

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 172

Minutes of Meeting of Board of Directors

January 17, 2019

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 17, 2019 in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

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

and the following absent:

None

Also present were Mr. Chris Hoffman and Ms. Donnise Hoffman, operators for the District; Terri Shepherd, representing District auditors; Mr. Cory Burton, bookkeeper for the District; Mr. Stephen Swindell, engineer for the District; Patty Rodriguez, tax collector; Christie Leighton of Best Trash; and G. Taylor Goodall, Jr. of Smith, Murdaugh, Little & Bonham, L.L.P.

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 made corrections to a typographical error. Subject to that discussion, upon motion made by Director Russell, seconded by Director Flynn, the Board approved the Consent Agenda as corrected.

2. The Board considered public comments, seeing none the President continued with the agenda.

3. The Board next considered an agreed upon procedures report. Terri Shepherd reviewed the agreed upon procedures report as it pertained to reimbursement to Caldwell Companies' development entity. Ms. Shepherd confirmed she had discussed the report with representatives of Caldwell Companies and they indicated they are satisfied with the document and the reimbursement. Subject to brief review and discussion, upon motion made by Director Burke, seconded by Director Russell, the Board unanimously approved the agreed upon procedures report relating to the Caldwell Companies' reimbursement and authorized reimbursement of \$442,890.49.

4. Stephen Swindell presented an engineer's report, copy attached. Director Burke questioned Mr. Swindell regarding engineering fees associated with the water plant improvement project. Director Burke posited that the engineering costs are high when considered on a "percent of the project" basis. Director Folmar agreed. Mr. Swindell stated that it is common to have such high fees when judged as a percent on small projects. Director Burke expressed frustration with the slow pace of contractor working on the West Road sewer line rehab project and requested that the engineers

ensure that the contractor will properly vacuum the lines during the project. Director Burke requested that the updated engineering fee schedule be made available in the sharefile. Subject to that discussion, upon motion made by Director Flynn, seconded by Director Russell, the Board unanimously approved the engineer's report as presented.

5. Chris and Donnise Hoffman presented an operator's report, copy attached. The District accounted for 92.6% of water produced. Mr. Hoffman stated that repairs to the "low-flow" mechanism on the Aragon Middle School meter will improve accountability. The Board authorized testing and calibration, as necessary, of an additional five commercial water meters. The Board discussed the possibility of installing auto-flushing valves throughout the District but tabled consideration after deliberation. Director Burke requested adjustments to the water accountability linear chart. Director Burke noted that the system maintenance expenses in 2018 were significantly less than in 2017. Mr. Hoffman is working with Siemens regarding damage caused to District facilities. After discussion, upon motion made by Director Flynn, 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.

6. The Board considered Orders granting a \$10,000 over 65 and/or disabled tax exemption for 2019 and a general homestead exemption in the amount of 5% for 2019, copies attached. After deliberation, upon motion by Director Stenberg, seconded by Director Russell, the Board approved both Orders as presented.

7. The Board considered and Order authorizing collection of delinquent taxes and levying a penalty therewith, copy attached. After brief review and discussion, upon motion duly made by Director Stenberg, seconded by Director Russell, the Board approved as presented.

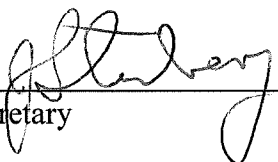
8. Christine Leighton presented a quarterly update from Best Trash. The Board discussed the service provided by Best Trash and requested that Ms. Leighton and Mr. Goodall confirm the recent CPI adjustment was correct under the terms of the contract.

9. The Board considered Joint WWTP plant matters. Directors Folmar and Burke attended the recent joint meeting. Both noted displeasure in the final accounting for the Joint WWTP capital project provided by the Harris County Municipal Utility District No. 155 engineer. They noted there are still problems with debris clogging the lift station pumps and valves. Director Burke noted the need to have an independent audit of the recent capital project as well as an audit of annual operations.

10. Director Burke requested that an item to schedule consultant reviews be placed on the February meeting agenda.

11. The Board considered related entities meetings. Director Russell noted that he attended the most recent Harris County Municipal Utility District No. 500 meeting.

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


Secretary