

MINUTES OF MEETING OF BOARD OF DIRECTORS

July 29, 2019

THE STATE OF TEXAS

§

COUNTY OF HARRIS

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TRAIL OF THE LAKES MUNICIPAL UTILITY DISTRICT

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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 Adams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, Harris County, Texas 77019, a place outside the boundaries of the District, on Monday, July 29, 2019, at 12:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Jo A. Smith	President/Tax Compliance Officer
Virginia Elkins	Vice President
Crystal Kirby	Secretary
Kim Pendleton	Assistant Secretary
Mark A. Richards, Sr.	Director

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Mr. Doug Oldfield, District resident; Mr. Jose Soto, District resident and member of the Board of Clayton's Park ("CP") Homeowners Association, Inc. ("HOA"); Sergeant Kenneth Massey of the Harris County Constable Precinct No. 4 (the "Constable"); Ms. Tara Klein of Four and One, LLC ("Four and One"), landscape architect for the District; Mr. Tom Dillard of Champions Hydro-Lawn, Inc. ("Champions"), detention pond maintenance service provider for the District; Mr. Hans von Meier 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. Patricia Rodriguez of Bob Leared Interests, Inc. ("Tax Assessor/Collector"), tax assessor/collector for the District; and Ms. Regina D. Adams and Ms. Monica Garza, attorneys, Ms. Rita R. Rodriguez, paralegal, and Mr. Cooper Montgomery, intern, 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.

PUBLIC COMMENT

First, the Board recognized Mr. Soto who thanked the Board for quick action in communicating with Harris County to fill the sinkhole along Will Clayton Parkway at Williams Gully.

Mr. Soto then stated his concerns about the CP Detention Pond holding water. Mr. Soto explained that he has contacted Harris County Flood Control District ("HCFCD") regarding such

matter and that HCFCD does not seem to think it is an issue. Mr. Soto further stated that recent rain events have caused street flooding and he is still concerned about homes flooding.

Director Richards entered the meeting at this time.

Ms. Schroeder briefly explained HCFCD retention standards and that the streets are part of the drainage system. Ms. Schroeder further explained that the District has been working with HCFCD regarding this matter, and that the CP Detention Pond cannot be drained until HCFCD has completed its work downstream. Mr. Dillard added that the District has been working with HCFCD and the United States Army Corps of Engineers regarding this matter and that the District will continue to do so.

The Board then recognized Mr. Oldfield who asked about the status of progress on the District's plans to build sidewalks along Williams Gully, the cost to construct Lago Forest Park and how funds were disbursed from the \$8,000,000 bonds that were issued. Ms. Adams clarified that the District has not issued \$8,000,000 in bonds, but rather, the District has issued \$5,105,000 in park bonds, which is a portion of the \$7,000,000 park bond authorization approved by District voters. Ms. Klein explained that construction of sidewalks along Williams Gully is on hold until HCFCD has completed its Williams Gully projects. Ms. Klein then stated that the cost to construct Lago Forest Park is approximately \$325,000.

PUBLIC COMMENT FROM PROPERTY OWNERS ASSOCIATIONS OR HOMEOWNERS ASSOCIATIONS

Mr. Soto then stated that he has performed a walk-through of Lago Forest Park and it looks good. Mr. Soto then asked if the District will be holding a ribbon cutting ceremony and if so, the CP HOA would like to be involved.

Mr. Soto next stated that he would like to request a sign at Lago Forest Park that includes operating hours and the Constable's contact information.

Mr. Soto then requested that the Board consider participation in CP HOA's National Night Out ("NNO") event and stated that CP HOA will not be partnering with the other community associations that are within the boundaries of the District, as has been done in the past. Mr. Soto then stated that CP HOA would like to hold NNO at Lago Forest Park. Director Elkins then stated that there may not be enough room for such event at Lago Forest Park. Ms. Adams then stated that permission from the District would not be necessary unless the event will extend beyond dusk which is after hours for Lago Forest Park. The Board then deferred further discussion regarding this matter until later in the meeting under the applicable agenda item.

APPROVAL OF MINUTES

The Board then considered approval of the June 24, 2019 regular meeting and July 10, 2019 special meeting minutes, copies of which were previously distributed to the Board.

