MINUTES OF MEETING OF BOARD OF DIRECTORS

September 25, 2017

THE STATE OF TEXAS	§
COUNTY OF HARRIS	§
TRAIL OF THE LAKES MUNICIPAL UTILITY DISTRICT	§

The Board of Directors (the "Board") of Trail of the Lakes Municipal Utility District (the "District") met in regular session, open to the public, the offices of Radcliffe Bobbitt Adams Polley PLLC, located at 2929 Allen Parkway, Houston, Harris County, Texas 77019, a place outside the boundaries of the District, on Monday, September 25, 2017, at 12:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Jeff Campbell	President
Jo A. Smith	Vice President
Virginia Elkins	Secretary
William Shepeard	Assistant Secretary
Crystal Kirby	Director

All members of the Board were present, except Director Shepeard, thus constituting a quorum. Also attending the meeting were: Ms. Kimberly Pendleton, District resident; Ms. Tara Klein of Four and One, LLC, landscape architects for the District; Mr. Aaron Alford of Woodmere Development Company, developers in the District; Mr. Loren Morales of RBC Capital Markets, financial advisor for the District; Messrs. Curtis Brown, Service Manager, and Rigo Rodriguez, of Residential Recycling & Refuse of Texas, Inc. ("RRRT"), garbage and recycling collection service providers for the District; Mr. Tom Dillard of Champions Hydro-Lawn, Inc. ("Champions"), detention pond maintenance service provider for the District; Mr. Ross Madia of Si Environmental, LLC ("SE" or the "Operator"), operators for the District; Ms. Keli Schroeder, P.E. of Brown & Gay Engineers, Inc. ("BGE" or the "Engineer"), engineers for the District; Ms. Amy Symmank of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeepers for the District; Ms. Kristen Scott of Bob Leared Interests, Inc. (the "Tax Assessor/Collector"), tax assessor/collectors for the District; and Ms. Regina D. Adams, attorney, and Ms. Rita R. Rodriguez, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("Radcliffe Bobbitt"), attorneys for the District.

WHEREUPON, the President called the meeting to order and evidence was presented that public notice of the meeting had been given in compliance with the law. The posted notices of the meeting are attached hereto.

PUBLIC COMMENT

There were no public comments.

APPROVAL OF MINUTES

The Board then considered approval of the August 28, 2017 regular meeting minutes, August 31, 2017 special meeting minutes and September 6, 2017 regular meeting minutes, which were previously distributed to the Board.

Upon motion by Director Smith, seconded by Director Elkins, after full discussion and the question being put to the Board, the Board voted unanimously to approve the August 28, 2017 regular meeting minutes, August 31, 2017 special meeting minutes and September 6, 2017 regular meeting minutes, as presented.

SECURITY REPORT

Director Campbell then reviewed the Constable's Security Report, a copy of which is attached hereto. No action was necessary on this matter.

GARBAGE AND RECYCLING REPORT

Mr. Brown then reviewed the Garbage Report and reported the following: 1) one (1) street stain was removed; 2) other street stains have been found and will be cleaned; and 3) two (2) RRRT representatives are following garbage collection trucks to ensure there are no issues.

The Board also reviewed a spreadsheet of garbage complaints from District residents, a copy of which is attached hereto.

Director Campbell then asked how many trucks are servicing the District. Mr. Brown reported that there are two (2) garbage trucks and one (1) recycling truck currently servicing the District.

Director Elkins then informed RRRT that the garbage collection trucks were seen backing down Shrub Oaks Drive and they are not supposed to do so, and the trucks did not collect tree limbs recently.

Director Campbell then requested that the District receive notice of late collections so that the District may send out a SMS text message notifying residents of same.

Upon motion by Director Smith, seconded by Director Elkins, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Garbage Report.

Ms. Klein entered the meeting at this time.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Scott then presented the Tax Assessor/Collector's Report for the month of August, a copy of which is attached hereto. Ms. Scott noted that the District has collected 98.7% of its 2016 taxes as of August 31, 2017, compared to 99.331% for the same time last year.

Messrs. Brown and Rodriguez exited the meeting at this time.

Upon motion by Director Smith, seconded by Director Elkins, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor/Collector's Report and authorize payment of the checks reflected therein.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Scott next reviewed the Delinquent Tax Attorney's Report, a copy of which is attached hereto. Ms. Scott reported that 28 delinquent 2016 tax accounts would be receiving termination letters with notice of a public hearing to be held at the October Board meeting. Ms. Adams then noted that since the District has not yet received the Order Approving an Engineering Project (the "Order") and the Issuance of the District's $2,480,000 Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds") from the Texas Commission on Environmental Quality (the "TCEQ"), and the sale date will be affected by the receipt of the Order, she recommended that the October Board meeting be scheduled for Tuesday, October 31, 2017. The Board then scheduled the October Board meeting and delinquent tax public hearing for Tuesday, October 31, 2017, at 12:00 p.m. at the office of Radcliffe Bobbitt.

