Mr. Fort recommended the application of herbicides at Channel A. Ms. Schroeder concurred with this recommendation.

Following discussion, Director Naedler moved to authorize herbicide treatment at Channel A at a cost not to exceed \$2,500. Director Spidle seconded the motion, which carried unanimously.

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 has been receiving complaints from District residents about trees in the District needing to be trimmed. It was noted that

the last tree trimming in the District was in 2014. Director Sykes informed the Board that he will bring a proposal to the next Board meeting to have the trees trimmed in the District.

PATROL SERVICES

Director Sykes reported that some vehicles have been broken into in the District.

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

Director Canepa reported on matters related to the clubhouse.

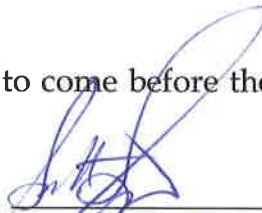
DISTRICT WEBSITE

There was no discussion on this agenda item.

REPORT REGARDING LEGISLATIVE MATTERS

Ms. Edwards distributed and reviewed a report prepared by ABHR regarding legislative matters pertaining to the 86th Regular Session of the Texas Legislature, a copy of which is attached.

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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