

MINUTES OF MEETING OF BOARD OF DIRECTORS

September 24, 2018

THE STATE OF TEXAS §
COUNTY OF HARRIS §
TRAIL OF THE LAKES MUNICIPAL UTILITY DISTRICT §

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, September 24, 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; 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. 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 August 28, 2018 regular meeting minutes and the August 28, 2018, September 11, 2018 and September 12, 2018 special meeting minutes, all of which were previously distributed to the Board. Ms. Adams noted that Ms. Scott requested a correction be made to the motion under the 2018 Tax Rate Recommendation on page 4, of the

August 28, 2018 regular meeting minutes and that such revision was made prior to the 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 August 28, 2018 regular meeting minutes, as revised, and the August 28, 2018, September 11, 2018 and September 12, 2018 special meeting minutes, as presented.

SECURITY REPORT

Director Campbell then reviewed with the Board the Harris County (the "County") Constable's Office, Precinct No. 4 (the "Constable") Security Report and the driver feedback statistics, copies of which are attached hereto.

Director Kirby entered the meeting at this time.

Ms. Adams then reviewed with the Board the request for renewal of the Interlocal Agreement between the District and the County for Law Enforcement Services. The Board then noted that there were no changes necessary to such proposed renewal.

Ms. Adams then noted that the District is awaiting receipt of a contract from Harris County Commissioner, Precinct No. 4 ("Precinct 4") in connection with the District's assistance with funding to the upgrade of the span wire traffic signal to a mast arm design traffic signal at the intersection of Woodland Hills Drive and Liles Lane (the "Liles Lane Traffic Signal"). Director Campbell then reported that Ms. Kentrell Nercise, member of the Board of Directors of The Forest Homeowners Association ("The Forest HOA") has indicated that The Forest will contribute one-third (1/3) of the cost of the Liles Lane Traffic Signal. Director Campbell added that he will speak with Mr. Troy King, President of the Board of Directors of the Atascocita Forest ("AF") Homeowners Association (the "AF HOA") regarding AF HOA's interest in contributing to the Liles Lane Traffic Signal.

In connection with the County's permit requirement for driver feedback signs, Ms. Schroeder reported that only the northbound driver feedback sign does not meet the County's specifications. Ms. Schroeder explained that the panels are too large and that the District may be able to exchange the sign.

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 Security Report and move forward with the renewal of the Interlocal Agreement between the District and the County for Law Enforcement Services with no amendments for 2019-2020.

GARBAGE AND RECYCLING REPORT

Mr. Wolff then reviewed the Garbage and Recycling Report and the Daily Route Sheets, copies of which are attached hereto. Mr. Wolff reported that there were ten (10) customer complaints during the prior month.

Mr. Wolff then reported that 14 recycling bins were delivered, and the District currently has 42 bins in inventory.

The Board then noted various complaints from District residents regarding excessive garbage left on curbs upon move-out. Mr. Wolff indicated that he will investigate same. Mr. Wolff then reported that the amount of household garbage usually increases during the fall months, but that RRRT does not foresee any issues with keeping up with the increased volume.

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 the Garbage Report.

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

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

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Scott then presented the Tax Assessor/Collector's Report for the month of August, a copy of which is attached hereto. Ms. Scott noted that the District has collected 98.8% of its 2017 taxes as of August 31, 2018, compared to 98.729% for this same time last year. 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 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 35 delinquent 2017 tax accounts would be receiving termination letters with notice of a public hearing to be held at the October 29th Board meeting. 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 Delinquent Tax Attorney's Report and set the public hearing for water terminations due to non-payment of 2017 delinquent taxes for the October 29th Board meeting.

PUBLIC HEARING ON 2018 TAX RATE

Director Campbell then declared the public hearing open to discuss the District's proposed 2018 ad valorem tax rate, notice of which was published as required by law. It was noted that no members of the public were present to offer public comment on the proposed tax rate. The Board then reviewed the publication of the proposed net effective tax rate calculation of \$0.69 per \$100 assessed valuation and notice of the public tax hearing on the 2018 tax rate to be held on September 24, 2018 in the *Atascocita Observer* and the *Humble Observer*. The public hearing was then adjourned.

ADOPT ORDER SETTING RATE AND LEVYING TAX FOR 2018 (THE "TAX RATE ORDER")

The Board next considered setting the 2018 tax rate. Ms. Scott noted that the Board authorized publishing a proposed total tax rate of \$0.69, which is the same tax rate set for 2017, and that such notice was published in the *Atascocita Observer* and the *Humble Observer*.

Upon motion by Director Smith, seconded by Director Pendleton, and after full discussion with all Directors present voting, the Board voted unanimously to adopt the Tax Rate Order, with a total ad valorem tax rate of \$0.69 per \$100 of assessed value for tax year 2018, comprised of \$0.56 for debt service purposes and \$0.13 for operation and maintenance purposes for the fiscal year ending ("FYE") September 30, 2019. A copy of the Tax Rate Order is attached hereto.