Upon motion by Director Smith, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Delinquent Tax Attorney's Report and to set the public hearing for water terminations due to non-payment of 2016 delinquent taxes for the October 31st Board meeting.

PUBLIC HEARING ON 2017 TAX RATE

Director Campbell then declared the public hearing open to discuss the District's proposed 2017 ad valorem tax rate, notice of which was published as required by law. It was noted that no members of the public were present to offer public comment on the proposed tax rate.

Mr. Morales then reviewed with the Board the District's Texas Municipal Report from the Municipal Advisory Council, a copy of which is attached hereto. Mr. Morales explained that such report details the District's financial statement, tax data and outstanding debt.

ADOPT ORDER SETTING RATE AND LEVYING TAX FOR 2017 (THE "TAX RATE ORDER")

The Board next considered setting the 2017 tax rate. Ms. Scott noted that the Board authorized publishing a proposed total tax rate of $0.69, and that such notice was published in the *Atascocita Observer* and the *Humble Observer*.

Upon motion by Director Smith, seconded by Director Elkins, and after full discussion with all Directors present voting, the Board voted unanimously to adopt the Tax Rate Order, with a total ad valorem tax rate of $0.69 per $100 of assessed value for tax year 2017, comprised of $0.60 for debt service purposes and $0.09 for operation and maintenance purposes for the fiscal year ending ("FYE") September 30, 2018. A copy of the Tax Rate Order is attached hereto.

ADOPT RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

The Board next considered the District's tax collection procedures. Ms. Adams explained that the District was obligated to review its internal tax collection procedures at least once per year and to adopt a resolution re-affirming those tax collection procedures after each review. Upon motion by Director Smith, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Concerning Tax Collection Procedures.

APPROVE AND AUTHORIZE EXECUTION OF AMENDED DISTRICT INFORMATION FORM, AND AUTHORIZE FILING OF SAME

Ms. Adams then discussed approval of an Amended and Restated District Information Form, a copy of which is attached hereto, which is required to be amended to show the current tax rate, the outstanding debt and the Notice to Purchasers form, and is to be recorded in the Harris County Real Property Records and filed with the TCEQ.

Upon motion by Director Smith, seconded by Director Elkins, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Amended District Information Form and authorize filing same.

PROPOSED SALE OF THE SERIES 2017 BONDS

In connection with the Series 2017 Bonds, Ms. Adams further explained that due to a recent change in Texas law, there will be no escrow requirement for incomplete developer projects and that the TCEQ is working on how to accurately word such information in the draft Order. Ms. Adams then reiterated that tentatively, the sale of the Series 2017 Bonds will take place at the October 31st Board meeting.

BOOKKEEPER'S REPORT

Ms. Symmank next reviewed the District's Bookkeeper's Report and the Quarterly Investment Report, copies of which are attached hereto, including the revenues and expenses of the District, the budget comparison and the checks being presented for payment.

Ms. Symmank then reviewed with the Board the revised proposed District and Joint Wastewater Treatment Plant ("STP") budgets for the FYE September 30, 2018 (the "Budgets"), copies of which are attached hereto.

Ms. Symmank then reviewed the Bookkeeper's Report for the STP, a copy of which is attached hereto.

Upon motion by Director Elkins, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the Bookkeeper's Reports, including the Quarterly Investment Report; 2) authorize payment of the checks being presented for payment; and 3) approve the proposed Budgets for the FYE September 30, 2018.

OPERATIONS REPORT

Mr. Madia then presented the Operations Report, including the Production Report and Management Report, for the month of August, copies of which are attached to the Operations Report. Mr. Madia reported that the District had a water accountability ratio of 95.80% for the prior month, and that there are currently 2,815 total connections in the District. Mr. Madia also reported that there were no excursions at the District's STP.

Mr. Madia then reviewed the Delinquent Letter Accounts Listing, a copy of which is attached to the Operations Report. Mr. Madia reported that during the prior month, SE sent 195 termination letters for delinquent accounts, no accounts were tagged or had water service terminated and four (4) accounts that were previously terminated had water service restored. Mr. Madia also reported that there were 237 delinquent letters mailed for non-payment of water service and 168 accounts are set to have door tags hung on September 29th, for a service disconnection date of October 4th.

Mr. Madia then reported that the District received 409 customer-related telephone calls during the prior month.

