

MINUTES OF MEETING OF BOARD OF DIRECTORS

February 25, 2019

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

The Board of Directors (the "Board" or the "Directors") of Trail of the Lakes Municipal Utility District (the "District") met in regular session, open to the public, at the offices of Radcliffe Bobbitt dams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, Harris County, Texas 77019, a place outside the boundaries of the District, on Monday, February 25, 2019, 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/ Tax Compliance Officer
Virginia Elkins	Secretary/Treasurer
Crystal Kirby	Assistant Secretary
Kim Pendleton	Director

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Ms. Kesha Stubblefield and Mr. Troy King, members of the Board of Directors of Atascocita Forest ("AF") Community Association, Inc. (the "AF CAI"), a subdivision in the District; Ms. Meena Sankaren of KETOS Inc. ("KETOS"); Mr. Tom Dillard of Champions Hydro-Lawn, Inc. ("Champions"), detention pond maintenance service provider for the District; Mr. Russell Wolff of Residential Recycling & Refuse of Texas, Inc. ("RRRT"), garbage and recycling collection service provider for the District; Mr. Ross Madia of Si Environmental, LLC ("SE"), operator for the District; Ms. Keli Schroeder, P.E., of BGE, Inc. ("BGE" or the "Engineer"), engineer for the District; Ms. Amy Symmank of Myrtle Cruz, Inc. (the "Bookkeeper" or "MCI"), bookkeeper for the District; Ms. Kristen Scott of Bob Leared Interests, Inc. ("Tax Assessor/Collector"), tax assessor/collector for the District; Loren Morales of RBC Capital Markets ("RBC") and Ms. Regina D. Adams and Ms. Monica Garza, attorneys, and Ms. Rita R. Rodriguez, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("Radcliffe Bobbitt" or the "Attorney"), attorney 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.

DETENTION FACILITIES REPORT

First, Mr. Dillard reviewed with the Board the Detention Pond Maintenance Report. In connection with the missing locks on the two (2) Harris County Flood Control District ("HCFCD") gates at the Apple Hollow Detention Pond, Mr. Dillard recommended that the District use chain and interlocking locks to secure the gates. Mr. Dillard added that HCFCD can be provided with a key to the locks. Director Campbell then asked about the condition of the Clayton's Park ("CP") Detention Pond property. Mr. Dillard explained that the gates are in good condition and there is no graffiti.

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 the Bookkeeper's Report for the Wastewater Treatment Plant (the "STP"), a copy of which is attached hereto.

Director Elkins asked if the increase in the West Harris County Regional Water Authority pumpage fees were considered when setting the District's budget for the fiscal year ending September 30, 2019 (the "Budget"). Ms. Adams and Director Campbell then stated that the Board did consider such increase when setting the Budget.

Upon motion by Director Smith, seconded by Director Pendleton, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Reports, including the Quarterly Investment Report and authorize payment of the checks being presented for payment.

PUBLIC COMMENT

The Board then recognized Ms. Stubblefield who stated that she believed that the agenda item regarding status of the AF CAI's offer to the District to acquire land located on Pinion Court for recreational purposes is misleading because the AF CAI did not offer such property to the District. Ms. Stubblefield added that the regular meeting minutes of the October 29, 2019 Board meeting misrepresented that Mr. King requested the District to assume responsibility for street lights. Mr. King added that he has also previously requested revision to his comments in such minutes regarding his request for the District to assume responsibility for maintenance of the medians on Woodland Hills Drive and Will Clayton Parkway and the street light. Director Campbell then stated that the Board considered his request for such revision, but did not authorize revision to the minutes because the Attorney takes meticulous notes of the District's Board meetings and that his comments at the October 29, 2018 Board meeting were accurately reflected in such minutes. Director Campbell went on to state that Mr. King's concerns regarding such minutes were also included in the minutes of the regular Board meeting of December 17, 2018. Ms. Adams then inquired if it was Mr. King's request or the AF CAI Board of Directors' request that the District take over the street lights. Mr. King explained that the AF CAI Board of Directors asked he attend the District's Board meeting to inquire if the District would consider assuming responsibility for the street lights. Ms. Stubblefield then stated that she attends the District's Board meetings as a private resident, and not on behalf of the AF CAI.

With regards to various requests for maintenance assumption, Director Campbell stated that the District may not give special treatment to the AF CAI because it contains the majority of the District's residents and explained that the District consists other subdivisions that must be given equal consideration as well. Director Kirby then stated that the Board does have concern for residents living the AF subdivision, but that the Board also has to make decisions that are advantageous to the District as a whole. Director Campbell then stated that, at the February 18th special Board meeting, the Board authorized the Attorney to send a letter to the AF CAI regarding its response to the AF CAI's informal offer to the District to acquire land located on Mossy Grove and Trail Circle.