Upon motion by Director Pendleton, seconded by Director Elkins, after full discussion and the question being put to the Board, the Board voted unanimously to approve the June 24, 2019 regular meeting and July 10, 2019 special meeting minutes, as presented.

SECURITY REPORT

Sergeant Massey then reviewed the Constable Security Report, a copy of which is attached hereto. Sergeant Massey then responded to various questions from the Board.

The Board then reviewed the driver feedback sign report, a copy of which is attached hereto.

Mr. Madia reported that the second (2nd) Evolution 12 driver feedback sign for the southbound side of Woodland Hills Drive has been installed and has passed Harris County (the "County") inspection and programming will begin soon.

Director Smith requested security safety tips be included in the District's next newsletter.

Upon motion by Director Pendleton, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Security Report.

GARBAGE AND RECYCLING REPORT

Mr. von Meier then reviewed the Garbage and Recycling Report and Daily Route Sheets, copies of which are attached hereto. Mr. von Meier reported that there were 11 customer calls during the prior month.

Mr. von Meier reported that the District currently has three (3) recycling bins in inventory and that 100 recycling bins have been ordered. Mr. von Meier then offered a field trip to the recycling facility to the Directors.

The Board asked why the District receives an invoice for 96 recycling bins and then a second invoice for an additional four (4) recycling bins at a higher cost per bin. Mr. von Meier responded that RRRT will follow up on verifying why there is a price break.

Mr. von Meier then reported that there was a motor oil spill due to the disposal of same with regular household items and that such spill was cleaned and it was not necessary to file a spill report. Mr. von Meier added that Ms. Kentrell Jones of The Forest Community Association ("CA") informed him that she will have The Forest CA send a letter to the District resident regarding such matter. Director Kirby then requested RRRT tag the District resident for such violation as well.

Mr. von Meier stated that there was an incident on Forest Rain Lane regarding a RRRT employee who threw a garbage can over a resident's motor vehicle and that the Constable was called and verified that the garbage can did not touch the vehicle. Mr. von Meier went on to report that the District resident demanded damages be paid as a result of such incident and RRRT replaced the District resident's garbage can. Director Kirby then reminded Mr. von Meier that all incidents should be included on the complaint log.

Mr. von Meier then reported that the "No Dumping" sticker has been placed on the dumpster at the Atascocita Forest ("AF") CA swimming pool.

Mr. von Meier noted that RRRT has not been informed by The Forest CA if it is interested in a dumpster at The Forest CA swimming pool.

The Board then discussed scheduling the electronic waste and document shredding event ("E-Recycling Event") in Spring 2020. Mr. von Meier explained that the schedule for 2020 is currently open and reminded the Board that the events are usually held from 10:00 a.m. to 12:00 p.m. The Board then scheduled such event for April 4, 2020.

Ms. R. Rodriguez then reported that the District's request to utilize the parking lot at Humble Middle School for the Fall 2019 and Spring 2020 E-Recycling Events will be submitted to Humble Independent School District ("Humble ISD") and requested the Board approve and authorize execution of the Short-Term Facilities Use-Agreement for same.

Upon motion by Director Kirby, seconded by Director Pendleton, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the Garbage and Recycling Report; and 2) approve and authorize execution of the Short-Term Facilities Use-Agreement with Humble ISD in connection with the September 28, 2019 and April 4, 2020 E-Recycling Events.

UPDATE ON DEVELOPMENT OF RECREATIONAL FACILITIES

Ms. Klein reported that Four and One received Pay Estimate No. 5 in the amount of \$242,091.30 from D.L. Meacham LP in connection with the construction of the Lago Forest Park and the AF and CP Detention Pond trails, a copy of which is attached hereto. Ms. Klein then recommended approval of such pay estimate.

Also in connection with the construction of the Lago Forest Park and the AF and CP Detention Pond trails, Ms. Klein reported that such project is 90% complete and a letter of substantial completion and punch list was submitted to D.L. Meacham on July 26th and that, although D.L. Meacham has 30 days to complete the punch list items, Four and One is requesting that such items be complete in two (2) weeks. Ms. Klein added that construction of Lago Forest Park is near completion. Director Smith then asked if the open space at Lago Forest Park will be filled. Ms. Klein then explained that the open space will naturally fill in overtime with the growth of trees and plants and then it may be reassessed for additional plantings.

