

MINUTES OF MEETING OF BOARD OF DIRECTORS

April 30, 2018

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, 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, April 30, 2018, 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
Crystal Kirby	Assistant Secretary
Kim Pendleton	Director

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Mr. Aaron Alford of Woodmere Development Company ("Woodmere"), developers in the District; Messrs. Jerrell Wolff and Ken Farrar 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"), operators for the District; Ms. Keli Schroeder, P.E., of BGE, 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. ("Tax Assessor/Collector"), tax assessor/collectors for the District; 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"), 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

Ms. Rodriguez reported that a District resident visited Radcliffe Bobbitt on April 23, 2018 to attend the Board meeting, but inadvertently arrived the incorrect date. Ms. Rodriguez went on to report that he stated he would be in attendance at the April 30, 2018 Board meeting. Mr. Madia added that he does have a letter from Mr. Jermed Jones, of 4227 Leafy Bough Court, and that he may or may not be the District resident who spoke with Ms. Rodriguez. Mr. Madia then stated that he will present Mr. Jones' request to the Board under the Operations Report.

APPROVAL OF MINUTES

The Board then considered approval of the March 13, 2018 special meeting minutes, March 26, 2018 regular meeting minutes and April 10, 2018 special meeting minutes, which were previously distributed to the Board.

Director Elkins then requested revisions to page 2 of the March 13, 2018 special meeting minutes under the Update on Development of Recreational Amenities section and the following corrections in the March 26, 2018 regular meeting minutes: 1) page 3 under the Garbage and Recycling Report; and 2) page 6 under the Detention Facilities Report.

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 March 13, 2018 special meeting minutes and March 26, 2018 regular meeting minutes, as revised, and April 10, 2018 special meeting minutes, as presented.

PUBLIC COMMENT, CONTINUED

Director Campbell then reported that the feedback obtained from social media regarding the driver feedback sign was positive and another sign has been requested from the public. Director Campbell reported that because there is no stop sign on Woodland Hills Drive at Woodland Path and Woodland Hills Drive at Liles Lane, and it does not appear that Harris County (the "County") intends to install a stop sign, the District residents are requesting another sign at such location. The Board then deferred this matter further until later in the meeting.

SECURITY REPORT

Director Campbell reviewed with the Board the Harris County Constable's Office, Precinct No. 4 Report, a copy of which is attached hereto. No action was necessary on this item.

GARBAGE AND RECYCLING REPORT

Messrs. Farrar and Wolff then reviewed the Garbage and Recycling Reports, including additional information provided in such reports, copies of which are attached hereto. Mr. Farrar reported that there were four (4) complaints during the prior month.

Mr. Farrar reported that a District resident left a tree stump to be collected but because it exceeded the weight limit, it was not collected. Mr. Farrar noted that if the District resident cuts the tree stump into pieces weighing less than 40 pounds, then it can be collected. Director Kirby then inquired if such information was relayed to the District resident by RRRT's receptionist. Mr. Wolff then confirmed same. Mr. Farrar went on to explain that, as a general rule, if large items can be carried by two (2) garbage collectors, or requires additional trucks to collect, then RRRT will collect same. Mr. Wolff then stated that RRRT will arrange for special collections if customers call to request same, which has been done in the past.

Mr. Farrar then reported that a tire and freezer were tagged at 18002 Quiet Grove Court. Mr. Farrar also reported that the District resident at 4114 Gray Forest Court had a garage sale and those items not sold were bagged and left for garbage collection. Mr. Farrar went on to

report that the garbage was rummaged through and debris was scattered. Mr. Farrar then informed the Board that RRRT collected the bagged items and informed the District resident that if and when the debris was bagged, RRRT will collect it.

Mr. Wolff then reported that he spoke to RRRT's attorney on April 27th and informed him that RRRT would like to be able to communicate directly with the District's Attorney. Ms. Adams then stated that RRRT's attorney had previously indicated that Radcliffe Bobbitt could communicate directly with RRRT, but there have not been any issues of which Radcliffe Bobbitt was aware that needed attention. Mr. Wolff then requested a letter from the District indicating that the issues outlined in the Notices to Cure have been resolved. Mr. Wolff went on to report that RRRT is regularly receiving information on the delivery of recycling bins. Mr. Wolff also reported that a meeting was called with the garbage collectors to address backing-down streets.