Director Campbell then asked why the AF CAI maintains the street lights located outside of its boundaries. Ms. Stubblefield then explained that Woodland Hills Drive was a dead end street prior to more recent developments in the area. Director Elkins then stated that it was the developer that put in the street lights. Ms. Stubblefield then stated she was not sure. Director Kirby then asked Ms. Stubblefield if the AF CAI has discussed sharing maintenance of the medians and street lights with the other CAIs within the District. Ms. Stubblefield then stated that the other CAIs have declined such requests.

Director Campbell then stated that the Board would like to continue working with the AF CAI. Mr. King then acknowledged that the District and the AF CAI have worked together in the past, and that there has since been a change in the make-up of the AF CAI Board of Directors.

Mr. King exited the meeting at this time.

Director Campbell then stated that the Board is working to do its best for the entire District and all communities located within the boundaries of the District.

Ms. Adams added, for clarification, that Mr. King, on behalf of the AF CAI, informally offered the District AF CAI's property on Mossy Grove and Trail Circle, and that after she reported such offer to Ms. Tara Klein of Four and One, landscape architects for the District, Ms. Klein stated that if the AF CAI is willing to provide property to the District, the area located at the end of Pinion Court instead of the property on Mossy Grove and Trail Circle, would benefit both the AF CAI and the District. Ms. Adams went on to explain that at the January 28, 2019 Board meeting, Mr. King and Ms. Stubblefield agreed that they are not personally opposed to the District acquiring the Pinion Court property, and that they would discuss same with the AF CAI Board of Directors. In regards to Ms. Stubblefield's concern about the misleading agenda items, Ms. Adams further clarified that the agendas are prepared in anticipation of what is expected to occur at the upcoming Board meeting, and on the chance the AF CAI representatives should have extended a formal offer to the District at or prior to the February 25th Board meeting regarding the Pinion Court property. Ms. Adams then stated that the agenda item can be revised in the future. Ms. Stubblefield then explained that the AF CAI has not recently held a meeting but that the next AF CAI Board of Directors meeting is scheduled for March 11th. Mr. Campbell reiterated that the Board is attempting to work with the homeowners associations within the District fairly.

APPROVAL OF MINUTES

The Board then considered approval of the December 17, 2018 regular meeting, January 21, 2019 special meeting, and January 28, 2019 regular meeting minutes, all of which were previously distributed to the Board. Director Pendleton noted that there are spelling errors on page 2 of the December 17, 2018 regular meeting and page 8 of the January 28, 2019 regular meeting minutes.

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 December 17, 2018 regular meeting and January 21, 2019 special meeting minutes, as revised, and the January 28, 2019 regular meeting minutes, as presented.

SECURITY REPORT

Director Campbell then reviewed with the Board the Constable Security Report and the Driver Feedback Sign Statistics for December 2018 and January 2019, copies of which are attached hereto.

GARBAGE AND RECYCLING REPORT

Mr. Wolff then reviewed the Garbage and Recycling Report and Daily Route Sheets, copies of which are attached hereto. Mr. Wolff reported that there were nine (9) customer calls during the prior month.

Mr. Wolff then reported that 14 recycling bins were delivered during the prior month, and that the District currently has 42 recycling bins in inventory.

Mr. Wolff then reported that RRRT received service calls regarding debris left on the streets. Mr. Wolff went on to report that RRRT does try to collect loose garbage if it does not fly away. Mr. Wolff also reported that RRRT received a call regarding missed garbage on Beckett Ridge, and that RRRT went back out to confirm that it had been collected.

Mr. Wolff then reported that the garbage truck made ruts on Plantation Pass and that the ruts have since been repaired. Mr. Wolff explained that the garbage truck that caused the ruts was trying to maneuver around cars parked in the street.

Director Kirby then inquired if recycling is collected when it is in a second bin due to an excess amount of recycling materials. Mr. Wolff explained that recycling is collected when there is more than one (1) recycling bin. Mr. Wolff recommended residents differentiate the second container by clearly marking it "recycling", or using clear trash bags. Director Kirby explained that she recently used a second recycling bin that was missed and not collected with the other recycling materials. The Board then requested that recycling information be included in the Spring Edition of *TOTL News*.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Scott then presented the Tax Assessor/Collector's Report, including the Homestead Payment Plan Report, for the month of January, a copy of which is attached hereto. Ms. Scott noted that the District has collected 95.5% of its 2018 taxes as of January 31, 2019, compared to 94.818% for this same time last year.

