

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 172

Minutes of Meeting of Board of Directors
September 20, 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 September 20, 2018 in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

Pat Burke, Vice President
Jerry Stenberg, Secretary/Investment Officer
Tom Russell, Assistant Secretary
Mark Flynn, Director

and the following absent:

Jerry M. Folmar, President.

Also present were Mr. Corey Howell; Mr. Chris Hoffman and Ms. Donnise Hoffman, operators for the District; Mr. Ron Brooks, representing Chesmar Homes, Mr. Cory Burton, bookkeeper for the District; Ms. Patty Rodriguez, tax assessor/collector for the District; Mr. Stephen Swindell, engineer for the District; Mr. Corey Howell, financial advisor for the District; and Ms. Jennifer B. Seipel, on behalf of the attorney for the District.

The Vice 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. After brief discussion and motion made by Director Flynn, seconded by Director Russell, the Board unanimously approved the Consent Agenda as presented.
2. Under public comments, one resident mentioned low water pressure in Copper Village. The operator stated that his office hasn't received any complaints about water pressure, but he will look into the matter.
3. The Board then considered engagement of the auditor to perform an agreed upon procedures report. Upon motion made by Director Stenberg, seconded by Director Russell, and unanimously carried, the Board engaged the auditor as recommended.
4. The Board next considered developer reports. Mr. Ron Brooks noted that Chesmar Homes has closed 64 homes year to date in Towne Lake Green. The Board discussed the taxable value added to the District as a result of the sale of these homes. The tax assessor-collector reminded the Board that the value for any homes sold this year would not be captured until January 1 of next year.
5. Christie Leighton from Best Trash approached the Board regarding the possible need to amend the District's current contract to account for backdoor service being provided to a small area of the District. Ms. Leighton stated that Best Trash was fine with

providing this service and saw no need to amend the agreement. The attorney confirmed that if Best Trash is willing to continue to provide the same service without amending the contract, her office sees no need to do so. Accordingly, the Board took no action with respect to the Best Trash contract.

6. Stephen Swindell presented the Engineer's Report, copy attached. The engineer provided an update on the West Road sanitary sewer line rehabilitation project. The Board also discussed whether the District could use surplus funds from the Series 2014 Bond Issue for the water plant improvement project. Ms. Seipel stated that it can be done, but the Board would need to first get consent from the Texas Commission on Environmental Quality. She confirmed that her office is working on the matter, which will be placed on the October. Mr. Swindell also stated that he believes the tank improvement project will begin in January 2019. Subject to that discussion, upon motion duly made by Director Stenberg, seconded by Director Russell, the Board unanimously approved the engineer's report as presented.

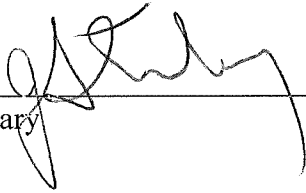
7. Chris and Donnise Hoffman presented an operator's report, copy attached. The District accounted for 96.42% of water produced. The operators reported that they responded to multiple well failure alarms during the prior month, and they believe the issue has been addressed. The operators reported that the landscaping proposals for the water plant will be presented at the next meeting. The operators then confirmed that the Jack Brooks signage has been received and is ready for installation. The Board discussed presentation of the sign to Mr. Brooks' wife at a breakfast at the Heritage Lodge on October 6, 2018 at 8:30 a.m. The Board requested that the attorney's office set a special meeting on that date and time. After discussion and upon motion made by Director Burke, seconded by Director Flynn, 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.

8. Corey Howell presented a 2018 proposed tax rate analysis for the Board's consideration, copy attached. The Board engaged in a lengthy discussion regarding the best manner in which to distribute the components of the District's tax rate as well as balance the District's revenue needs. The Board requested Mr. Howell to run several additional tables regarding anticipated revenue and expenses and discussed holding a special meeting to discuss the matter further. The Board was reminded that final decision regarding the District's tax rate will come after the public hearing is held at the District's October Board of Directors meeting and that it is necessary to approve a tax rate for publication in advance of said public hearing at this time. The tax rate approved for publication is not definitive or binding on the Board. Nonetheless, the Board is forbidden by law to adopt a tax rate in excess of the one published in advance of the District's October Board of Directors meeting. After weighing the various considerations, upon motion made by Director Russell, seconded by Director Flynn and unanimously carried, the Board approved publication of the District's current tax rate of \$0.74 per \$100 of assessed valuation and called a public hearing at the District's October Board of Directors meeting. In addition, the Board instructed the attorney to set a special Board of Director's meeting to further discuss the tax rate for sometime in early October at the District's operators office.

9. The Board considered a Joint WWTP plant matters. The Board discussed the status of the maintenance work being performed at the Joint WWTP. The Board also discussed the date of the upcoming meeting of the Joint WWTP participants.

10. Under pending business, the Board discussed information that needed to be changed on the District's website, including the date and time of their regular meetings.

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


Secretary