Director Elkins then reviewed the invoice for recycling bins and noted that four (4) bins cost \$14.99 each and 96 bins were \$13.92 each. Mr. Wolff then stated that he will investigate such matter.

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 Garbage and Recycling Report and authorize Radcliffe Bobbitt to prepare a cure resolution letter to RRRT.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Scott then presented the Tax Assessor/Collector's Report for the month of March, a copy of which is attached hereto. Ms. Scott noted that the District has collected 97.2% of its 2017 taxes as of March 31, 2018, compared to 95.591% for this same time last year.

Ms. Scott then reviewed with the Board the Homestead Payment Plan Report, a copy of which is attached to the Tax Assessor/Collector's Report.

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 Tax Assessor/Collector's Report and authorize payment of the checks reflected therein.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Scott then reviewed the Delinquent Tax Attorney's Report with the Board, a copy of which is attached hereto. Ms. Scott noted that three (3) delinquent tax accounts have been paid in full. Ms. Scott also reported that Mr. Clarence E. Wallace/Houston Massage Network, of 4131 Great Forest Court, has stated that the personal property account located at such address is not his. Ms. Scott added that Mr. Wallace has stated that he is working with the Harris County Appraisal District ("HCAD") regarding same. Ms. Scott added that it is customary for HCAD to update the Delinquent Tax Attorney regarding pending matters. 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 Delinquent Tax Attorney's Report.

Mr. Wolff exited the meeting at this time.

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.

Ms. Symmank then reviewed with the Board the proposed amended budget for the fiscal year ending September 30, 2018 (the "2018 Budget"), a copy of which is attached to the Bookkeeper's Report. Ms. Symmank noted that, as discussed during the prior month, the proposed amended 2018 Budget includes the following revisions: 1) increase in social security withholding expenses; 2) increase in travel expenses due to joining the American Water Works Association ("AWWA"); 3) decrease in lab expenses from \$18,000 to \$8,500; 4) increase detention pond maintenance expenses; and 5) increase in Texas Commission on Environmental Quality ("TCEQ") fee expenses. Ms. Symmank added that the following additional revisions have also been made: 1) revenue line items: a) increase in water revenue; b) increase in penalty and interest; c) increase in reconnect/disconnect fee; and d) the addition of Harris County Flood Control District("HCFCD") reimbursement for mowing; 2) line items under Net Operating Income including: a) West Harris County Regional Water Authority ("WHCRWA") pumpage fee increase; and b) interest income increase; and 3) increase in line items under non-operating expenses for the WHCRWA.

The Board inquired if the District received payment from the Atascocita Forest ("AF") Homeowners Association ("HOA") for its portion of the installation of the mast arm traffic signal. Ms. Symmank stated that she will follow up on same.

Mr. Madia then responded to various questions from Director Elkins regarding work orders.

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 the Bookkeeper's Reports, including the Quarterly Investment Report; 2) authorize payment of the checks being presented for payment; and 3) adopt the amended 2018 Budget.

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") being performed by Vaca Underground Utilities ("Vaca"), SE is working on completion of meter installations. Ms. Schroeder also reported that Vaca is currently working on landscaping restorations throughout the project site and BGE will have a full inspection once all restorations are complete.

Ms. Schroeder added that she has scheduled a meeting with the AF HOA, regarding the restorations related to the Waterline Project.

Discussion then ensued regarding Mr. Troy King's, of the AF HOA, inquiries regarding the installation of a turning lane on Will Clayton Parkway at Woodland Hills Drive. Ms. Schroeder said that she is unaware of such project and the County has not indicated that there is such a project in its schedule. Ms. Adams then suggested that individuals with inquiries related to the installation of traffic signals or concerns regarding the roadways in the District can be directed to the County Road and Bridge Department for the corresponding County Precinct.

Ms. Schroeder then reported that the District received a request from Waste Management ("WM") Atascocita Landfill to dispose of leachate produced by solid waste landfill. Ms. Schroeder explained that the leachate is currently trucked to a distant industrial wastewater treatment plant and WM is looking for a closer option. Ms. Schroeder explained that the ammonia levels the leachate may produce could be harmful to the District's STP and the TPDES permit does not address metals. Ms. Schroeder went on to explain that the STP was not designed for metals and that the STP would need to be redesigned and the TPDES permit would have to be amended to accommodate the addition. After further discussion, the Board then denied such request from WM.