ADOPT RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

The Board next considered the District's tax collection procedures. Ms. Adams explained that the District is obligated to review its internal tax collection procedures at least once per year and adopt a resolution re-affirming those tax collection procedures after each review. Upon motion by Director Pendleton, seconded by Director Elkins, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Concerning Tax Collection Procedures.

APPROVE AND AUTHORIZE EXECUTION OF AMENDED DISTRICT INFORMATION FORM, AND AUTHORIZE FILING OF SAME

Ms. Adams then discussed approval of an Amended and Restated District Information Form, a copy of which is attached hereto, which is required to be amended to show the current tax rate, the outstanding debt and the Notice to Purchasers form, and is to be recorded in the Harris County Real Property Records and filed with the Texas Commission on Environmental Quality.

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 and authorize execution of the Amended District Information Form and authorize filing same.

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 Joint Wastewater Treatment Plant ("STP"), a copy of which is attached hereto.

Ms. Symmank then reviewed with the Board the revised proposed District and STP budgets for the (FYE) September 30, 2019 (the "Budgets"), copies of which are attached hereto.

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

The Board discussed various memberships and requested that an item be added to the October 29th agenda to authorize membership renewal for the American Water Works Association.

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 Bookkeeper's Reports, including the Quarterly Investment Report; 2) authorize payment of the checks being presented for payment; and 3) approve the proposed Budgets for the FYE September 30, 2019.

EVALUATION AGREEMENT WITH KETOS, INC. ("KETOS") REGARDING PILOT PROGRAM FOR ELECTRONIC SMART METERS (THE "EVALUATION AGREEMENT")

Ms. Adams then reviewed with the Board the draft Evaluation Agreement and reported that such agreement proposes a two (2) month pilot program. The Directors then requested that the pilot program be at least a three (3) month trial period and noted they do not want to immediately enter into a purchase agreement thereafter, but instead want an opportunity to assess the information accumulated during the pilot program period. The Board then requested that if KETOS does not agree to such terms, it would like to have Accurate Meter attend the October 29th Board meeting.

OPERATIONS REPORT

Mr. Madia presented the Operations Report, including the Production Report and Management Report, for the month of August, copies of which are attached hereto. Mr. Madia reported that the District had a water accountability ratio of 92.97% for the prior month, and that there are currently 2,868 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 297 delinquent letters were mailed on September 13th for non-payment of water service and 230 accounts are set to have door tags hung on October 5th, with service disconnection date of October 10th.

Mr. Madia then reported that the District received 634 customer-related telephone calls during the prior month.

Mr. Madia reported that repair and maintenance items completed during the prior month included: 1) replacing hatches and hatch gaskets on the Water Plant ("WP") No. 2 ground storage tanks and hydropneumatic tanks at a cost of \$1,496; 2) performing grease trap

inspections at a cost of \$1,132; 3) completing fire hydrant inspections; and 4) performing preventative maintenance on all systems at (WP) Nos. 2 and 4.

Mr. Madia also reported that the District resident who made an illegal connection at 17335 Shrub Oak has paid all fees and water has been restored.

Mr. Madia then reported that, with regard to the fire hydrant inspection, 14 fire hydrants need six-inch (6") risers. Mr. Madia went on to explain that the cost per riser is \$850, for a total estimated cost of \$11,900 and requested approval of same. Director Elkins reported that there is still an old fire hydrant at WP No. 1. Mr. Madia stated that SE will collect same. Director Campbell then inquired if repainting the hydrants is included in the estimate for installation of the fire hydrant risers. Mr. Madia then stated that painting is not included. Further discussion then ensued regarding the colors of the bonnets on the fire hydrants and Ms. Schroeder explained that the standard color is blue and that neither BGE nor SE have ever painted the District fire hydrants green. Mr. Madia then stated that SE can perform inventory of the fire hydrant colors. The Board then requested an inventory/inspection of the fire hydrants be performed.

Mr. Madia then reported that the diffusers on the aeration basins have not been repaired because all solicited bids received indicate the cost to repair will exceed \$75,000, which requires advertisement for bids. Mr. Madia then requested authorization to advertise for bids for sludge cleaning and hauling. Ms. Schroeder recommended the aeration basins should be cleaned every seven (7) years. Ms. Schroeder then stated that she will work with Mr. Madia on specifications for the advertisement for bids for such project.

Ms. Scott exited the meeting at this time.

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; 3) authorize fire hydrant inspection for the west side of Woodland Hills Drive; and 4) authorize advertising for bids for the sludge cleaning and hauling of the aeration basins.

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.

The Board then discussed continuing its sponsorship of the Coalition and Ms. Adams reminded the Board that the District is currently a professional member. Further discussion then ensued regarding the Coalition Gala and Ms. Adams noted that the Halls Bayou Sponsorship in the amount of \$3,000 includes membership in the Coalition.

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 a \$3,000.00 Coalition corporate membership Gala sponsorship.

