

MINUTES OF MEETING OF BOARD OF DIRECTORS

July 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, July 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. Loren Morales of RBC Capital Markets, financial advisor for the District; Ms. Sherri Greenwood of BKD LLP, auditor for the District; Mr. Mark Burton of Municipal Financial Services ("MFS"); 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 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. Patricia Rodriguez 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 first considered approval of the June 19, 2018 special meeting minutes, June 25, 2018 regular meeting minutes and July 10, 2018 special meeting minutes, which were previously distributed to the Board.

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 June 19, 2018 special meeting minutes, June 25, 2018 regular meeting minutes and July 10, 2018 special meeting minutes, as presented.

REIMBURSEMENT AUDIT FOR WATER, SEWER AND DRAINAGE FACILITIES TO SERVE CLAYTON'S PARK ("CP") EAST, SECTION 2

The Board deferred this matter until later in the meeting.

SECURITY REPORT

Director Campbell reviewed with the Board the Harris County Constable's Office, Precinct No. 4 (the "Constable") Report and the Driver Feedback Speeding Report, copies of which are attached hereto.

Ms. Greenwood entered the meeting at this time.

GARBAGE AND RECYCLING REPORT

Mr. Wolff then reviewed the Garbage and Recycling Reports and the Daily Route Sheets, copies of which are attached hereto. Mr. Wolff reported that there were three (3) complaints during the prior month.

Mr. Wolff then reported that the 36 recycling bins were delivered and that the District currently has 79 bins in inventory.

Director Campbell then reported that five (5) gallons of motor oil was dumped in regular garbage on July 26th. Director Campbell reported that, because it is illegal dumping, an incident report was filed with the Constables. Director Campbell added that the affected garbage collection truck was taken out of rotation in order to avoid additional spills on the roads and a replacement truck was called in to complete the remainder of the garbage collection route. The Board then discussed backbilling the District resident for the clean-up costs. Ms. Adams explained that the District's Amended Rate Order allows the District to bill the resident for such charge but documentation of the incident will be necessary.

Mr. Wolff then reviewed with the Board a proposal for a price increase for the recycling program, a copy of which is attached hereto. Mr. Wolff explained that RRRT is proposing an increase of \$0.90 per connection for a total of \$3.90 per connection for the recycling program. The Board then reviewed such request and discussed whether to continue the recycling program and the Directors agreed that the District should continue with such program.

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 Garbage Report and approve an increase of \$0.90 per connection for a total of \$3.90 per connection for the recycling program.

REIMBURSEMENT AUDIT FOR WATER, SEWER AND DRAINAGE FACILITIES TO SERVICE CP EAST, SECTION 2

Ms. Greenwood then reviewed with the Board the Reimbursement Audit for the remainder of the costs for the facilities for CP East, Section 2 from Woodmere Development, Ltd. ("Woodmere"), a copy of which is attached hereto.

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 Reimbursement Audit.

STATUS OF TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ") REVIEW OF BOND APPLICATION REPORT FOR THE FIRST ISSUE OF PARK BONDS AND PROPOSED SALE OF THE DISTRICT'S \$5,105,000 UNLIMITED TAX PARK BONDS, SERIES 2018 ("SERIES 2018 PARK BONDS")

Ms. Adams reported that the District received the draft Order Approving an Engineering Project and the Issuance of Series 2018 Park Bonds (the "Order") from the TCEQ. Mr. Morales then reviewed with the Board the preliminary schedule of events and the draft Preliminary Official Statement (the "POS") and Notice of Sale ("NOS"), copies of which are attached hereto. Mr. Morales then proposed a sale date of Tuesday, August 28th. The Board then discussed holding a special meeting or rescheduling its regular meeting to coincide the proposed sale date. The Board agreed to reschedule its regular meeting for Tuesday, August 28, 2018, at 12:00 p.m. to be held at the offices of Radcliffe Bobbitt.

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 POS for the sale of the Series 2018 Park Bonds, pending receipt of any comments thereon; and 2) adopt an Order Adopting Official NOS and Bid Form, Authorizing Distribution Thereof and of POS, and Authorizing Publication of NOS, a copy of which is attached hereto.

