

MINUTES OF MEETING OF BOARD OF DIRECTORS

August 28, 2018

THE STATE OF TEXAS

COUNTY OF HARRIS

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 Tuesday, August 28, 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: Ms. Sarah Burson and Ms. Jennifer Smith of Accurate Meter & Supply ("Accurate Meter"); Ms. Meena Sankaren and Mr. Matt Duffy of KETOS; Messrs. Loren Morales and Austin Swenson of RBC Capital Markets, financial advisor for the District; Ms. Sherri Greenwood of BKD LLP ("BKD" or "Auditor"), auditor for the District; Messrs. Les Griffith and 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. 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 first considered approval of the July 30, 2018 regular meeting minutes and the August 14, 2018 special meeting minutes, which were previously distributed to the Board.

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 July 30, 2018 regular meeting minutes and the August 14, 2018 special meeting minutes, as presented.

SECURITY REPORT

Director Campbell reported that there is no Harris County (the "County") Constable's Office, Precinct No. 4 (the "Constable") Security Report due to a change in the County's reporting system, but that a report will likely be available for the September Board meeting.

The Board then discussed excessive speeding on Will Clayton Parkway near Wells Mark Drive and requested information on installing speed bumps on the roads within neighborhoods in the District. Ms. Schroeder then stated that speed bumps may not be allowed within the extraterritorial jurisdiction of the City of Houston, but that she will obtain information regarding same.

Ms. Greenwood entered the meeting at this time.

Ms. Schroeder also reported that a permit from the County is required for the driver feedback signs installed in the District and that she is working with the County on same.

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 authorize BGE to obtain a permit for the driver feedback signs.

ENGAGE AUDITOR FOR PREPARATION OF AUDIT REPORTS FOR THE FISCAL YEAR ENDING ("FYE") SEPTEMBER 30, 2018 (THE "AUDIT REPORTS")

Ms. Greenwood next reviewed with the Board the details regarding the District's proposed engagement of BKD for preparation of the District's and the Wastewater Treatment Plant's (the "STP") Audit Reports. Ms. Greenwood noted that preparation of the District audit would cost \$18,000, and the STP audit would cost \$2,900. 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 engage the Auditor to prepare the District and STP Audit Reports.

PROPOSED SALE OF THE DISTRICT'S \$5,105,000 UNLIMITED TAX PARK BONDS, SERIES 2018 ("SERIES 2018 PARK BONDS")

ACCEPT BIDS FOR THE SERIES 2018 PARK BONDS

Mr. Morales reviewed with the Board the Pricing Book related to the Series 2018 Park Bonds, a copy of which is attached hereto. Mr. Morales then reported that eight (8) bids were received for the purchase of the Series 2018 Park Bonds and recommended that the Board accept the low bid of SAMCO Capital Markets, Inc. ("SAMCO"), such bid reflecting a net effective interest rate of 3.585582%.

Mr. Morales went on to report that RBC has received an insurance proposal for the Series 2018 Park Bonds from Assured Guaranty Municipal Corp. with a premium of \$16,900. Mr. Morales informed the Board that the District's Series 2018 Park Bonds received a rating of 'AA' from Standard & Poor's Ratings Services with bond insurance.

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 accept the bid of SAMCO, a copy of which is attached hereto.

ADOPT RESOLUTION AUTHORIZING ISSUANCE OF THE SERIES 2018 PARK BONDS (THE "BOND RESOLUTION") AND APPROVE OTHER DOCUMENTS FOR THE SALE OF THE SERIES 2018 PARK BONDS

Ms. Adams then reviewed the various documents required for the issuance and delivery of the District's Series 2018 Park Bonds. Ms. Adams first presented and reviewed with the Board the Bond Resolution. Ms. Adams went on to explain that the General Certificate is a summary of the District's history and outlines the authority by which the District issues the Series 2018 Park Bonds. Ms. Adams explained that the Signature Identification and No-Litigation Certificate is also included in the Texas Attorney General's (the "AG") transcript of proceedings in connection with the Series 2018 Park Bonds and will be dated the date of the AG's approval of the transcript. Ms. Adams then stated that the No-Arbitrage Certificate certifies that the proceeds from the sale of the Series 2018 Park Bonds are tax-exempt and will not be used contrary to the provisions of the Internal Revenue Code. Ms. Adams then presented letters to the AG and Texas Comptroller of Public Accounts (the "Comptroller") regarding instructions for the delivery of the Series 2018 Park Bonds for execution by Director Campbell.

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 Bond Resolution, a copy of which is attached hereto.

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 Official Statement.

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 and authorize the execution of the General Certificate.