Upon motion by Director Kirby, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor/Collector's Report.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Scott then reviewed with the Board the Delinquent Tax Attorney's Report, a copy of which is attached hereto. Ms. Scott reported that five (5) delinquent 2017 tax accounts have been paid in full.

Upon motion by Director Kirby, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Delinquent Tax Attorney Report.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION FOR 2019 TAX YEAR

Ms. Adams then presented to the Board a Resolution Concerning Exemptions from Taxation for the 2019 Tax Year. Ms. Adams reminded the Board that, in the past, the Board has granted a \$20,000 residential exemption for both disabled residents and residents 65 years of age and older. Upon motion by Director Kirby, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to grant a \$20,000 residential exemption for both disabled residents and residents 65 years of age and older for the 2019 tax year, and adopt the Resolution Concerning Exemptions from Taxation for 2019 Tax Year, a copy of which is attached hereto.

RESOLUTION IMPLEMENTING PENALTY ON 2018 DELINQUENT TAXES AND CONTRACTING WITH ATTORNEYS TO COLLECT DELINQUENT TAXES

Ms. Adams then explained that pursuant to Sections 6.30, 33.07, 33.08 and 33.11, Texas Property Tax Code, as amended, the District may levy an additional 20% penalty on 2018 real property taxes that remain delinquent as of July 1, 2019, and an additional 20% penalty on 2018 personal property taxes that remain delinquent as of April 1, 2019, to help defray the costs of collection, if the Board has entered into an agreement with an attorney for the collection of delinquent taxes and adequate notice of such penalty is provided to property owners. Upon motion by Director Kirby, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Implementing Penalty on 2018 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is attached hereto.

ADOPT RESOLUTION AUTHORIZING PETITION CHALLENGING APPRAISAL RECORDS

Ms. Adams then reviewed the Resolution Authorizing Petition Challenging Appraisal Records with the Board. Ms. Adams explained that such resolution will allow the Tax Assessor/Collector to represent the District in filing protests with the Harris County Appraisal District (the "HCAD"), and to represent the District in other matters before HCAD, if necessary.

Upon motion by Director Kirby, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Authorizing Petition Challenging Appraisal Records, a copy of which is attached hereto.

Mr. Wolff exited the meeting at this time.

OPERATIONS REPORT

Mr. Madia presented the Operations Report, including the Production Report and Management Report, for the month of January, copies of which are attached hereto. Mr. Madia reported that the District had a water accountability ratio of 95.96% for the prior month, and that there are currently 2,877 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 258 termination letters for delinquent accounts, 65 accounts were tagged, 15 accounts had water service terminated due to non-payment of water/sewer services, of which 15 accounts have had water service restored. Mr. Madia also reported that there were 275 delinquent letters mailed on February 13th for non-payment of water service and 209 accounts are set to have door tags hung on March 7th, for a service disconnection date of March 12th.

Mr. Madia then reported that the District received 395 customer-related telephone calls during the prior month.

Mr. Madia reported that repair and maintenance items completed during the prior month included: 1) replacing the fence at the lift station at a cost of \$1,624; 2) excavating and repairing a tapline on Mossy Grove at a cost of \$1,577; 3) purchasing eight (8) fire hydrant extension kits at a cost of \$7,444; and 4) performing preventative maintenance on all systems at Water Plant ("WP") Nos. 2 and 4.

Mr. Madia then reviewed with the Board a proposal in the amount of \$54,738 to replace the aerator media on the degasifiers at WP Nos. 2 and 4, a copy of which is attached to the Operations Report.

Mr. Madia then reported that repair and maintenance items at the STP completed during the prior month included: 1) re-installing the booster pump at a cost of \$4,646; 2) installing LED lighting at a cost of \$3,665; 3) replacing the dechlorination pump at a cost of \$3,336; and 4) performing preventative maintenance.

Ms. Adams noted that because the LED lights are energy saving, the District may qualify for energy rebates with TXU Energy ("TXU"). Ms. Adams then stated that she will provide Mr. Madia with the name and contact information for the District's representative at TXU.

Director Campbell then stated that he received a report that there was no water service on Liles Lane due to a circuit breaker tripping which was subsequently repaired. Director Campbell then inquired if there is an alert system in place to notify the Operator when there is an issue. Mr. Madia then stated that the pumps became non-operational and that a call was supposed to have been made to SE via the auto-dialer and SE has an electrician investigating such matter.