Mr. Farrar exited the meeting at this time.

Ms. Schroeder then reminded the Board that the District obtained a waterline easement for 0.0134 of an acre from Canh Phuoc Le and Bich Thuy Nguyen located at Lot 4, Block 4 of AF, Section 23 to provide a second (2nd) point of connection to Claytons Park ("CP"). At the time of this installation and easement acquisition, there were no additional options for a second point of service to the subdivision because the District did not have an active waterline along Will Clayton Parkway. Ms. Schroeder went on to explain that since there is now a waterline on Will Clayton Parkway the District may connect to at Lago Forest Drive. Ms. Schroeder further reported that the waterline between the homes can be abandoned since the District will have the second point of connection on Will Clayton Parkway. Ms. Schroeder reported that BGE has run water models to prove that the District can provide water service and pressure as required with minimal modifications if there should be a water plant outage at either of the Districts plant sites. Ms. Schroeder then recommended the Board authorize BGE to design the waterline connection on Will Clayton Parkway at Lago Forest Drive.

Ms. Schroeder then requested authorization to design the STP improvements, as funded in the prior bond issuance. Ms. Schroeder then explained that such project would include rehabilitation of the lift station and modifications to the bleach equipment (the "STP Improvements"). Ms. Schroeder added that BGE will be coordinating with Harris County Municipal Utility District No. 290 regarding such project.

Ms. Schroeder then requested authorization to design the CP generator installation.

Ms. Schroeder then reported that the construction of the water, sanitary sewer and drainage facilities for CP East, Section 2 ("CP 2 Project") by Lischka Utilities, LLC has been completed. Ms. Schroeder then presented the Certificate of Completion for such project.

Ms. Schroeder then recommended Board acceptance of the certificate.

Ms. Schroeder then reported that the Park Bond Application for the First (1st) Issue of Park Bonds has been distributed to the Attorney for review. Ms. Adams added that Radcliffe Bobbitt is midway through its review and it should be completed within the week.

Ms. Schroeder then reported that, with regard to restoration of the STP buffer zone at the site utilized by the County's contractor during construction of Woodland Hills Drive South, ISI Contracting, Inc., contractor for such project, is responsible for restoration of the site, and that it will be performing such work. Ms. Schroeder added that she is unaware if the seeding has been performed.

Ms. Schroeder then reported that the detention volume provided in the CP Detention Pond is adequate to serve the area as designed. Ms. Schroeder went on to report that, as a result of the analysis, she will continue to coordinate with HCFC for the renewal of the storm water quality feature within the CP Detention Pond because of the adequate detention, and because the flow line in Williams Gully is not at design elevation, which is resulting in the wet pond rather than the dry pond as the outfall was constructed one-foot (1') above the future ultimate elevation.

Ms. Schroeder then reported that , in connection with the installation of the east gate and bollards at the Apple Hollow Detention Pond, the County has requested an exhibit to move forward with approving the encroachment. Ms. Schroeder further reported that BGE is coordinating preparation of the exhibit for such work so the installation can move forward, and Champions will prepare an amended price based on HCFC's request for the width of the proposed gate.

Ms. Schroeder then reported that she will be reviewing the District's Emergency Preparedness Plan ("EPP") to make any necessary updates, and requested authorization to do same.

Ms. Schroeder next requested authorization to update the District's capital asset values for insurance renewal.

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: 1) the Engineer's Report; 2) authorize the design of the waterline connection along Will Clayton Parkway; 3) authorize the design of the STP Improvements; 4) authorize the design of the CP generator installation; 5) accept the Certificate of Completion, in connection with the CP 2 Project; 6) authorize BGE to review and update the EPP; and 7) authorize updating the District's capital asset values for the insurance renewal.

DEVELOPER'S REPORT

Mr. Alford reviewed the Developer's Report and reported the following: 1) nine (9) homes were sold in April, and 24 homes have been sold year-to-date; and 2) CP East, Section 2 splash pad will be installed soon.