Ms. Adams then reviewed with the Board the park rules to be included on signs at Lago Forest Park and asked about the fabrication time of such sign so that it will be ready for the ribbon cutting. Ms. Adams then asked, and Ms. Klein confirmed, that the final pay estimate and certificate of completion will be submitted for approval at the August 26th Board meeting. Ms. Adams noted that the District's insurance coverage will also be amended to include Lago Forest Park, the fitness park on Wintergreen Drive, and the walking trails at AF and CP Detention Ponds at the August 26th Board meeting.

Further discussion then ensued regarding the ribbon cutting for Lago Forest Park and the Board scheduled the event for Saturday, September 7th at 9:00 a.m.

The Directors then inquired about continued mowing and maintenance of Lago Forest Park. Ms. Klein explained that the landscape contract with Houston Landscapes Unlimited

includes a one (1)-year maintenance term and the District can take over maintenance when it expires.

The Board then discussed implementation of security systems at its recreational facilities and Ms. Klein suggested waiting until the projects have been fully completed, the contractors have moved out and funding has already been designated for other amenities. Mr. Madia then stated that the current security service monitoring company for the District's Water Plant ("WP") and Wastewater Treatment Plant (the "STP") offers various security options. Director Richards then stated that the Board should at least look at what options are available. Further discussion then ensued regarding security lighting and the Board requested that Four and One research costs for security lighting.

Upon motion by Director Pendleton, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve Pay Estimate No. 5 in the amount of \$242,091.30 from D.L. Meacham in connection with the construction of the Lago Forest Park and the AF and CP Detention Pond trails; 2) schedule the ribbon cutting ceremony for Saturday, September 7th at Lago Forest Park; and 3) authorize Four and One to research pricing for security lighting at the District's recreational facilities.

Ms. Klein then reported that one (1) set of drawings for the Community/Dog Park has been submitted for agency review and that Four and One is awaiting on the second (2nd) set of drawings from the Engineer.

Ms. Adams then suggested that the Board appoint a committee to plan the ribbon cutting ceremony.

Upon motion by Director Elkins, seconded by Director Pendleton, after full discussion and the question being put to the Board, the Board voted unanimously to appoint Directors Kirby and Richards to the ribbon cutting ceremony committee.

Ms. Klein exited the meeting at this time.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. P. Rodriguez then presented the Tax Assessor/Collector's Report, including the Homestead Payment Plan Report, for the month of June, a copy of which is attached hereto. Ms. P. Rodriguez noted that the District has collected 98.6% of its 2018 taxes as of June 30, 2019, compared to 98.301% for the same time last year.

Ms. P. Rodriguez also reported that there are four (4) accounts with the statutorily-permitted homestead payment plans and one (1) account with a standard payment plan.

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 the Tax Assessor/Collector's Report.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. P. Rodriguez then reviewed with the Board the Delinquent Tax Attorney's Report, a copy of which is attached hereto. No action was necessary on this matter.

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 STP, a copy of which is attached hereto.

Ms. Symmank reported that the District received an invoice in the amount of \$1,882.23 from The Forest CA for the District's share of the 2018 NNO event. Discussion then ensued regarding such invoice and Ms. Adams reported that at that District's June 25, 2018 Board meeting, the Board authorized a contribution to such event in the amount of \$1,482. Ms. Symmank then stated that she will hold check no. 2369 and investigate this matter further.

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 the Bookkeeper's Reports, including the Quarterly Investment Report and authorize payment of the checks being presented for payment, except check no. 2369 in the amount of \$1,882.23 to The Forest CA.

The Board then reviewed the District's budget for the fiscal year ending ("FYE") September 30, 2019 (the "2019 Budget") and a summary of Directors' fees paid through June 30, 2019, copies of which are attached hereto. After further discussion, the Board noted that the following expense items should be amended: 1) legal fees increased to \$125,000; 2) election expenses increased to \$25,000; 3) park and recreation decreased to \$5,000; and 4) decrease the following non-operating expenses by half: tap expenses, sewer inspection fees, and customer service inspections. The Board further noted that the following non-operating revenue items be reduced by half: tap connection fees, sewer inspection fees, facility/builder inspection fees, and customer service inspection fees.

Upon motion by Director Pendleton, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the amended FYE September 30, 2019 Budget.