Mr. Madia then reported that there was a foam over and two (2) overflows at the STP aeration basin after the clean-out was performed because there were not enough solids in the system. Mr. Madia explained that Source Point Solutions, LLC ("Source Point") was asked by SE to clean-up the overflow. Mr. Madia then reported that, because this was a maintenance/repair item, the District will be billed through SE.

Mr. Madia then updated the Board with regard to the \$1.00 Greens Bayou Coalition voluntary donation program and reported that the language regarding the opt-out option for such program will appear as a pop-up when District residents pay their bills online. Ms. Adams added that the language will also appear in the electronic water bills, in the Spring 2019 edition of *TOTL News*, and is on the District's website.

Upon motion by Director Pendleton, seconded by Director Smith, 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) accept the proposal in the amount of \$54,738 for replacement of the aerator media on the degasifiers at WP Nos. 2 and 4.

DEVELOPER'S REPORT

There was no report on this matter.

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 (the "Waterline Project"), Vaca Underground Utilities ("Vaca"), contractor for such project, has not paid AF CAI for the outstanding invoice for the AF CAI's irrigation repairs. The Board then noted that payment to the AF CAI may be pending due to the timing of receipt of the District's payment for Pay Estimate No. 7. Ms. Adams noted that payment was sent to Vaca approximately two (2) weeks prior to the February 25th Board meeting. The Board then requested that the District give Vaca until March 25th to pay AF CAI. Ms. Schroeder added that, upon Vaca's proof of payment, the Waterline Project will be closed out.

Ms. Schroeder then reported that BGE received Change Order No. 1 in the amount of \$7,500 in connection with the waterline connection along Will Clayton Parkway at Vine Forest ("Vine Forest Waterline Tie-In") from Texas Hot Taps, LLC ("Texas Hot Taps"), contractor for such project. Ms. Schroeder explained that Change Order No. 1 is for an additional fire hydrant for operational reasons. Ms. Schroeder then recommended Board approval of such change order.

Ms. Schroeder then reported that the lowest bid in the amount of \$266,626 received from T&C Construction, Ltd ("T&C") for the proposed STP improvements has been discussed with Harris County Municipal Utility District No. 290's ("HCMUD 290") Advisory Committee representative, and that although extra inspections may be needed, the representative believes T&C's bid will be acceptable. Ms. Schroeder added that the representative will be discussing such matter with the HCMUD 290 Board of Directors at its regular meeting on February 28th. After further discussion regarding such bid, the Board agreed that, because the scope of work is above-ground only, and that such work was not the issue in another water district's project previously brought to the Board's attention, the Board did not have any issues with accepting the bid proposed by T&C. Upon motion by Director Elkins, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted four (4) votes in favor and one (1) vote opposed, with Director Kirby in opposition, to accept the bid in the amount of \$266,626 received from T&C in connection with the STP improvements, subject to approval by HCMUD 290.

Ms. Schroeder also reported that BGE is still awaiting a response to the District's request to Precinct No. 4 for a maintenance agreement for the cleaning and mowing of the Rankin Road right-of-way.

Ms. Schroeder then reported that, in regards to the CP generator installation, BGE has determined that the pumps are running 115% more than needed. Ms. Schroeder recommends upsizing said pumps and agreed to provide pricing at the March 25th meeting.

Ms. Schroeder then reported that the permit for the driver feedback signs has been issued by the County. Ms. Schroeder went on to report that the District may now install the correct sign(s), and recommends removal of the improper sign until the new one has been installed. Discussion then ensued regarding the SP450 driver feedback sign (the "SP450") that was not permitted by the County and Ms. Adams inquired regarding the method of sale of the SP450. Director Campbell then stated that the City of Patton Village may be interested in purchasing the sign. The Board then discussed a resale price for the SP450 and noted that the original purchase price was in the amount of \$3,605. The Board requested that SE remove the SP450 and move the Evolution 12 driver feedback sign that has been permitted by the County to the northbound side of Woodland Hills Drive, replacing the SP450. Upon motion by Director Pendleton, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted four (4) votes in favor and one (1) abstention, with Director Campbell abstaining, from the vote and deliberation to set the resale price of the SP450 at \$2,800, but not less than the cost of the replacement driver feedback sign.

Upon motion by Director Kirby, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the Engineer's Report; and 2) approve Change Order No. 1 in the amount of \$7,500 from Texas Hot Taps in connection with the Vine Forest Waterline Tie-In.

