

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 172

Minutes of Meeting of Board of Directors

January 26, 2018

The meeting of the Board of Directors ("Board") of Harris County Municipal Utility District No. 172 ("District") was held at Houston National Golf Club, 16500 Houston National Blvd., Houston, Texas on January 26, 2018 in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

David T. Perkins, President
Jerry M. Folmar, Vice President
Pat Burke, Director
Tom Russell, Director
Jerry Stenberg, Secretary/Investment Officer

and the following absent:

none.

Also present were Mr. Chris Hoffman and Ms. Donnise Hoffman, operators for the District; Mr. Cory Burton, bookkeeper for the District; Ms. Patty Rodriguez, tax assessor/collector for the District; Mr. Stephen Swindell, engineer for the District; Mr. Mark Flynn; and Mr. G. Taylor Goodall, Jr, attorney for the District.

The President called the meeting to order and declared it open for such business as might regularly come before it.

1. The Board considered the items on the Consent Agenda. The Board then considered the minutes of the December 20, 2017 meeting. Subject to review and discussion, upon motion made by Director Stenberg, seconded by Director Burke, the Board unanimously approved the minutes as corrected.

2. The Board considered an Order calling directors election, copy attached. Mr. Goodall reported that the Board's preferred location for holding the election, lay outside the boundaries of the District. Mr. Goodall reported that the law does not expressly prohibit a District from holding an independent election at a location outside of the District's boundaries but the Office of the Secretary of State informally indicated that they are not in favor of the District doing so. The Board discussed the facts, and noted that the preferred location is a Harris County owned public facility that is more convenient for District voters to access than private facilities within the District's boundaries that represent other options for polling locations. The Board noted that the Harris County owned facility is the location that District residents typically vote in all other local, state, and federal elections. The Board also noted the non-contiguous nature of the District and reported that the Harris County facility provides easy access for voters residing in both distinct areas of the District. Mr. Goodall reported that the District's exposure would be if a candidate in the election choose to legally challenge the election results based on the

polling location. The incumbents running for re-election, and Mr. Mark Flynn, all affirmatively reported that there are no objections to the polling location for the reasons discussed. All agreed that the Harris County facility is better suited and represents a more fair and equitable polling location for the candidates and voters than any proposed alternatives. As a result of the Board's findings and consideration of the legal analysis, upon motion by Director Folmar, seconded by Director Stenberg, the Board unanimously adopted the attached Order.

3. The Board then considered the need for legal representation at the Board's regular meetings. Director Perkins raised the question as to whether the District may save money by abstaining from having legal representation at the regular meetings. Mr. Goodall reminded the Board that he works at the Board's discretion and will make any accommodation desired. However, Mr. Goodall stated that, in his judgment, the Board cannot be guaranteed to save money by making alternative arrangements, as many issues raised and addressed in Board meetings will persist and thus necessitate follow-up consultation with legal representation. It is impossible to predict whether, given the circumstances, the District would achieve noticeable savings. After further discussion it was decided the issue should be tabled.

4. The Board considered public comment. Seeing none, the President continued with the Agenda.

5. Stephen Swindell reviewed the Engineer's Report, copy attached, and the Estimate of Probable Construction Costs for a hydro tank addition at Water Plant No. 1. The Board engaged in lengthy debate regarding the need for the hydro tank in light of the fact that the estimates are higher than previously represented. After taking the full cost-benefit analysis under advisement, upon motion by Director Perkins, seconded by Director Russell, the Board approved moving forward with the hydro tank addition with Director Folmar opposed to the motion. The Board then reviewed the remainder of the report, including the estimate for water tank recoating. Upon motion by Director Burke, seconded by Director Stenberg, the Board unanimously approved the report as presented.

6. The Board then considered adoption of two Orders pertaining to homestead tax exemptions, copies attached. The Board reviewed a memo drafted by Mr. John Howell regarding the District's tax rate and the impact of the proposed exemptions on the tax rate and District revenues. The Board agreed that it was not advisable to raise the amount subject to exemption if it would potentially cause a tax rate increase. After further review and discussion lead by Director Perkins, upon motion by Director Perkins, seconded by Director Folmar, the Board unanimously adopted the Orders as presented and held the general homestead exemption at 5% and the over 65 or disabled exemption at \$10,000.

7. The Board then considered an Order levying a penalty for collection of delinquent taxes, copy attached. Upon motion by Director Folmar, seconded by Director Burke, the Board unanimously approved the Order as presented.

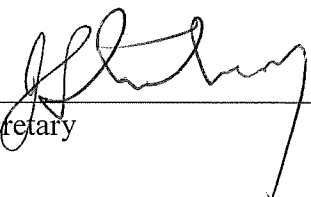
8. The Board then acknowledged receipt of the annual CPI adjustment letter provided by Best Trash.

9. The Board considered matters associated with the Joint WWTP. Directors Burke and Folmar provided an update regarding the topics of discussion at the recent joint WWTP meeting. It was noted that the ongoing construction is behind schedule but the previously provided cost estimate for the project remains valid.

10. The Board considered matters associated with the WHCRWA. Mr. Goodall confirmed that his office reviewed a proposed Right of Entry Agreement for the installation of improved master metering equipment and found it to be in order. Chris Hoffman confirmed his office will file the necessary water consumption information to the WHCRWA by March 1, 2018. Subject to that discussion, upon motion by Director Stenberg, seconded by Director Folmar, the Board approved the Right of Entry Agreement as presented.

11. Chris Hoffman and Donnise Hoffman presented an operator's report, copy attached. The District accounted for 98.13% of water produced and the well motor controls were repaired. Mr. Hoffman provided an update regarding the status of smart meter installation and the Board discussed the public roll-out of the smart meters. In response to an inquiry from Director Burke regarding HOA irrigation meters and billing, Mr. Hoffman agreed to review the situation and propose a way to streamline the process and save the smart meter installation expense. Director Burke then inquired as to the manner in which builder back charges are assessed and collected. The Board then reviewed a customer request and approved a payment plan. After discussion, upon motion made by Director Burke, seconded by Director Stenberg and unanimously carried, the Board authorized the District's operator to proceed with termination of utility service pursuant to provisions of the Rate Order and approved the operator's report as presented.

There being no further business to come before the Board, the meeting was adjourned.


Secretary