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 and authorize the execution of the No-Arbitrage Certificate.

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 and authorize the execution of the Signature Identification and No-Litigation Certificate and Closing Certificate.

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 and authorize the execution of: 1) letters to the AG and Comptroller in connection with the issuance and delivery of the Series 2018 Park Bonds; and 2) approve and authorize execution of all other documents and take all other actions necessary for the issuance and delivery of the Series 2018 Park Bonds. Copies of the documents outlined above are attached hereto.

Ms. Adams then noted that the closing of the Series 2018 Park Bonds is currently scheduled for September 27th.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Scott then presented the Tax Assessor/Collector's Report for the month of July, a copy of which is attached hereto. Ms. Scott noted that the District has collected 98.6% of its 2017 taxes as of July 31, 2018, compared to 98.428% for this same time last year. 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 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, copies of which are attached hereto. Ms. Scott reported that nine (9) delinquent 2017 tax accounts have been paid in full. Ms. Scott added that recommendations for termination of water/sewer service for delinquent 2017 tax accounts will be presented to the Board in order to set a public hearing on disconnection at the September 24th Board meeting. 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 Delinquent Tax Attorney's Report.

2018 TAX RATE RECOMMENDATION

Ms. Scott reported that the District received its 2018 certified values of \$505,907,432. Mr. Morales reviewed with the Board the 2018 tax rate recommendation memorandum and a summary of the District's tax rate history, copies of which are attached hereto.

Mr. Morales then reviewed with the Board the District's Tax Rate Analysis, a copy of which is attached hereto. Mr. Morales recommended at least a total tax rate of \$0.66 per \$100 assessed valuation, comprised of \$0.56 per \$100 assessed valuation for debt service purposes and \$0.10 per \$100 assessed valuation for operation and maintenance purposes.

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 BLI to publish in the *Atascocita Observer* and the *Humble Observer* the proposed net effective tax rate calculation of \$0.69 per \$100 assessed valuation and notice of the public hearing on the 2018 tax rate to be held on September 24, 2018.

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. Greenwood exited the meeting at this time.

Ms. Symmank then reviewed the Bookkeeper's Report for the STP, a copy of which is attached hereto.

Director Campbell then noted that the modem and cloud network for the TrafficLogix SP450 has not yet been funded. Ms. Rodriguez reported that TrafficLogix has not provided the Form 1295, and as such, the executed proposal for same has not been submitted. Ms. Rodriguez added that she will continue to work with TrafficLogix regarding same. Director Campbell then requested that a check be approved for the modem and cloud network for the TrafficLogix SP450 so that upon receipt of the Form 1295 from TrafficLogix, the District can mail payment for same immediately.

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

Ms. Symmank and Mr. Madia then responded to questions from Director Elkins regarding operations and maintenance invoices.

Ms. Symmank then reviewed with the Board the proposed District and STP budgets for the FYE September 30, 2019 (the "Budgets"), copies of which are attached hereto. Ms. Adams then requested the expense item for elections be increased to \$20,000.

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.

Ms. Burson and Ms. Smith entered the meeting at this time.

PRESENTATION FROM ACCURATE METER REGARDING ELECTRONIC SMART METERS

The Board then recognized Ms. Burson and Ms. Smith who reviewed with the Board a handout regarding Badger Meters and Accurate Meter's electronic smart meter program, a copy of which is attached hereto.

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

Ms. Burson also reviewed proposals for the Beacon AMA Disc Meter, Beacon AMA Polymer Meter and the Beacon AMA Disc Meter Retrofit, copies of which are attached hereto.

Ms. Burson and Ms. Smith then responded to various questions from the Board regarding retrofitting and change-outs. The Board then thanked Ms. Burson and Ms. Smith for their presentation.

Ms. Burson and Ms. Smith exited the meeting at this time.

DEVELOPER'S REPORT

Mr. Alford reported that one (1) home remains for sale in the Atascocita Forest subdivision. Mr. Alford then reported that The Forest Community Association, Inc. will be turned over to the District residents at a special meeting on Wednesday, September 12, 2018, at 6:30 p.m., at the Humble Civic Center, 8233 Will Clayton Parkway, Humble, Texas 77338. The Board then requested that a special meeting for the District be scheduled so the Directors may attend such meeting.

Mr. Alford exited the meeting at this time.

Ms. Sankaren and Mr. Duffy entered the meeting at this time.

PRESENTATION FROM KETOS REGARDING ELECTRONIC SMART METERS

The Board then recognized Ms. Sankaren and Mr. Duffy who reviewed with the Board KETOS' company history, corporate structure and electronic smart meter technology. Ms. Sankaren and Mr. Duffy then responded to questions from the Board regarding same. The Board then thanked Ms. Sankaren and Mr. Duffy for their presentation.