Mr. Madia next reported that repair and maintenance items completed during the prior month included: 1) repairing portions of the depression on Cyril Drive at a cost of $1,183; 2) performing 19 grease trap inspections at a cost of $1,006; 3) replacing nine (9) meters as a part of the meter replacement program, at a cost of $951; and 4) performing preventative maintenance at Water Plant ("WP") Nos. 2 and 4. Mr. Madia added that the remainder of the costs for the depression repairs will be on the next bill.

Mr. Madia further updated the Board with regard to maintenance items completed at the STP during the prior month, which included: 1) reprogramming the programmable logical controller for Lift Pump No. 4 at a cost of $1,538; 2) installing new rollers on the bleach pump at a cost of $1,227; and 3) performing all other preventative maintenance.

Mr. Madia then reported that one (1) of the declorination tanks at the STP flooded during Hurricane Harvey, and that the District is currently operating on one (1) declorination tank. Mr. Madia added that use of one (1) tank should not cause any violations.

Director Campbell then noted that the Board had previously authorized constructing a shed for the declorination tanks because there is no cover. Mr. Madia then stated that he will review notes regarding prior approval, but that he does recommend covers for the tanks for protection from the sun. Mr. Madia added that the first tank does not have a cover and it is fading. Mr. Madia then stated that when the new tanks are installed, the covers can be purchased at that time. Mr. Madia noted that the cost for the covers should be minimal.

Upon motion by Director Smith, seconded by Director Elkins, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the Operations Report; 2) authorize termination of service to the delinquent accounts, in accordance with the District's Rate Order; and 3) authorize building a shed for the declorination tanks at the STP.

GREENS BAYOU COALITION ("GBC")

Ms. Adams then reported that the Second (2nd) Annual GBC Regatta (the "Regatta") has been rescheduled for November 4th due to Hurricane Harvey. Ms. Adams invited anyone to join Radcliffe Bobbitt's paddling teams in the Regatta.

PARTICIPATION IN NATIONAL NIGHT OUT ("NNO")

Mr. Alford then reported that the contracts for food and activities for NNO have been executed and that the District's contribution costs will be $1,314.22. Mr. Alford added that the invoice will be submitted to the District prior to the October 31st Board meeting. Mr. Alford also reported that the Whispering Pines Elementary School ("Whispering Pines Elementary") Parent Teacher Organization will have a booth.

Ms. Scott exited the meeting at this time.

Ms. Rodriguez then reported that the bottled water with the District's logo will be delivered on September 26th and the brochures and coloring books from the Texas Water Development Board ("TWDB") regarding water conservation have been delivered.

DETENTION FACILITIES REPORT

Mr. Dillard then reviewed the Detention Facilities Report. Mr. Dillard reported that he will be touring the Clayton's Park ("CP") detention pond and will be reviewing gate options for same.

The Board then inquired about the status of the mowing of the channels in the District. Mr. Dillard noted that mowing those areas is not included in Champions budget because Champions is not clear on how much Harris County (the "County") contributes to the mowing of such channels. Ms. Schroeder then stated that she will be meeting with Ms. Klein and Ms. Adams regarding the tracts that will need to be included in the mowing agreements with the County.

DEVELOPER'S REPORT

Mr. Alford reviewed the Developer's Report and reported the following: 1) 41 homes have been sold year-to-date; and 2) in CP East, Section 2: a) development has been completed; and b) power installation has not been completed.

Mr. Alford then reported that The Forest Community Association, Inc. has agreed to share one-third (1/3) of the cost of the proposed upgrade of the span wire traffic signal to a mast arm design traffic signal at the intersection of Woodland Hills Drive and Wells Mark Drive. Ms. Adams noted that a cost-sharing agreement will be prepared once the District receives a contract from the County.

ENGINEER'S REPORT

Ms. Schroeder then reviewed the Engineer's Report with the Board, a copy of which is attached hereto. Ms. Schroeder first reported that, in connection with the waterline rehabilitation project, phase 2 ("Waterline Project"), BGE received Pay Estimate No. 1 in the amount of $265,239 from Vaca Underground Utilities ("Vaca"). Ms. Schroeder then recommended Board approval of such pay estimate.

Ms. Schroeder then reported that Vaca is awaiting the bacteriological test for Woodland Hills Drive by Whispering Pines Elementary and WP No. 2 to make the switch. Ms. Schroeder then noted that Vaca is currently working on the waterlines near the STP.