Mr. Alford added that registration has been filed for National Night Out ("NNO") and that he is working on the contracts for the food with James Coney Island. Mr. Alford then inquired about the number of hot dogs that should be ordered. The Board then suggested 600 hot

dogs for NNO. Mr. Alford then reported that a generator will be added to the order in addition to the tents and other items ordered in previous years.

Director Campbell then reported that the District has inquired about whether CP HOA will fund the rubber mats at the parks. Mr. Alford stated that he is working on such request.

AMENDED RATE ORDER STUDY

The Board deferred this matter until the May Board meeting.

RESCHEDULE MAY BOARD MEETING

The Board then rescheduled the May Board meeting for Monday, May 21, 2018, at 12:00 p.m., at the offices of Radcliffe Bobbitt.

Ms. Scott exited the meeting at this time.

AMENDED RATE ORDER REGARDING HOA SEWER RATES

The Board then considered a proposed amendment to the District's Amended Rate Order regarding sewer rates for homeowners' associations. Ms. Adams reminded the Board that at the March 26th Board meeting, the Board amended the District's Rate Order to create a classification for HOAs and establish corresponding water rates for same.

Further discussion then ensued regarding the District's current sewer rates and the Board discussed establishing a sewer rate classification for HOA at a rate of \$19.00 per month per unit plus \$0.75 per 1,000 gallons water consumed in excess of 5,000 gallons per unit per month.

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 adopt the Amended Rate Order, to be effective May 1, 2018 as described above.

OPERATIONS REPORT

Mr. Madia then presented the Operations Report, including the Production Report and Management Report, for the month of March, copies of which are attached to the Operations Report. Mr. Madia reported that the District had a water accountability ratio of 97.81% for the prior month, and that there are currently 2,841 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 List, a copy of which is attached to the Operations Report. Mr. Madia reported that during the prior month, SE sent 204 termination letters for delinquent accounts, 31 accounts were tagged 11 accounts and service, terminated for nonpayment and eight (8) accounts had water service restored. Mr. Madia also reported that there were 199 delinquent letters mailed for non-payment of water service and 136 accounts are set to have door tags hung on May 4th, for a service disconnection date of May 9th.

Mr. Madia then reported that the District received 405 customer-related telephone calls during the prior month.

Mr. Madia reported that repair and maintenance items completed during the prior month included: 1) tie-in for new waterlines at a cost of \$5,504; 2) landscape after water main repair at a cost of \$3,043; load testing both generators at a cost of \$2,939; 4) repairing a tapline on Capewood at a cost of \$1,308; and 5) performing preventative maintenance on all systems at Water Plant ("WP") nos. 2 and 4.

Mr. Madia reported that repair and maintenance items at the STP completed during the prior month included: 1) reinstalling non-potable water pump at a cost of \$2,628; 2) repairing the air condition and heater at a cost of \$1,581; and 3) performing preventative maintenance.

Mr. Madia then presented the Collection Report for the Board's review and approval, a copy of which is attached hereto. Mr. Madia explained that such list consists of 12 delinquent accounts and reflects an uncollectible amount of \$2,408.26. Mr. Madia recommended that the Board authorize such accounts to be written off and sent to a collection agency.

Mr. Madia then reviewed with the Board the 2017 Consumer Confidence Report (the "CCR") Provider Certification of Delivery Drinking Water Quality Data, a copy of which is attached hereto. Mr. Madia added that the CCR is required to be delivered to the District's customers no later than July 1, 2018 and that a draft will be presented for the Board's review and approval at the May 21st Board meeting.

Mr. Madia then reviewed with the Board a letter from Mr. Jones, a copy of which is attached to the Operations Report. Mr. Madia explained that Mr. Jones had two (2) insufficient fund payments due to entering the wrong account number via telepay. Mr. Madia explained that Mr. Jones paid by electronic check over the phone and that sometimes the customer is not made aware of the error until a later date. After extensive discussion, the Board denied Mr. Jones' request for waiver of insufficient fund and late fees.

Director Elkins then requested additional information be provided on work order no. 49437.

Mr. Madia then responded to Director Elkins's concerns regarding work order no. 517604 as asked at the March 26th Board meeting.

Mr. Madia explained that four (4) trucks were sent to the site to prepare the site for work, left the site to obtain materials and returned to the site to perform work.