Ms. Sankaren and Mr. Duffy exited the meeting at this time.

The Board then reviewed and discussed the technology offered by both Accurate Meter and KETOS and how the District can fund electronic smart meters. Ms. Schroeder explained that the Board could consider issuing bonds or a combination of surplus funds and bonds.

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 a pilot program with KETOS, if available.

OPERATIONS REPORT

Mr. Madia presented the Operations Report, including the Production Report and Management Report, for the month of July, copies of which are attached hereto. Mr. Madia reported that the District had a water accountability ratio of 98.42% for the prior month, and that there are currently 2,864 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 359 termination letters for delinquent accounts, 104 accounts were tagged, 35 accounts had service terminated for nonpayment and 25 accounts had water service restored. Mr. Madia also

reported that 262 delinquent letters were mailed on August 17th for non-payment of water service and 192 accounts are set to have door tags hung on September 6th, with service disconnection date of September 11th.

Mr. Madia then reported that the District received 517 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 at 4107 Heart Grove Drive. Mr. Madia reported that the account registered use of 52,000 gallons of water. Mr. Madia informed the Board that the customer provided proof of repairs to a leak and the water bill was adjusted to the base price for water usage only. Mr. Madia went on to report that the customer is requesting relief from the West Harris County Regional Water Authority fees. The Board then denied such request.

Mr. Madia reported that repair and maintenance items completed during the prior month included: 1) coding 13 landscape work orders in the total amount of \$39,834 for the waterline rehabilitation project, phase 2 (the "Waterline Project"); 2) repairing a sanitary manhole at a cost of \$1,700; 3) filling the water well ("WW") No. 3 tanks to pull bacteriological samples; 4) replacing five (5) meters at a cost of \$571; 6) monitoring stage one of the District's Drought Contingency plan in effect until WW No. 3 is returned to service; and 7) 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) working with vendors for adequate quotes for cleaning and repairing the diffusers on the aeration basins to present to the Engineer and Attorney for review and submittal to Harris County Municipal Utility District No. 290; 2) relocating the chemical equipment at a cost of \$18,652; 3) replacing the failed generator battery charger at a cost of \$1,518; 4) pulling the return active sludge pump no. 3 for debris removal at a cost of \$1,422; and 5) performing all required preventative maintenance.

Further discussion then ensued regarding implementation of Stage 1 of the Drought Contingency Plan and the Board agreed to extend same until September 7th.

Mr. Alford exited the meeting at this time.

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 Operations Report and authorize termination of service to the delinquent accounts, in accordance with the District's Rate Order.

Ms. Symmank exited the meeting at this time.

GREENS BAYOU COALITION (THE "COALITION")

Director Pendleton then updated the Board with regard to the following Coalition events: 1) Third (3rd) Annual Regatta is scheduled for Saturday, October 13th (the "Regatta"); 2) the Inaugural Coalition Gala is scheduled for Saturday, October 20th; and 3) Dia de los Muertos Festival and Memorial Tree Planting is scheduled for Saturday, November 3rd.

Ms. Adams then informed the Board that Radcliffe Bobbitt has three (3) canoes available for the Regatta and invited the Directors to join its team. Directors Campbell and Pendleton then stated that they would like to participate in the Regatta on the Radcliffe Bobbitt team.

DETENTION FACILITIES REPORT

Mr. Dillard then reviewed with the Board the Detention Pond Maintenance Report, a copy of which is attached hereto. Mr. Dillard presented to the Board the following proposals for Clayton's Park ("CP") Detention Pond: 1) repair damaged gate at the easement entrance in the amount of \$275; and 2) application of aquatic herbicide to all aquatic vegetation in the amount of \$1,853.

Mr. Dillard then reported that Champions is delaying the fabrication of signs for CP Detention Pond because it may be possible to update the signs with stickers with the updated contact phone number. Mr. Dillard added that there are additional signs in the District that could also be updated with stickers.

Mr. Dillard next reported that the Apple Hollow gate is in the process of being built.

The Board then discussed the need for the channel located behind Cyril Drive to be mowed between Shrub Oak Drive and Apple Hollow Drive. Mr. Dillard noted that such property is owned by the County, but it is not being maintained. Mr. Dillard and Ms. Schroeder then reported that they will work together on getting a quote for mowing the area.

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 proposals for repair of the damaged gate and application of aquatic herbicide.

