

MINUTES OF MEETING OF BOARD OF DIRECTORS

May 21, 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, May 21, 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, except Director Pendleton, thus constituting a quorum. Also attending the meeting were: Mr. Jim Caldwell of C&C Water Services LLC ("C&C"); Mr. Russell Wolff of Residential Recycling & Refuse of Texas, Inc. ("RRRT"), garbage and recycling collection service providers 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" or "MCI"), 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

There were no comments from the public.

APPROVAL OF MINUTES

The Board then considered approval of the April 30, 2018 regular meeting minutes and the May 8, 2018 special 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 April 30, 2018 regular meeting minutes and the May 8, 2018 special meeting minutes, as presented.

OPERATIONS REPORT

Ms. Schroeder then reported that the remote water well no. 3 is inoperable and repairs are necessary. Ms. Schroeder then introduced Mr. Caldwell who reviewed with the Board cost estimates for replacement of equipment and preliminary maintenance, a copy of which is attached to the Engineer's Report. Mr. Caldwell explained that the cost to televise and remove any blockages is \$18,000 and the cost to remove the pump equipment, bail the oil and televise is \$9,800.

Mr. Madia also reported that an insurance claim will be filed, but because the remote water well no. 3 failure is still under investigation and it has not yet been determined what caused the failure, he is unsure what the insurance will cover.

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 proposals in the amounts of \$18,000 and \$9,800.

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 declare repair/replacement to the remote water well no. 3 as an emergency.

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 replacement of the remote water well no. 3, as may be necessary and pursuant to the cost estimate provided by C&C.

Director Kirby entered the meeting at this time.

Mr. Caldwell exited the meeting at this time.

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.

Mr. Campbell also reviewed with the Board the TrafficLogix report, a copy of which is attached hereto.

The Board discussed the potential for a pedestrian crossing near the District's future walking trails and parks located near the Wastewater Treatment Plant (the "STP") and the Board requested that information regarding the statistics be included in the District's Summer 2018 Newsletter to encourage District residents to reduce their speed.

GARBAGE AND RECYCLING REPORT

Mr. Wolff then reviewed the Garbage and Recycling Reports, including additional information provided in such reports, copies of which are attached hereto. Mr. Wolff reported that there were two (2) complaints during the prior month.

Director Kirby noted that one (1) of the recycle collection coworkers threw a recycling bin and it rolled down the street. Director Kirby then inquired if the recycling collection trucks have cameras. Mr. Wolff explained that the particular truck used that day does not and that he will address the matter with the RRRT employees.

Ms. Adams then reviewed with the Board a complaint Radcliffe Bobbitt received from Mr. Rick Acosta, of 17922 Evergreen Trace Lane. A copy of the email detailing such complaint is attached hereto. Ms. Adams noted that such complaint was not listed on the complaint log and asked the status of the investigation of such complaint. Mr. Wolff explained that Mr. Acosta's complaint was addressed and resolved the same day.

Director Elkins then stated that she had observed an excessive amount of garbage on the curb of Crestline Drive at Wells Mark Drive. Mr. Wolff then stated that it appeared the residents moved out and RRRT will do its best to ensure all garbage is collected.

Director Campbell then noted that there are many residents moving in and suggested more recycling bins be ordered.

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 Report and authorize RRRT to purchase an additional 98 recycling bins on behalf of the District.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Scott then presented the Tax Assessor/Collector's Report for the month of April, a copy of which is attached hereto. Ms. Scott noted that the District has collected 97.7% of its 2017 taxes as of April 30, 2018, compared to 97.896% 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.

Ms. Scott also reported that notices regarding implementation of the 20 percent (20%) penalty for delinquent 2017 taxes will be mailed soon.

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 then reviewed the Delinquent Tax Attorney's Report and an uncollectible accounts report with the Board, copies of which are attached hereto. Ms. Scott explained that seven (7) uncollectable accounts (the "Uncollectable Accounts") that have total base tax of \$232.66 and requested that the Board authorize writing off such accounts.

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 Delinquent Tax Attorney's Report and authorize writing off the Uncollectable Accounts.

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.

Mr. Wolff 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 the Bookkeeper's Reports, including the Quarterly Investment Report and authorize payment of the checks being presented for payment.