OPERATIONS REPORT

Mr. Madia presented the Operations Report, including the Production Report and Management Report, copies of which are attached hereto. Mr. Madia reported that the District had a water accountability ratio of 94.9% for the prior month, and there are currently 2,884 total connections in the District. Mr. Madia also reported that there were no excursions at the 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, 67 accounts were tagged, eight (8) accounts had

water service terminated due to non-payment of water/sewer services, two (2) of which have had water service restored. Mr. Madia also reported that there were 267 delinquent letters mailed on July 17th for non-payment of water service and 210 accounts are set to have door tags hung on August 2nd, for a service disconnection date of August 7th.

Mr. Madia then reported that the District received 307 customer-related telephone calls during the prior month.

Mr. Madia reported that repair and maintenance items completed during the prior month included: 1) preparing the 2018 Consumer Confidence Report at a cost of \$3,000; 2) installing the flow meter solar panel at a cost of \$2,625; 3) performing grease trap inspections at a cost of \$1,150; and 4) performing preventative maintenance on all systems at WP Nos. 2 and 4.

Mr. Madia reported that repair and maintenance items completed at the STP during the prior month included: 1) replacing level monitors on chlorination and dechlorination tanks at a cost of \$7,480; 2) replacing the bar screen motor at a cost of \$7,899; 3) repairing the fence/gate at a cost of \$5,251; 4) replacing the volute bolt on lift pump no. 1 at cost of \$2,862; and 5) performing preventative maintenance.

Mr. Madia next presented an annual consumer price index ("CPI") adjustment pursuant to SE's Service Contract with the District and noted that the CPI has increased by 1.6 percent (1.6%). Ms. Adams then stated that SE also needs to specify to which items the CPI increase applies. The Board then deferred this matter until the August 26th Board meeting.

Upon motion by Director Pendleton, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report and authorize termination of service to the delinquent accounts in accordance with the District's Rate Order.

PROPOSALS FOR ELECTRONIC SMART METERS

The Board then discussed proposals for electronic smart meters and funding options for the purchase and installation of same. Director Richards then asked if the District is required to convert to electronic smart meters. Mr. Madia explained that at this time, the District is not required to convert to electronic smart meters. Ms. Adams explained that with electronic smart meters, the District would have the ability to more efficiently monitor the District's aging water system.

Mr. von Meier exited the meeting at this time.

Extensive discussion then ensued regarding electronic smart meters and the Board tabled this matter indefinitely.

DETENTION FACILITIES REPORT

Mr. Dillard reviewed with the Board the Detention Pond Maintenance Report. Mr. Dillard first reported that HCFCD has completed filling the sinkhole along Will Clayton Parkway at Williams Gully.

Mr. Dillard stated the Board that the "No Parking" sign at the CP Detention Pond has been installed. Mr. Dillard then reported that Ms. Schroeder has informed the County about the encroachment at the Rankin Road right-of-way ("ROW").

Mr. Oldfield asked who is responsible for maintaining the storm sewer drains. Ms. Adams stated that the County is the responsible party.

Mr. Dillard then reported that Champions will have a proposal for maintenance of the CP and AF Detention Pond trails at the August 26th Board meeting.

Director Richards stated that grass clippings were not blown away from sidewalks after Champions performed work. Mr. Dillard responded that he will follow up on same.

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

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 BGE will be meeting with the County on August 7th regarding the Williams Gully orphan channel P130-02-00.

Ms. Schroeder next reported that T&C Construction, Ltd., contractor for the STP improvements, has installed the bypass pumping for the lift station rehabilitation and the first stages of construction are in progress.

Ms. Schroeder then presented the contract from McDonald Municipal and Industrial ("McDonald"), in connection with the installation of the generator at the CP lift station (the "CP Generator Project"). Ms. Schroeder recommended Board approval of such contract.

Ms. Schroeder then reported that the replacement of the bar screen at the STP is in design and BGE anticipates awarding the project at the September Board meeting.

Ms. Schroeder then reported that, in regard to modifications to the STP concrete driveway, BGE is currently advertising for bids for such project. Ms. Schroeder added that bids will be presented at the September meeting.

Director Pendleton then reviewed with the Board photographs of the former WP No. 1 site on Wintergreen Drive and noted that it was her understanding such area was to be maintained by Seaback Maintenance ("Seaback") and it is not. The Board then deferred this matter until later in the meeting.

