

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 374

October 10, 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 10th day of October, 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 Spidle, thus constituting a quorum.

Also present at the meeting were Jennifer Smith of Accurate Meter & Supply ("Accurate Meter"); Linda Hubble of Public Finance Group LLC ("Public Finance Group"); ElizaBeth Reeves and Sabrina Alaquez-Wallin of Inframark Water & Infrastructure Operations ("Inframark"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Jorge Diaz of McLennan & Associates, L.P. ("McLennan"); Keli Schroeder 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").

PUBLIC COMMENTS

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the September 12, 2019, regular Board meeting. Following review and discussion, Director Naedler moved to approve the meeting minutes as presented. Director Canepa seconded the motion, which passed by unanimous vote.

PATROL SERVICES, INCLUDING DISCUSSION WITH HARRIS COUNTY CONSTABLE PRECINCT 5'S OFFICE REGARDING SUBDIVISION CAMERAS

There was no discussion on this agenda item.

FINANCIAL AND BOOKKEEPING MATTERS

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

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 99.86% of the District's 2018 taxes have been collected through the end of September. 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 Naedler seconded the motion, which carried by unanimous vote. A copy of the tax report is attached.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Hubble reviewed a 2019 tax rate analysis, a copy of which is attached.

Ms. Edwards stated that Tax Tech published a Notice of Public Hearing stating the District anticipates levying an \$0.80 tax rate at this meeting. The Board opened the public hearing regarding the adoption of the District's 2019 tax rate. There being no members of the public in attendance who wished to address the Board, the public hearing was closed.

Ms. Edwards reviewed an Order Levying Taxes with a total tax rate of \$0.80 per \$100 of assessed valuation, comprised of \$0.5385 for debt service and \$0.2615 for maintenance and operations, and an Amendment to Information Form. She stated that the Amendment to Information Form will be filed with the Texas Commission on Environmental Quality ("TCEQ") and recorded in the Official Public Records of Harris County. After review and discussion, Director Mohr moved to (1) adopt the Order Levying Taxes reflecting a tax rate of \$0.80 per \$100 of assessed valuation, consisting of \$0.5385 for debt service and \$0.2615 for maintenance and operations expenditures, and direct that the Order be filed appropriately and retained in the District's official records; and (2) authorize execution of the Amendment to Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Naedler seconded the motion, which passed by unanimous vote. The Board confirmed its intention that the 2019 tax levy includes a debt service component for the

calendar year ending December 31, 2020, and a maintenance tax component for the fiscal year ending August 31, 2020.

RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT

Ms. Edwards stated the Board has the opportunity to nominate a candidate for the Harris County Appraisal District board. Following discussion, the Board concurred to take no action on this agenda item.

ENGINEER'S REPORT

Ms. Schroeder discussed engineering matters in the District.

WATER PLANT PROJECTS

There was no update on this agenda item.

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 the project is almost complete.

EMERGENCY WATER INTERCONNECT WITH HARRIS COUNTY MUD NO. 500 ("HC500")

Ms. Schroeder updated the Board on a possible emergency water interconnect with HC500. She reported that HC500 anticipates receiving surface water in April 2020 and recommended the District revisit this matter at that time. The Board concurred to remove this item from the agenda until May 2020.

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

Ms. Schroeder updated the Board on the proposed District application for water credits from the WHCRWA for irrigating with re-use water. She reported that BGE is preparing the application to the WHCRWA and will submit it on the District's behalf.

AMENDMENT OF JOINT WATER SUPPLY AGREEMENT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 433 ("HC433") REGARDING WATER RE-USE CREDITS

Ms. Edwards discussed the Amendment to the Joint Water Supply Agreement with HC433 for the water re-use credits. She reported that the credits received will be

allocated between the District and HC433 based upon each district's respective use of re-use water and application to the WHCRWA, and will be a credit against each district's surface water fee charges. Following review and discussion, Director Canepa moved to approve the Amendment to the Joint Water Supply Agreement with HC433, subject to finalization by ABHR. Director Naedler seconded the motion, which passed unanimously.

OPERATOR'S REPORT

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

Ms. Alaquez-Wallin reported that McDonalds had a grease trap inspection failure and sewage backup. She added that Inframark has sent McDonalds a letter regarding the noncompliance with District regulations and that Inframark will recheck the grease trap again in ten days.

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

Ms. Alaquez-Wallin reported that the post office that services the Cypress Creek Lakes area was damaged as a result of flooding from Tropical Storm Imelda, and that delays in mail service were expected due to the damage. Following discussion, Director Canepa moved to postpone the terminations for September, including waiving the late fees and not hanging the door tags. Director Mohr seconded the motion, which passed by unanimous vote. The Board concurred to reevaluate this matter at the next Board meeting to determine if it is appropriate to waive the late fees for October.

SMART METER MATTERS

The Board discussed the installation of the polymer smart meters in the District.

Ms. Alaquez-Wallin reported that Inframark sent postcards to the first 300 District customers notifying them about the installation of the smart meters which is to begin on October 14, 2019, and should be completed by December 2019. Director Sykes suggested scheduling a seminar to educate the District residents about the smart meters. The Board also discussed having Off Cinco add a notice to the District's website notifying the District residents that the smart meters are starting to be installed.

DISCUSS REQUEST FOR RESPONSE RELATED TO CONTAMINATION ON DISTRICT PROPERTY

Ms. Staine informed the Board that ABHR was contacted by an environmental attorney who stated that property adjacent to the District's had tested positive for benzene contamination resulting from a leaking tank battery located on the adjacent property, and suggested that benzene may have seeped onto District property. She reported that the environmental attorney requested an environmental restrictive covenant prohibiting the use of groundwater be placed on the District's property and requested the installation of a monitoring well. Ms. Staine presented and reviewed an engagement letter for the District to engage environmental attorney, Sharon M. Mattox, PLLC ("Sharon Mattox"), as needed to address this issue. Following review and discussion, Director Sykes moved to approve the engagement letter with Sharon Mattox, as discussed. Director Naedler seconded the motion, which passed unanimously.

CHAMPIONS REPORT

Mr. Fort presented a report on the District's drainage facilities, a copy of which is attached. Following review and discussion, Director Mohr moved to approve the drainage facilities report. Director Canepa seconded the motion, which passed unanimously.

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

Director Sykes reported that I.M.S. has completed all of the pruning of the trees around the fences that are around all of the lakes in the District.

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

Director Canepa reported on matters relating to the clubhouse including the air conditioner that went out. He added that he is obtaining bids for repair of the air conditioner.

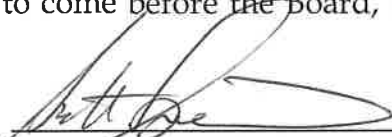
PATROL SERVICES, INCLUDING DISCUSSION WITH HARRIS COUNTY CONSTABLE PRECINCT 5'S OFFICE REGARDING SUBDIVISION CAMERAS (CONTINUED)

Director Sykes reported that there is a new evening Constable patrolling in the District. He also reported on crime in the District.

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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