Ms. Adams noted that the Paying Agent/Registrar Agreement and the Escrow Agreement, if an Escrow Agreement is necessary, for the Series 2018 Park Bonds will be with the Bank of New York Mellon Trust Company, N.A. ("BONY").

Upon motion by Director Smith, seconded by Director Elkins, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Paying Agent/Registrar Agreement and Escrow Agreement, if necessary, with BONY, a copy of which is attached hereto.

Mr. Wolff exited the meeting at this time.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. P. Rodriguez then presented the Tax Assessor/Collector's Report for the month of June, a copy of which is attached hereto. Ms. P. Rodriguez noted that the District has collected 98.3% of its 2017 taxes as of June 30, 2018, compared to 97.880% for this same time last year.

Ms. P. Rodriguez also reported that the District's 2018 preliminary taxable values are \$524,195,210.

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

DELINQUENT TAX ATTORNEY'S REPORT

Ms. P. Rodriguez then reviewed the Delinquent Tax Attorney's Report and the uncollectible accounts report with the Board, copies of which are attached hereto. Ms. P. Rodriguez then requested that two (2) personal property accounts, BK Fitness located at 3824 Atascocita Road and Got Wings LLC ("Got Wings") located at 920 Will Clayton Parkway, be moved to the uncollectible roll. Ms. P. Rodriguez explained that both accounts are older than four (4) years and have judgements against them.

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 the Delinquent Tax Attorney's Report and authorize the two (2) personal property accounts discussed be moved to the uncollectible roll.

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 reminded the Board that it previously requested that the District's budget be separated into operating and non-operating expenses. Ms. Symmank then reviewed with the Board the newly formatted budget, a copy of which is attached to the Bookkeeper's Report.

Ms. Symmank then responded to questions from Director Elkins regarding over-budgeted items including general repair and maintenance and security. Ms. Symmank explained that she will review the general repair and maintenance expenses to ensure accuracy and that the security was over budget due to the driver feedback signs.

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

EVO DISTRICT ANALYSIS

The Board then recognized Mr. Burton who responded to questions from the Board regarding the EVO Metrics Report (the "EVO Report") and the terms of the proposed engagement letter. Upon motion by Director Smith, 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) vote opposed, with Director Elkins voting in opposition, to approve and authorize execution of the engagement letter with MFS for the preparation of the EVO Report.

OPERATIONS REPORT

Mr. Madia presented the Operations Report, including the Production Report and Management Report, for the month of June, copies of which are attached hereto. Mr. Madia reported that the District had a water accountability ratio of 100.44% for the prior month, and that there are currently 2,859 total connections in the District. Mr. Madia also reported that there were no excursions at the District's STP.

Messrs. Morales and Burton exited the meeting at this time.

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 226 termination letters for delinquent accounts, 31 accounts were tagged, six (6) accounts had service terminated for nonpayment and three (3) accounts had water service restored. Mr. Madia also reported that 359 delinquent letters were mailed on July 18th for non-payment of water service and 228 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 529 customer-related telephone calls during the prior month.

Mr. Madia then reported that the District received a request for relief on a water bill from the District resident located at 17943 Yearling Grove Road. Mr. Madia reported that the account registered use of 111,000 gallons of water. Mr. Madia informed the Board that the property was between renters and there was no leak detected. Mr. Madia added that the water service was terminated by the resident after the receipt of the water bill.

Ms. P. Rodriguez exited the meeting at this time.

Mr. Madia reported that repair and maintenance items completed during the prior month included: 1) reinstalling the rental motor in water well ("WW") No. 3 at a cost of \$22,088; 2) preparing the 2017 Consumer Confidence Report at a cost of \$6,851; 3) pouring concrete after new waterline taps were installed at a cost of \$2,680; 4) replacing the probe on ground storage tank no. 1 at Water Plant ("WP") No. 4 at a cost of \$2,186; and 5) performing preventative maintenance on all systems at WP Nos. 2 and 4.

Mr. Madia added that WW No. 3 is still inoperable and reinstallation of the motor well is in progress and hopes to have it operational the week of August 6th. Mr. Madia added that Stage 1 of the Drought Contingency Plan is still in effect until WW No. 3 is back online.