DISCUSSION REGARDING FUNDING THE ELECTRONIC SMART METERS

Mr. Morales then reviewed with the Board the District's Bond Capacity Analysis, a copy of which is attached hereto. Mr. Morales reviewed such analysis and explained that it would be inefficient to issue bonds for a small amount and recommended adding additional construction projects to a bond issue, should the District issue bonds in 2019. Mr. Morales then noted that the District has the capacity to issue \$2,000,000 in bonds without raising the debt service tax rate. Ms. Schroeder then stated that BGE could update the District's Capital Improvement Plan ("CIP") to determine if there are any other water, sewer or drainage projects to add to a potential bond issue.

Director Campbell then asked about other ways the District can fund the electronic smart meters without issuing bonds. Mr. Morales explained that the District would have to fund such project through the general fund. Ms. Schroeder then stated that she does not recommend utilizing the District's reserve and recommended updating the District's CIP to determine if issuing bonds is feasible. The Board then requested that an item be added to the March 25th Board agenda to review the District's CIP.

THE COALITION

Director Elkins then reported that the Coalition's East Reach is beginning to plan fundraising projects as well as organizing projects by importance. Director Campbell then inquired about whether the Coalition will be working on projects to tie the District's trails to Lindsey Lyons Park. Director Elkins explained that tying into Lindsey Lyons Park is still one of the Coalition's goals. Director Elkins explained that the Coalition is working to increase involvement of the District's in the area to assist with the connections.

Mr. Morales exited the meeting at this time.

UPDATE ON DEVELOPMENT OF RECREATIONAL FACILITIES

Ms. Adams reported that Four and One, landscape architects for the District, previously reported at the February 18th special meeting that it received Pay Estimate No. 1 in the amount of \$54,631.80 from D.L. Meacham, in connection with the construction of the Lago Forest Park and the AF and CP Detention Ponds trails, a copy of which is attached hereto. Ms. Adams then recommended Board approval of such pay estimate. Director Campbell then noted that the construction of the walking trails is approximately 40 percent (40%) complete. Upon motion by Director Elkins, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to approve Pay Estimate No. 1 in the amount of \$54,631.80 from D.L. Meacham, in connection with the construction of the Lago Forest Park and the AF and CP Detention Ponds trails.

Ms. Sankaren entered the meeting at this time.

DISTRICT COMMUNICATIONS

Ms. Adams then reported that the District's website is being updated regularly by Off Cinco.

The Board reviewed the draft of the Spring Edition of *TOTL News* and noted that the articles include the following topics: 1) drones; 2) the Coalition; 3) the Fall E-Recycling Event; 4) construction of recreational facilities; and 5) the May 4, 2019 Directors Election (the "Election"). Ms. Adams noted that the information regarding recycling matters will be included, subject to space availability.

ATTORNEY'S REPORT

Ms. Adams then stated that she had nothing further to report that has not already been discussed under a different agenda item.

STATUS OF KETOS ELECTRONIC SMART METERS

The Board then recognized Ms. Sankaren who reviewed with the Board the KETOS application for smart phones and the online system for review of customer water usage information. Ms. Sankaren also responded to various questions from the Board regarding same.

Ms. Sankaren exited the meeting at this time.

ELECTION AGENDA

APPROVE AGREEMENT BETWEEN THE COUNTY AND THE DISTRICT RELATING TO JOINT ELECTIONS TO BE HELD ON MAY 4, 2019 (THE "JOINT ELECTION AGREEMENT")

Ms. Adams then informed the Board that the County will be providing the Election Agreement to the District for a Joint Election with the County. Ms. Adams then explained that the County requires a 60 percent (60%) deposit be submitted with the approved Joint Election Agreement. 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 the execution of the Joint Election Agreement, a copy of which is attached hereto, and authorize the issuance of a check to the County for the deposit associated with the Joint Election Agreement.

REVIEW OF CONSULTANT CONTRACTS

The Board had no comments on the consultant contracts at this time.

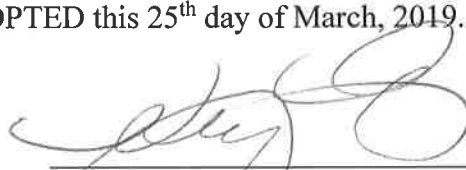
MISCELLANEOUS MATTERS

Ms. Adams then reminded the Board that the next special meeting is scheduled for Monday, March 18, 2019 at 3:30 p.m. at 4139 Forest Rain Lane, Humble, Texas 77346 and the next regular meeting is scheduled for Monday, March 25, 2019 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 25th day of March, 2019.





Secretary, Board of Directors