ADOPT ORDER REGARDING ANNUAL REVIEW OF RULES, POLICIES, CODE OF ETHICS, AND LIST OF AUTHORIZED BROKERS FOR THE INVESTMENT OF DISTRICT FUNDS ("INVESTMENT POLICY")

Ms. Adams then explained that the Public Funds Investment Act, as amended, requires the Board to review the District's Investment Policy on an annual basis and presented the Investment Policy for the Board's consideration and adoption. Ms. Adams noted that the list of approved financial institutions/brokers has been updated by MCI. 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 adopt the amended Investment Policy to include an updated broker list, a copy of which is attached hereto.

REVIEW OF ARBITRAGE COMPLIANCE ANALYSES PREPARED BY ARBITRAGE COMPLIANCE SPECIALISTS, INC. ("ACS")

Ms. Adams reviewed with the Board the arbitrage compliance analyses prepared by ACS, copies of which are attached hereto. Ms. Adams reported that ACS has indicated that the District's debt service fund balance is high and that she has informed RBC Capital Markets ("Financial Advisor"), the District's Financial Advisor, of same. Ms. Adams added that such elevated balance could be attributed to the anticipation of selling the first (1st) issue of park bonds. Ms. Adams noted that no action was necessary at this time.

AMENDED RATE ORDER STUDY

The Board deferred this matter until the June 25th Board meeting.

OPERATIONS REPORT

Mr. Madia then presented the Operations Report, including the Production Report and Management Report, for the month of April, copies of which are attached hereto. Mr. Madia reported that the District had a water accountability ratio of 98.92% for the prior month, and that

there are currently 2,851 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 199 termination letters for delinquent accounts, 40 accounts were tagged, ten (10) accounts had service terminated for nonpayment and two (2) accounts had water service restored. Mr. Madia also reported that there were 204 delinquent letters mailed for non-payment of water service and 163 accounts are set to have door tags hung on June 1st, for a service disconnection date of June 6th.

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

Mr. Madia then reviewed with the Board the 2017 Consumer Confidence Report (the "CCR"), a copy of which is attached to the Operations Report. Mr. Madia added that the CCR is required to be delivered to the District's customers no later than July 1, 2017, and that such report will be delivered in June.

Mr. Madia then reported that a propeller, wear plate and seal gland on the return active sludge ("RAS") pump no. 1 are worn. Mr. Madia explained that the cost to repair the RAS pump no. 1 is \$26,590 and the cost to replace same is \$29,288. Mr. Madia recommended replacement of RAS pump no. 1. The Board then noted that because the cost estimates for repair or replacement exceeds \$25,000, pursuant to the Regional Sewage Treatment Plant Agreement with Harris County Municipal Utility District No. 290 ("HCMUD No. 290"), the STP Advisory Committee must approve such work. Ms. Schroeder then stated that she will forward the cost estimate to the engineer for HCMUD No. 290 for review.

Mr. Madia reported that repair and maintenance items completed during the prior month included: 1) rehabilitating 259 water line taps at a cost of \$107,000; 2) lowering the hydrant on Silver Bend Drive at a cost of \$3,272; 3) repairing one (1) tapline at a cost of \$3,004; and 4) performing preventative maintenance on all systems at water plant nos. 2 and 4.

Mr. Madia then reported that water well no. 3 will be inoperable for approximately eight (8) weeks. The Board discussed the need for further well testing and repairs.

Mr. Madia reported that repair and maintenance items at the STP completed during the prior month included excavating and repairing the non-potable water line at a cost of \$3,966.

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 Operations Report; 2) authorize termination of service to the delinquent accounts, in accordance with the District's Rate Order; 3) approve and authorize distribution of the 2017 CCR; and 4) authorize repair or replacement of the RAS pump no. 1, subject to approval by the STP Advisory Committee.

Ms. Scott exited the meeting at this time.

GREENS BAYOU COALITION (THE "COALITION")

Director Smith reported that the Coalition has scheduled the following events: 1) First (1st) Annual Gala to be held on October 20th; 2) Third (3rd) Annual Regatta to be held on October 13th; and 3) Volunteer Appreciation to be held on November 14th.

DETENTION FACILITIES REPORT

In the absence of Mr. Tom Dillard of Champions Hydro-Lawn, Inc., detention pond maintenance service provider for the District, Ms. Schroeder reported that Harris County Flood Control District has authorized renewal of the Storm Water Quality Permit for Clayton's Park ("CP") detention pond.