Director Campbell then reported that the signs to notify District residents have not been installed in the District. Mr. Madia then stated that the signs will be distributed on July 30th.

Mr. Madia then reported that SE is obtaining pricing for repair to the diffusers on clarifiers. Mr. Madia explained that there are gaps in the air flow coming up through the clarifier. Ms. Schroeder inquired if the clarifier has been taken out of service. Mr. Madia explained that it has not so that SE can investigate the issues and ensure that the parts are available before it is taken out of service.

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 28 delinquent accounts and reflects an uncollectible amount of \$8,235.83. Mr. Madia recommended that the Board authorize such accounts to be written off and sent to collections. The Board noted that one (1) account in the amount of \$1,890.73 is for Long Lake, Ltd. The Board then requested Mr. Madia contact Mr. Aaron Alford of Woodmere, developers in the District, regarding payment for such account. The Board then requested that such account be removed from the Collection Report and continue collections on such account.

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 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 on 27 accounts for a total amount of \$6,345.10 and excluding the account for Long Lake, Ltd. in the amount of \$1,890.73.

REVIEW PROPOSALS FOR ELECTRONIC SMART METERS

Mr. Madia then reviewed with the Board three (3) proposals for the installation of electronic smart meters, copies of which are attached hereto. The Board then discussed such proposals and requested a presentation and review of proposal from Accurate Meter Supply at the District's August 28th Board meeting.

FIRST AMENDMENT TO PROFESSIONAL SERVICE CONTRACT BETWEEN THE DISTRICT AND SE (THE "AMENDED OPERATIONS CONTRACT")

Mr. Madia then reminded the Board that SE is requesting a ten percent (10%) increase on its base fee and increases in its fees in connection with processing delinquent accounts. Mr. Madia explained that the increase will cost the District approximately \$17.00 more per month. Upon motion by Director Smith, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Amended Operations Contract.

ADOPT AMENDED RATE ORDER

Mr. Madia then reviewed with the Board a comparison chart of SE's current rates, proposed rates and the rates as charged by the District pursuant to its Rate Order, a copy of which is attached hereto. The Board then discussed increasing the following rates: 1) residential swimming pool and hot tub inspection fee to \$85.00; 2) commercial customer service inspection

fee to the cost of such inspection to the District multiplied by 1.5; 3) residential customer service re-inspection fee to \$85.00; 4) commercial customer service re-inspection fee to the cost of such inspection to the District multiplied by 1.5; 4) delinquent tag door fee to \$20.00; and 5) the residential sewer rate to \$34.00 per connection due to the increase in recycling costs. Upon motion by Director Smith, seconded by Director Kirby, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Amended Rate Order, as described above, effective August 1, 2018.

GREENS BAYOU COALITION (THE "COALITION")

Ms. Adams reported that the Coalition's Third (3rd) Annual Regatta is scheduled for Saturday, October 13th and the Inaugural Coalition Gala is scheduled for Saturday, October 20th.

DETENTION FACILITIES REPORT

Mr. Dillard then reviewed with the Board the Detention Pond Maintenance report, a copy of which is attached hereto. Mr. Dillard reported that the CP storm water quality permit has been transferred from Woodmere to the District. Mr. Dillard then reported that the gate at CP Detention Pond was found open and the combination lock was missing. Mr. Dillard went on to explain that the gate was forced open by someone attaching a tow strap on the right half of the gate where the two (2) halves meet, which rotated the right mounting post in the ground. Mr. Dillard added that the in-ground rotation of the right mounting post forced the gate open and now the slide bar and receiver on the gate is misaligned. Mr. Dillard informed the Board that the gate will not lock due to misalignment and the right mounting post must be re-set in order to realign the slide bar and receiver. Mr. Dillard then stated that Champions is preparing the cost estimate for such repair.

Ms. Adams then inquired if there are "No Trespassing" signs posted at CP Detention Pond. Mr. Dillard explained that such signs are posted inside the CP Detention Pond, but not on or near the gate. Mr. Dillard then stated that a sign can be posted. Discussion then ensued regarding such sign and Ms. Adams then stated that she will review the language for such sign before it is fabricated.

ANNUAL TOUR OF DISTRICT'S FACILITIES

The Board then deferred this matter until the September 24th Board meeting.