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: 1) approve the Engineer's Report; and 2) approve and authorize execution of the construction contract in the amount of \$297,469 from McDonald in connection with the CP Generator Project.

AMENDED RESOLUTION ADOPTING PREVAILING WAGE RATES SCALE FOR ENGINEERING AND CONSTRUCTION PROJECTS (THE "PREVAILING WAGE RATE RESOLUTION")

Ms. Garza next discussed the requirements of Chapter 2258.022, Texas Government Code relating to prevailing wage rates. Ms. Garza presented a Prevailing Wage Rate Resolution for the Board's consideration and noted that the District uses rates established by the United States Department of Labor, as adopted by the City of Houston. Upon motion by Director Pendleton, seconded by Director Elkins, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Prevailing Wage Rate Resolution, a copy of which is attached hereto.

GREENS BAYOU COALITION (THE "COALITION")

Director Elkins reported that the Coalition's East Reach Committee discussed the projects the Coalition wants to focus on and they have been narrowed down to five (5) projects. Director Elkins noted that Parkway Utility District is interested in trails connecting to its parks, just as the Board is hopeful that connector trails will connect to the District's recreational amenities in the future.

2019 NNO

Mr. Soto then requested that the Board consider participating in CP HOA's NNO on Tuesday, October 1st. Mr. Soto stated that he does not believe the NNO event will extend beyond dusk.

Director Pendleton then reported that the Board could hand out water conservation information at NNO. Ms. Adams then reported that an agenda will need to be posted for such event if more than three (3) Directors are present and District business is being conducted. Upon motion by Director Pendleton, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the CP HOA to utilize Lago Forest Park for its 2019 NNO event on Tuesday, October 1st.

DISTRICT COMMUNICATIONS

Ms. R. Rodriguez then reported that the District's website is being updated regularly, as necessary, by Off Cinco.

The Board then discussed topics for the Fall 2019 District Newsletter and the Directors requested that it include information regarding safety tips, the E-Recycling Events, Ribbon Cutting for Lago Forest Park, status of the District's recreational amenities, and a "Back to School" reminder. Upon motion by Director Kirby, seconded by Director Richards, after full discussion and the question being put to the Board, the Board voted unanimously to authorize preparation of the Fall 2019 District Newsletter.

Director Pendleton exited the meeting at this time.

AUTHORIZE ATTENDANCE AT THE ASSOCIATION OF WATER BOARD DIRECTORS - TEXAS ("AWBD") FALL SEMINAR AND MID-WINTER CONFERENCE (COLLECTIVELY, "AWBD EVENTS")

The Board then discussed attendance at AWBD Events. Director Elkins then reviewed with the Board electronic mail correspondence she received from the American Water Works Association ("AWWA"), and *Government Technology* Magazine, copies of which are attached hereto.

Upon motion by Director Kirby, seconded by Director Richards, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the Directors to attend the AWBD Events, AWWA Annual Dinner and *Government Technology* seminars.

ATTORNEY'S REPORT

Ms. Adams then presented to the Board the comprehensive Legislative Update Memorandum regarding the 86th Legislative Session, a copy of which may be found in the District's records. The Board then deferred further review of this matter until the August 26th Board meeting.

CONSIDER MEETING TIME CHANGE

The Board then considered changing the meeting time from 12:00 p.m. to 11:00 a.m. and, after discussion, the Directors agreed to leave the meeting time at 12:00 p.m.

REVIEW OF CONSULTANT CONTRACTS

The Board then further reviewed the CPI increase request from SE upon receipt of additional information from Mr. Madia. Upon motion by Director Elkins, seconded by Director Richards, after full discussion and the question being put to the Board, the Board voted unanimously to approve the CPI increase request from SE.

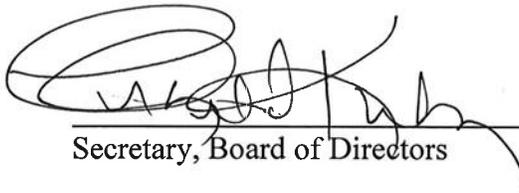
MISCELLANEOUS MATTERS

Ms. Adams then reminded the Board that the next regular meeting is scheduled for Monday, August 26, 2019, at 12:00 p.m. to be held 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 26th day of August, 2019.




Secretary, Board of Directors