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 aquatic herbiciding at Clayton's Park ("CP") Detention Pond has been completed. Mr. Dillard also reported that he has been working with Precinct 4 and Harris County Commissioner, Precinct No. 2 regarding ownership of the channel located behind Cyril Drive between Shrub Oak Drive and Apple Hollow Drive so that it can be mowed. Mr. Dillard added that Harris County Flood Control District may own the property. Mr. Dillard added that he is working with BGE to determine ownership so that the District may obtain permission to maintain the channel monthly.

Mr. Dillard presented to the Board the following proposals for (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 the signs for CP Detention Pond should be installed by the end of the week of September 24th.

Mr. Morales exited the meeting at this time.

TOUR OF DISTRICT FACILITIES

Mr. Dillard reported that he will be scheduling and touring the District's facilities two (2) Directors at a time.

DEVELOPER'S REPORT

There was no report on this matter.

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"), Mr. King has assisted BGE with contacting Mr. Travis Bowden, the irrigator for AF HOA. Ms. Schroeder added that Vaca Underground Utilities ("Vaca"), contractor for the Waterline Project, is working with Mr. Bowden on repairs associated with this project.

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. Ms. Schroeder added that the plans for the waterline connection along Will Clayton Parkway will be submitted for agencies' review the week of September 24th.

Ms. Schroeder then reported that BGE is coordinating with the engineer for Harris County Municipal Utility District No. 504 for preparation of documents in connection with the abandonment of the offsite drainage easement as requested by such district.

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 the Engineer's Report.

DEVELOPMENT OF RECREATIONAL AMENITIES

Ms. Adams reported that the Special Warranty Deed (Clayton's Park Williams Lago Reserve – 0.1490 Acres), Special Warranty Deed (Clayton's Park Williams Lago Reserve – 0.1010 Acres) and Special Warranty Deed (Clayton's Park Williams Gully Right of Way – 5.669 and 5.056 Acres), have been provided to Mr. Aaron Alford of Woodmere, developers in the District, for consideration at the CP HOA meeting.

Ms. Schroeder noted that the access road to the proposed Dog Park is still under review. Ms. Schroeder added that she does not advise that the road width be less than 22 feet (22'). Ms. Adams noted that it would be acceptable to leave the access road in the Harris County right-of-way so long as the Dog Park is still accessible. Ms. Schroeder added that seven feet (7') of width would need to be added to the road.

Director Campbell also informed the Board that it would be costly for the District to take over the reserves to construct sidewalks that are currently owned by The Forest HOA and that Ms. Nercise has stated that she will discuss the potential construction and maintenance of same with the Board of Directors of The Forest HOA to determine their interest.

The Board then scheduled the special meeting regarding parks and recreation amenities for Tuesday, October 9, 2018, at 3:30 p.m., at 4139 Forest Rain Lane, Humble, Texas 77346.

DISTRICT COMMUNICATIONS

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

REVIEW POST-ISSUANCE TAX-EXEMPT DEBT COMPLIANCE POLICIES

Next, Ms. Adams explained that, although the Board adopted a Resolution Adopting Amended Post-Issuance Tax-Exempt Debt Compliance Policies at its June 1, 2015 meeting, the District must perform an annual review of such compliance policies. Ms. Adams then noted that no changes are recommended for such policy at this time.

Ms. Schroeder and Mr. Dillard exited the meeting at this time.

ATTORNEY'S REPORT

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

Ms. Symmank exited the meeting at this time.

WEBSITE AND DESIGN HOSTING, COMMUNICATIONS CONSULTING AND MAINTENANCE AND DIRECTOR EMAIL AND DIGITAL DOCUMENTS AGREEMENT ("WEBSITE AND COMMUNICATIONS AGREEMENTS") WITH TRITON CONSULTING GROUP ("TRITON")

Ms. Adams first noted that the District has not yet provided notice of termination to MyWaterBoard.com because transition to a new website service provider has not yet been finalized. Ms. Adams then explained that Radcliffe Bobbitt has reviewed the Website and Communications Agreements with Triton. The Board then indicated it had legal questions regarding the negotiation of the Website and Communications Agreements.

EXECUTIVE SESSION

Pursuant to the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code, as amended, specifically Section 551.071(2) regarding matters of attorney-client privilege, Director Campbell convened the Board in executive session at 2:02 p.m. to consult with the District's attorney regarding the proposed Website and Communications Agreements with Triton. The persons present in the executive session were all the members of the Board, Mr. Madia, Ms. Adams, Ms. Garza and Ms. Rodriguez.

RECONVENE IN OPEN SESSION

Director Campbell then reconvened the meeting in open session at 2:14 p.m., at which time the following action was taken: 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 rescind acceptance of Triton's proposal.

The Board then requested an item be included on the October 9th special meeting agenda to review proposals for website and communications services.

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 meeting on Tuesday, October 9, 2018, at 3:30 p.m., at 4139 Forest Rain Lane,

Humble, Texas 77346; and 2) regular meeting on Monday, October 29, 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 29th day of October, 2018.




Secretary, Board of Directors