DEVELOPER'S REPORT

In the absence of Mr. Alford, Ms. Adams informed the Board that Mr. Alford reported the following: 1) all participants of the 2018 National Night Out event ("2018 NNO") have approved all proposals for such event; 2) The Forest Homeowners Association will be turned over to the property owners the week of August 6th; and 3) construction of the CP splash pad will be completed by mid-August.

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"), the preliminary inspection of the facilities was conducted and that there were some punch-list items. Ms. Schroeder also reported that there are some problems with the irrigator and that some of the planted vegetation is dying.

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

With regard to the emergency repairs to WW No. 3, Ms. Schroeder then reported that C&C Water Services, LLC has indicated that it will be onsite the week of July 30th pulling the debris from down hole, and anticipates being able to begin equipment installation the week of August 6th and WW No. 3 will possibly be online by the end of the same week or early the following week, pending passing bacteriological tests.

Ms. Schroeder then reported that Harris County Municipal Utility District No. 504 ("HCMUD 504") has requested that the District abandon a small portion of an easement located south of the District's boundary line adjacent to Williams Gully. Ms. Schroeder explained that she does not believe that there is an issue with doing so. Ms. Schroeder went on to report that the current easement is for drainage/flood purposes. Ms. Adams added that the District should maintain the full easement for future potential drainage into Williams Gully, and only abandon the portion that HCMUD 504 is requesting. Ms. Schroeder added that HCMUD 504 will pay all costs related to the partial abandonment.

Ms. Schroeder then reported that she and Ms. Adams participated in a conference call with the developer for the proposed gas station and Wendy's fast food restaurant on July 24th and advised them of their options for service. Ms. Adams added that Radcliffe Bobbitt subsequently provided the property owner with information on how to contact Wal-Mart Neighborhood Market for its necessary easements.

Upon motion by Director Kirby, seconded by Director Elkins, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and authorize HCMUD 504 to proceed with the District's partial abandonment of the District's easement adjacent to Williams Gully, as described above.

EMERGENCY PREPAREDNESS PLAN ("EPP")

Ms. Schroeder reported that the District's EPP has been updated to include Frontier Utilities, the District's current retail electricity provider. Ms. Schroeder then reported that she will forward the EPP to Radcliffe Bobbitt for review prior to submitting to the TCEQ. 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 EPP, subject to review by the Attorney, and authorize submittal to the appropriate agencies.

DEVELOPMENT OF RECREATIONAL AMENITIES

Ms. Schroeder reported that she met with Ms. Tara Klein of Four and One, LLC, landscape architects for the District, who has given her numerous items to work on and will follow up with Ms. Klein on those items.

Ms. Adams then reported that Ms. Klein has requested that the Board hold its special parks meeting approximately one (1) hour earlier because there are numerous items to discuss. The Board then discussed the location for the special meeting because the District is required to pay the \$500 fee set forth by Humble Independent School District in order to meet at any of its facilities. The Board then scheduled its special meeting regarding development of recreational amenities for Tuesday, August 14, 2018, at 12:00 p.m. at the offices of Radcliffe Bobbitt.

DISTRICT COMMUNICATIONS

Ms. R. Rodriguez then reported that the District's website is being updated, as necessary. Ms. Adams then reported that proposals for website and communication services will be reviewed at the August 14th special meeting and the Board can then schedule presentations from those website developers it would like to interview at the August 28th Board meeting.

The Board then discussed topics for the Fall 2018 District newsletter and the Directors requested that it contain information regarding status of the District's recreational amenities, 2018 NNO and a "Back to School" reminder. 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 authorize preparation of the Fall 2018 Newsletter.

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

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 the Directors to attend the AWBD Events.

ATTORNEY'S REPORT

Ms. Adams then reminded the Board that it received and responded to a Public Information Act ("PIA") request from District resident, Mr. Gerald Johnson, District resident. Ms. Adams then noted that she has not received any additional PIA requests.

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, August 14, 2018, at 12:00 p.m. and the next regular meeting has been scheduled for Tuesday, August 28, 2018, at 12:00 p.m., both 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 28th day of August, 2018.



Secretary, Board of Directors

(DISTRICT SEAL)