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: 1) approve the Operations Report; 2) authorize termination of service to the delinquent accounts, in accordance with the District's Rate Order; and 3) approve the Collection Report and authorize the written off accounts to be sent to collections.

GREENS BAYOU COALITION

Directors Elkins and Smith and Ms. Adams reported that a gate will be installed at the Stanley Preserve. Director Elkins reported that the Stanley Preserve groundbreaking has been rescheduled for October.

DETENTION FACILITIES REPORT

Mr. Dillard then reviewed the Detention Facilities Report. Mr. Dillard reported that the east gate on Apple Hollow will be re-designed to a width of 15-feet (15') pursuant to the HCFCD's requirements and a revised proposal for the installation of same will be presented within the next couple of months. Mr. Dillard added that placement of the gate will be determined once CenterPoint Energy provides any right-of-way access concerns it may have.

MOWING MAINTENANCE AGREEMENT BETWEEN THE DISTRICT AND SEABACK MAINTENANCE FOR MAINTENANCE OF VARIOUS DISTRICT FACILITIES (THE "SEABACK MAINTENANCE AGREEMENT")

Ms. Adams then reminded the Board that it previously accepted the proposal from Seaback Maintenance for the maintenance of various District facilities. Ms. Adams then presented to the Board the Seaback Maintenance Agreement. 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 approve and authorize execution of the Seaback Maintenance Agreement.

DEVELOPMENT OF RECREATIONAL AMENITIES

Ms. Adams reported that she has researched the status of the District's Texas Parks and Wildlife Department grant application and found that determinations of award have not yet been released.

DRIVER FEEDBACK SIGN

Director Campbell reported that the driver feedback sign has been installed and he will provide the statistics from such sign at the May 21st Board meeting. Director Campbell then reiterated that the social media feedback from District residents on the District's installation of the driver feedback sign has been very positive, and there is a request for the installation of a second (2nd) sign. The Board then discussed installing a second (2nd) sign south bound side of Woodland Hills Drive at Woodland Path and discussed the necessary sidewalk width as it relates to the sign's location. 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 authorize purchase of a second (2nd) driver feedback sign.

ADDITIONAL DISTRICT SIGN FOR WOODLAND HILLS DRIVE SOUTH

Mr. Madia reported that the District TCEQ-required sign on Woodland Hills Drive South has been installed.

DISTRICT COMMUNICATIONS

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

Ms. Rodriguez stated that she has spoken with Mr. Don Dulin of MyWaterBoard.com regarding Director Pendleton's issues with her trailofthelakesmud.com email not being forwarded to her personal email address. Ms. Rodriguez reported that Mr. Dulin indicated that the issue is with AT&T blocking trailofthelakesmud.com email and that she should contact AT&T. Ms. Rodriguez then reported that Mr. Dulin has stated that an alternative option would be to upgrade to an advanced email system that runs on Microsoft Exchange, which would allow the Board to load their respective accounts on their phones and bypass the personal accounts. Director Pendleton then stated that she will contact AT&T.

The Board then discussed the Summer 2018 Newsletter and requested such publication include the following topics: 1) Summer safety tips; 2) NNO; and 3) Henry the Hydrant. 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 authorize preparation of the Summer 2018 Newsletter.

ATTORNEY'S REPORT

Ms. Adams then explained that the District's current insurance policies expire on June 13, 2018, and, therefore, Board action on the insurance renewal proposals is recommended at the May 21st Board meeting. Ms. Adams informed the Board that AquaSurance LLC has been acquired by Arthur J. Gallagher & Co. ("AJG"), the District's current insurance provider. The Board then requested a proposal from AJG for review and approval at the May 21st Board meeting. 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 authorize Radcliffe Bobbitt to obtain insurance renewal proposals from AJG.

REVIEW OF CONSULTANT CONTRACTS

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

MISCELLANEOUS MATTERS

The Directors then requested that an item be added to the May 8th special meeting agenda to authorize purchase of business cards.

Ms. Adams then reminded the Board that a special meeting has been scheduled for Tuesday, May 8, 2018, at 3:30 p.m. in Room T-16 at Atascocita High School, and the next regular meeting has been scheduled for Monday, May 21, 2018, 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 21st day of May, 2018.




Secretary, Board of Directors