

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

August 8, 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 8th day of August, 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 Canepa, thus constituting a quorum.

Also present at the meeting were Colette Garcia of McGrath & Co., PLLC ("McGrath"); ElizaBeth Reeves and Sabrina Alaquinez-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"); Jennifer Smith and Sara Burson of Accurate Meter & Supply ("Accurate Meter"); and Sandra Staine and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the July 11, 2019, regular Board meeting. Following review and discussion, Director Mohr moved to approve the meeting minutes as presented. Director Spidle seconded the motion, which passed by unanimous vote.

RENEWAL OF DISTRICT INSURANCE POLICIES

The Board reviewed the District's current insurance policies and renewal proposal as submitted by Arthur J. Gallagher & Co. noting that the current coverage expires on September 21, 2019. Following review and discussion, Director Spidle moved to accept the renewal proposal for the District's insurance and direct that the proposal be filed appropriately and retained in the District's official records. Director Mohr seconded the motion, which carried unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Bailey presented and reviewed the bookkeeper's report for August and submitted the bills for the Board's review. Following review and discussion, Director Naedler moved to approve the bookkeeper's report and investment report, and the checks presented for payment. Director Spidle seconded the motion, which passed by unanimous vote. A copy of the bookkeeper's report, including the investment report, is attached.

ADOPT BUDGET FOR FISCAL YEAR END AUGUST 31, 2020

The Board considered adopting a budget for the District's fiscal year end August 31, 2020. Ms. Bailey presented a draft budget for the Board's review, a copy of which is attached to the bookkeeper's report. The Board discussed changes that were made to the draft budget since the last Board meeting. Following review and discussion, Director Naedler moved to approve the budget as presented. Director Spidle seconded the motion, which carried unanimously.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END AUGUST 31, 2019

Ms. Garcia requested authorization to conduct the District's audit for the fiscal year ending August 31, 2019, pursuant to McGrath's engagement letter with the District. She stated that the estimated cost of the audit is \$12,500, which is a \$500 increase from the previous year. Following discussion, Director Mohr moved to authorize McGrath to conduct the District's audit for the fiscal year ending August 31, 2019. Director Spidle 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 99.14% of the District's 2018 taxes have been collected through the end of July. 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.

2019 TAX RATE, PUBLIC HEARING DATE, AND NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

This agenda item was deferred until the next Board meeting.

ENGINEER'S REPORT

Ms. Schroeder discussed engineering matters in the District.

The Board discussed the minimum delivery of surface water to the District that is guaranteed from West Harris County Regional Water Authority ("WHCRWA").

WATER PLANT PROJECTS

There was no update on this agenda item.

MOUND ROAD WATERLINE ADJUSTMENTS FOR HARRIS COUNTY MOUND ROAD EXPANSION

There was no update on this agenda item.

EMERGENCY WATER INTERCONNECT WITH HARRIS COUNTY MUD NO. 500

There was no update on this agenda item.

UPDATE ON APPLICATION TO WEST HARRIS COUNTY REGIONAL WATER AUTHORITY FOR CREDIT FOR IRRIGATION WITH RE-USE WATER

Ms. Schroeder updated the Board on the District possibly qualifying for water credits from the WHCRWA for irrigating with re-use water. She reported that the District now has 12 months of data on irrigation with re-use water for the credit application to the WHCRWA. Ms. Schroeder noted that since the District does not have a well permitted in the District's name, the credit the District may be minimal. After discussion, the Board directed Ms. Schroeder to check into this matter further and report back to the Board at the next meeting.

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 June. 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 that Board that the lift pump at lift station no. 2 had to be pulled and deragged. She added that Inframark will continue to monitor the lift pump and may need to put in grinder pumps.

Ms. Reeves discussed monitoring the well run times and implementing the District's drought contingency plan if necessary.

Following discussion, Director Spidle moved to (1) approve the operator's report; and (2) authorize Inframark to turn over one account totaling \$632.31 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

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 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.

DISCUSS SMART METERS AND TAKE APPROPRIATE ACTION

Ms. Smith and Ms. Burson discussed installation of the polymer smart meters in the District, including the associated costs and the process for adding the smart meters and notifying the District residents, including possibly using a robo call and having a town hall meeting. A copy of the proposals from Accurate Meter and Inframark are attached. Following review and discussion, Director Spidle moved to (1) approve the installation of polymer smart meters in the District at an initial cost of \$449,455 with Accurate Meter purchasing and installing the smart meters, and a monthly cost in the amount of \$906, as discussed; (2) approve the agreement for smart meters; and (3) adopt the Resolution Establishing Rules and Regulations Governing the Use of the District's Online Portal System. Director Naedler seconded the motion, which passed unanimously. Ms. Smith noted that Accurate Meter can begin installation of the smart meters in October 2019.

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 application of herbicides in the District. He reported that the herbicide application is already included in the District's budget and is scheduled to be applied in May and August each year.

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

Mr. Fort informed the Board that Champions is required annually to renew the Storm Water Quality Permit issued by Harris County.

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

Director Sykes presented and reviewed proposals from I.M.S. for (1) pruning the trees around the fences that are around all of the lakes in the District at a cost of \$11,830; and (2) removing the dead oak tree next to the splashpad building, including grinding the stump and removing all debris, at a cost of \$1,850. A copy of the proposals are attached. Following review and discussion, Director Mohr moved to approve the proposals from I.M.S. Director Naedler seconded the motion, which passed unanimously.

PATROL SERVICES

Director Sykes reported on some incidences in the District of purses being stolen from cars during school drop-off at The Goddard School.

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

There was no discussion on this agenda item.

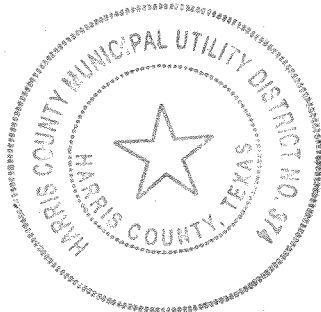
DISTRICT WEBSITE

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)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	2
Tax report.....	2
Operator's report	3
Proposals from Accurate Meter and Inframark for AMR Badger Poly E-Series Meters.....	4
Champions report.....	4
Proposals from I.M.S.	5