Ms. Schroeder then reported that, in connection with the reinstallation of the bollards and fence on Woodland Hills Drive at Rankin Road right-of-way, Mr. Dillard has some concerns whether an easement exists that will require a consent to encroachment. Ms. Schroeder then requested Board authorization to perform a title search.

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 a title search, as described above.

DEVELOPER'S REPORT

Due to the absence of Mr. Aaron Alford of Woodmere Development Company, developers in the District, Ms. Adams reviewed the Developer's Report. Ms. Adams reported that Mr. Alford has reported the following: 1) 29 homes have been sold year-to-date; 2) proposals from James Coney Island and Events By Kerry for 2018 National Night Out will be presented at the June 25th Board meeting; and 3) construction of the CP Splashpad will follow the installation of the electric meter by CenterPoint Energy.

ENGINEER'S REPORT

Ms. Schroeder then reviewed the Engineer's Report with the Board, a copy of which is attached hereto. Ms. Schroeder 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 SE has completed all the house meters but is working on irrigation meters, which requires Harris County permits. Ms. Schroeder further reported that Vaca is currently working on restorations throughout the project area. Ms. Schroeder added that a full inspection will be performed once all parties are complete with construction.

Ms. Schroeder then reported that BGE will be preparing plans for: 1) the proposed STP improvements; 2) waterline connection along Will Clayton Parkway; and 3) CP generator installation.

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 Engineer's Report.

EMERGENCY PREPAREDNESS PLAN

The Board tabled this matter until the June 25th Board meeting.

DEVELOPMENT OF RECREATIONAL AMENITIES

Ms. Schroeder then reported that the Park Bond Application for the First (1st) Issue of Park Bonds is ready for submittal pending final approval of the Attorney and the Financial Advisor on the final draft and should be submitted by May 25th.

The Board then scheduled its special meeting regarding development of recreational amenities for Tuesday, June 19, 2018, at 3:30 p.m. in Room T-16 at Atascocita High School.

DRIVER FEEDBACK SIGN

Mr. Madia reported that the second (2nd) driver feedback sign on the southbound side of Woodland Hills Drive at Woodland Path should be installed by mid-June.

DISTRICT COMMUNICATIONS

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

The Directors then requested that their business cards be printed prior to the American Water Works Association 2018 Annual Conference and Exposition.

The Board discussed the draft Summer 2018 Newsletter and requested such publication also include information regarding the speeding report. 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 an authorize distribution of the Summer 2018 Newsletter, as revised.

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 proposal is necessary. Ms. Adams then reviewed with the Board the insurance renewal proposal from Arthur J. Gallagher & Co. ("AJG"), the District's current insurance carrier. Ms. Adams then reviewed with the Board correspondence from Ms. Kim Courte of AJG who explained that Texas Municipal League ("TML") wrote the property and boiler and machinery quote for the prior several years, and TML's insurance renewal increased by approximately \$9,000 with major windstorm deductibles and new requirements for flood zone A locations. Ms. Adams went on to explain that AJG compared TML's quote to other markets that quoted the District and AJG was able to save the District the majority of the increase that TML quoted. Ms. Adams further reported that Ms. Courte noted that, the District will see an \$8,000 savings, better coverage, lower property deductibles and a slight increase on the boiler and machinery deductible.

Upon motion by Director Kirby seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted to accept the insurance proposal from AJG, a copy of which is attached hereto.

Ms. Adams then reported that Radcliffe Bobbitt has been preparing the draft of the District's Parks, Trails and Recreation Facilities Rules and Regulations.

REVIEW OF CONSULTANT CONTRACTS

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

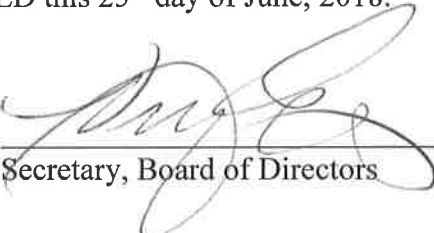
MISCELLANEOUS MATTERS

Ms. Adams then reminded the Board that a special meeting has been scheduled for Tuesday, June 19, 2018, at 3:30 p.m. in Room T-16 at Atascocita High School, and the next regular meeting has been scheduled for Monday, June 25, 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 25th day of June, 2018.




Secretary, Board of Directors