

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 172

Minutes of Meeting of Board of Directors
September 26, 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 September 26, 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, Ms. Donnice Hoffman, operator for the District; Mr. Cory Burton, bookkeeper for the District; Mr. Stephen Swindell and Michael McCarthy, engineers for the District; Patty Rodriguez, tax collector; Mr. Corey Howell, financial advisor for the District; Mr. Clint Wilhelm; and Ms. Jennifer B. Seipel 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 Consent Agenda. Upon motion duly made and seconded, the Board unanimously approved the Consent Agenda as presented.
2. The Board then considered public comment.
3. Stephen Swindell presented an engineer’s report, copy attached. Mr. Swindell presented and recommended approval of Pay Application No. 6 in the amount of \$15,705.00 for work associated with the water plant improvement project. Mr. Swindell also presented a cost estimate to replace the fence around the water plant, which would cost between \$70,000 and \$110,000. The Board requested that the item be placed in the CIP for next year. Mr. Swindell also discussed the potential need to relocate a few District hydrants as a result of the Greenhouse Road expansion project. Lastly, Director Flynn asked Mr. Swindell to investigate a bayou clearing project within the boundaries of Harris County Municipal District No. 155. Upon motion made by Director Stenberg, seconded by Director Flynn, the Board unanimously approved the engineer’s report and the action items contained therein.
4. Corey Howell presented a 2019 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. Upon motion made by Director Stenberg, seconded by Director Russell and unanimously carried, the Board approved publication of the District’s tax rate of \$0.73 per \$100 of assessed valuation and called a public hearing at the District’s October Board

of Directors meeting. The Board also discussed with the financial advisor whether it would be possible and prudent to redeem certain bonds that are now callable. After a lengthy discussion regarding the interest rates on several bonds, upon motion made by Director Stenberg, seconded by Director Russell, and unanimously carried, the Board elected to proceed with a cash redemption of \$315,000 from the Series 2011 sale.

5. Chris Hoffman presented an operator's report, copy attached. The District accounted for 95.8% of water produced this month. The Board further discussed payment options for its customers, with discussion of whether the District could absorb the cost of fees incurred in connection with credit card payments. Mr. Hoffman then discussed the software update needed for the Mueller smart meters to work properly. The Board requested Mr. Hoffman to inquire as to whether they would waive the implementation fee. The Board also asked for the attorney to determine the rules regarding termination of the District's contract with Mueller. Lastly, the Board unanimously approved a three-month payment plan that was requested by a District resident. After discussion, upon motion made by Director Stenberg and seconded by Director Russell, the Board unanimously 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 reviewed an updated draft to a proposed operator's contract and cost impact summary as prepared by District operator. After discussion, upon motion made by Director Flynn and seconded by Director Russell, the Board unanimously approved the contract as amended.

7. The Board discussed proposed amendments to the attorney contract. After discussion, it was decided that the Board will review the proposal further when Mr. Goodall is present. The Board also requested that the attorney reach out to Shannon Waugh regarding the status of creation of the Board's official District email addresses.

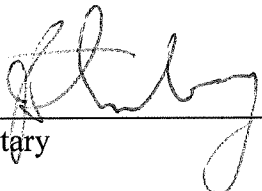
8. Ms. Seipel reported that her office was waiting on a few additional items needed to complete the contract for pond use as a fish habitat.

9. Director Burke presented an update regarding the joint sewage treatment plant.

10. The Board also discussed Harris County Municipal Utility District No. 156's 100+% water accountability rate and asked Mr. Hoffman to investigate. The Board also asked the attorney to look into the cost for the District to obtain cybersecurity insurance.

11. Lastly, Cory Burton asked whether the District would like to participate in an aggregation agreement with Acclaim Energy to obtain a better rate on their electricity prices. The Board unanimously voted to do so, with the ceiling for the rate being 3.875 cents.

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


Secretary