Also in connection with the Waterline Project, Ms. Schroeder reported that the work product on the design of the Waterline Project was more complex and required additional surveying and re-drawing the plans. Ms. Schroeder went on to explain that such extra work and complexity was not accounted for in the BGE General Engineering Services Agreement with the District. Ms. Schroeder then requested the Board consider authorizing additional engineering fees in the amount of $77,250.00 for the design of the Waterline Project due to its complexity. Ms. Adams then reported that all new contracts for goods or services are now required, as of September 1, 2017, to include verification that the contracting entity is not boycotting Israel.

Ms. Schroeder then reported that the District's TPDES Wastewater Discharge Permit renewal application is under technical review at the TCEQ, and that BGE anticipates a draft permit by November.

Ms. Schroeder then reported that the construction of the water, sanitary sewer and drainage facilities for CP East, Section 2 is under the inspection phase.

Upon motion by Director Elkins, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to approve: 1) the Engineer's Report; 2) Pay Estimate No. 1 in the amount of $265,239 from Vaca, in connection with the Waterline Project; and 3) the addendum for the Water Line Project engineering fees to the BGE agreement in the amount of $77,250.00.

DEVELOPMENT OF RECREATIONAL AMENITIES

Ms. Klein then reviewed with the Board five (5) proposals for the following amenities development and the associated costs: 1) Dog Park: a) design development at a cost of $80,960; b) construction documents at a cost of $121,500; and c) construction administration at a cost of $20,250; 2) Walking Trails within the Harris County Flood Control ("HCFCD") Property: a) design development at a cost of $79,200; and b) construction administration at a cost of $8,000; 3) Lago Forest Neighborhood Park: a) design development at a cost of $3,775; b) construction documents at a cost of $8,810; and c) construction administration at a cost of $3,500; 4) Sidewalks at Woodland Hills Drive: a) design development at a cost of $17,800; and b) construction administration at a cost of $3,500; and 5) Detention Basins Amenities: a) design development at a cost of $23,520; b) construction documents at a cost of $35,280; and c) construction administration at a cost of $5,800.

Ms. Pendleton exited the meeting at this time.

Upon motion by Director Smith, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the five (5) contracts for amenities development as described above, subject to attorney review, inclusion of verification that the contracting entity is not boycotting Israel and receipt of Form 1295. Copies of such contracts are attached hereto.

DISTRICT COMMUNICATIONS

Ms. Rodriguez then reported that the District's website is being updated, as needed.

Ms. Rodriguez then reported that the District's September 2017 Newsletter has been distributed to the District residents and has been posted on the District's website. Ms. Rodriguez also reported that she has reviewed pricing alternative printers to ensure the District is paying a competitive price. Ms. Rodriguez then informed the Board that she found a company that was approximately $88 cheaper than AlphaGraphics, but that they utilize envelopes for the newsletters. Director Campbell then stated that he believed the District residents would not open the envelope and the Board noted that it is content with the current printer.

AMERICAN WATERWORKS ASSOCIATION ("AWWA") MEMBERSHIP

The Board then reviewed the AWWA membership brochure, application and cost for joining AWWA. Ms. Adams noted that the annual membership is $187 plus $19 section dues per Director. Director Campbell stated that he believed that the AWWA offers a lot of information and that the Directors could alternate attendance to AWWA and Association of Water Board Directors – Texas events. Upon motion by Director Smith, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the Directors to join the AWWA.

ATTORNEY'S REPORT

Ms. Adams then reported that she has nothing further to report, other than those items previously reported during the meeting.

REVIEW OF CONSULTANT CONTRACTS

The Board then reviewed the Agreement for Recycle and Solid Waste Collection and Disposal Services between the District and RRRT (the "Garbage and Recycling Contract"). Director Campbell then reported that he attended the Atasocita Forest Homeowners Association ("AFHOA") Board of Directors meeting to see if there were any complaints, but that such meeting was cancelled. Director Campbell noted that complaints regarding RRRT's service include collecting garbage after 5:00 p.m. and not following the preferred route. The Board also noted that there were no additional complaints on the AFHOA Facebook page. Ms. Adams then stated that Mr. Rick Acosta, a District resident, did email a complaint regarding garbage not collected. Director Kirby then stated that when RRRT began servicing the District, it would miss collecting garbage on her street.

The Board then inquired when the Garbage and Recycling Contract was up for renewal. Ms. Adams explained that the initial term for same is five (5) years. Director Campbell then stated that RRRT had originally promised that four (4) trucks would service the District because of its size, which explains why they are collecting garbage after 5:00 p.m.

MISCELLANEOUS MATTERS

Ms. Adams then reminded the Board that the next regular meeting has been scheduled for Tuesday, October 31, 2017, at 12:00 p.m., at the offices of Radcliffe Bobbitt.

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

PASSED, APPROVED and ADOPTED this 31st day of October, 2017.

(DISTRICT SEAL)

Secretary, Board of Directors