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 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 BGE has been reaching out to Mr. Travis Bowden, the irrigator for Atascocita Forest Homeowners Association ("AF HOA"), regarding the review of necessary repairs, and that she has not received a response for two (2) weeks. Ms. Schroeder added that the Waterline Project cannot be closed out until this matter is resolved. Director Campbell then recommended that Ms. Schroeder contact Mr. Troy King, President of the Board of Directors of AF HOA.

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) the CP generator installation.

With regard to the emergency repairs to WW No. 3, Ms. Schroeder then reported that BGE received Pay Estimate No. 1 and Final in the amount of \$115,385 from C&C Water Services, LLC ("C&C Water"), contractor for such project. Ms. Schroeder went on to report that WW No. 3 has been repaired and is being prepared to be put back online by the end of the week

of August 27th. Ms. Schroeder then recommended Board approval of such pay estimate, a copy of which is attached hereto.

Ms. Schroeder then reiterated that the County Engineering Department has informed BGE that the District's driver feedback signs on Woodland Hills Drive need to be permitted and approved, or they will need to be removed. Ms. Schroeder added that the County indicated that the strobe feature on the driver feedback signs is not allowed, but that such feature has since been disabled to comply with the County's requirements.

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 approve: 1) the Engineer's Report; and 2) Pay Estimate No. 1 and Final in the amount of \$115,385 from C&C Water in connection with the emergency repairs to WW No. 3.

AUTHORIZE ENGINEER TO REVIEW CAPITAL ASSET VALUES FOR AUDIT PREPARATION PURPOSES

Ms. Schroeder requested that the Board authorize her to review the District's capital asset values in conjunction with the preparation of the District's Audit Reports. 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 authorize the Engineer to review the District's capital asset values for audit preparation purposes.

Ms. Garza exited the meeting at this time.

UPGRADE OF TRAFFIC SIGNAL AT WOODLAND HILLS DRIVE AND WELLS MARK DRIVE

The Board then discussed the request from Harris County Commissioner, Precinct No. 4 ("Precinct 4") for the District's assistance with funding the upgrade of a proposed span wire traffic signal to a mast arm design traffic signal at the intersection of Woodland Hills Drive and Liles Lane. 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 such funding in the amount of \$10,000 in connection with the mast arm traffic signal at the intersection of Woodland Hills Drive and Liles Lane and to request participation from the requisite home owners associations within the District.

DEVELOPMENT OF RECREATIONAL AMENITIES

Ms. Schroeder reported that the Rankin Road right-of-way has to remain public and cannot be abandoned. Ms. Schroeder reported that the County does not plan on developing the road, and that should the District do so, the County will need to be made aware of same.

The Board then scheduled the special meeting regarding parks and recreation amenities for Tuesday, September 11, 2018, at 3:30 p.m., at 4139 Forest Rain Lane, Humble, Texas 77346.

Mr. Wolff entered the meeting at this time.

DISTRICT COMMUNICATIONS

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

The Board then reviewed the draft of the Fall 2018 District newsletter and considered names for same. Ms. Adams noted that such newsletter includes information regarding illegal dumping of motor oil and a warning that, if caught, violators will be backcharged for clean-up costs.

The Board then considered names for the District newsletter.

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 distribution of the District's Fall 2018 newsletter and to name the District newsletter *TOTL News*.

NATIONAL NIGHT OUT ("NNO")

The Board then reviewed proposals for the purchase of bottled water for NNO to be held on Tuesday, October 2nd. 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 the purchase of 504 eight- (8) ounce bottles of water for NNO.

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 ten (10) complaints during the prior month.

Mr. Wolff then reported that the 23 recycling bins were delivered and that the District currently has 56 bins in inventory.

Mr. Wolff also reported that garbage will be collected on the Labor Day Holiday, Monday, September 3rd. The Board then requested that a SMS text notification be distributed to District residents regarding same.

Discussion then ensued regarding motor oil being illegally disposed of with the regular household garbage, and the Board requested that RRRT provide the invoice for the clean-up of same to SE for backbilling the District resident responsible for such illegal dumping.

ATTORNEY'S REPORT

Ms. Adams then stated that she had nothing further to report that was not already discussed under another agenda item.

REVIEW OF CONSULTANT CONTRACTS

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

MISCELLANEOUS MATTERS

Ms. Adams then reminded the Board that the following meetings have been scheduled: 1) special meetings as follows: a) Tuesday, September 11, 2018, at 3:00 p.m., at 4139 Forest Rain Lane, Humble, Texas 77346; and b) Wednesday, September 12, 2018, at 6:30 p.m., at Humble Civic Center, 8233 Will Clayton Parkway, Humble, Texas 77338; and 2) the next regular meeting has been scheduled for Monday, September 24, 2018, 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 24th day of September, 2018.




Secretary, Board of Directors