

MINUTES OF MEETING OF BOARD OF DIRECTORS

October 29, 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 Monday, October 29, 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: Messrs. Troy King and Jim Stubblefield, District residents; Mr. Dru Gutierrez of Harris County Municipal Utility District No. 152; Mr. Greg East of Perdue, Brandon, Fielder, Collins & Mott, L.L.P., delinquent tax attorneys 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. Lina Loaiza 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

First, the Board recognized Mr. King who informed the Board that the Atascocita Forest Homeowners Association ("AFHOA") has declined to participate in the cost sharing of the traffic light on Woodland Hills Drive at Liles Lane.

Mr. King then reported that the AF HOA has requested that the District take over the maintenance of the medians that are located within the boundaries of AFHOA. After some discussion, Board then noted that it will further discuss such request.

The Board then recognized Mr. Stubblefield who stated that he has heard rumors regarding various District-related matters and wanted to attend the meeting to be fully informed and learn more about the District. In response to various questions from Mr. Stubblefield, Ms. Adams explained: 1) the District regularly distributes newsletters that inform District residents of District-related matters; 2) the District's 2018 tax rate and noted it was not higher than 2017; and 3) the overall design and development costs of District's parks and trails plan, in particular the community/dog park. Director Campbell then explained that the District meets at the offices of Radcliffe Bobbitt to keep meeting space and consultant attendance costs low for the District. Director Campbell explained that Humble Independent School District would charge the District approximately \$500 to meet at its institutions.

The Board then recognized Mr. Gutierrez who explained that he was in attendance to observe the District's Board meeting.

APPROVAL OF MINUTES

The Board then considered approval of the September 24, 2018 regular meeting and October 9, 2018 special meeting minutes, all of 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 September 24, 2018 regular meeting and October 9, 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.

Ms. Schroeder then presented for execution the certification for the County's approval of the permit for the driver feedback signs, a copy of which is attached hereto.

GARBAGE AND RECYCLING REPORT

Mr. Wolff then reviewed the Garbage and Recycling Report and Daily Route Sheets, copies of which are attached hereto. Mr. Wolff reported that there were five (5) customer complaints during the prior month.

Mr. Wolff reported that he received a complaint regarding the dumpster at the AF HOA pool not being emptied. Discussion then ensued regarding such matter and Mr. Wolff reported that he will check the Service Agreement with the District to determine a resolution.

Mr. Wolff then reported that 18 recycling bins were delivered, and the District currently has 24 bins in inventory. Mr. Wolff then requested authorization to order additional recycling bins.

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 authorize RRRT to purchase an additional 100 recycling bins.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Loaiza then presented the Tax Assessor/Collector's Report for the month of September, a copy of which is attached hereto. Ms. Loaiza noted that the District has collected 99.023% of its 2017 taxes and that the District has not collected any of its 2018 taxes as of September 30, 2018. 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

Director Campbell opened the delinquent tax public hearing.

Mr. East reviewed the Delinquent Tax Attorney's Report with the Board, a copy of which is attached hereto. Mr. East indicated that the delinquent tax termination notices have been sent to the appropriate account holders and that they were given notice of the public hearing to give comment or protest termination of service. There being no members of the public present, Director Campbell closed the public hearing.

Mr. East then reviewed with the Board a letter from a District resident located at 4602 Stills Springs Drive who requested a payment plan, a copy of which is attached to the Delinquent Tax Attorney's Report. Mr. East explained that the property is the taxpayer's homestead, and, as such, the District must offer a payment plan for the 2017 delinquent taxes.

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, and authorize termination to 21 eligible delinquent accounts listed in the Delinquent Tax Attorney's Report, in accordance with the terms of the District's Rate Order, and offer a payment plan to the property owner of 4602 Stills Springs Drive.

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.

Mr. East exited the meeting at this time.

Ms. Symmank, Ms. Adams and Mr. Madia then responded to questions from Director Elkins regarding retail electric provider invoices and operations and maintenance invoices.

Director Kirby entered the meeting at this time.

Ms. Adams then reported that she has received inquiries regarding per diems for attending the Greens Bayou Coalition (the "Coalition") gala and corresponding auction workshops as well as National Night Out ("NNO") on October 2nd. Ms. Adams then reviewed

with the Board the District's Resolution Amending and Establishing Directors Fees of Office and District Reimbursement Policy regarding the District's policy on authorized per diems. Further discussion then ensued regarding attending District-approved meetings, events, NNO and social events. Director Campbell then commented that working the booth at NNO entails interacting with District residents and thus he is of the opinion that the Directors should receive per diems. The Board then agreed that an agenda should be posted for attending NNO in future years.

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 Bookkeeper's Reports, including the Quarterly Investment Report and authorize payment of the checks being presented for payment, including payment of Directors' per diems for attending NNO.

OPERATIONS REPORT

Mr. Madia presented the Operations Report, including the Production Report and Management Report, for the month of September, copies of which are attached hereto. Mr. Madia reported that the District had a water accountability ratio of 94.9% for the prior month, and that there are currently 2,871 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 Listing, a copy of which is attached to the Operations Report. Mr. Madia reported that during the prior month, SE sent 297 termination letters for delinquent accounts, 41 accounts were tagged, 9 had water service terminated and five (5) accounts had water service restored. Mr. Madia also reported that there were 282 delinquent letters mailed on October 17th for non-payment of water service and 220 accounts are set to have door tags hung on November 9th, for a service disconnection date of November 14th.

Mr. Madia then reported that the District received 395 customer-related telephone calls during the prior month.

Mr. Madia reported that repair and maintenance items completed during the prior month included: 1) replacing bearings and fan for the degasser at a cost of \$3,522; 2) fire hydrant inspections at a cost of \$2,100; and 3) performing preventative maintenance on all systems at Water Plant ("WP") Nos. 2 and 4.

Mr. Madia added that, in connection with the fire hydrant inspections, SE obtained a proposal for repainting 52 blue fire hydrants at an estimated cost of \$2,340, which is \$45 per fire hydrant. Mr. Madia then request Board approval for same.

Mr. Madia then reported that repair and maintenance items at the STP completed during the prior month included: 1) repairing the return active sludge ("RAS") flow meter and programmable logical controller ("PLC") at a cost of \$4,800; and 2) reinstalling the RAS pump after completion of repairs at a cost of \$5,368.

Mr. Madia then recommended a new predictive maintenance procedure at the STP and the District's WP facilities. Mr. Madia explained that while the procedure is newer technology, it is considered standard operating procedure and tests the electrical system and determine any

defects. Mr. Madia explained that the cost per day to perform such testing will be: 1) \$250 for the lift station; 2) \$750 for the STP; and 3) \$750 for each WP. Mr. Madia added that the testing on the remote water well is included in the price for the WP.

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 painting of 52 fire hydrants in the total amount of \$2,340, and 4) authorize the electrical system predictive maintenance.

Mr. Madia then updated the Board with regard to the installation of the electronic smart meters by Ketos and reported that installations are in progress. Mr. Madia explained that installation is taking longer than expected because of plumbing issues. Director Campbell noted that the pipes have to be retrofitted to fit the meters. Director Campbell then stated that such issue will have to be considered should the Board decide to move forward with KETOS. Mr. Madia then reviewed with the Board the cost of retrofitting all the pipes to fit the KETOS electronic smart meters.

Ms. Schroeder then reported that the District received a Notice of Violation from the Texas Commission on Environmental Quality (the "TCEQ") for WP No. 2. Ms. Schroeder explained that the TCEQ has indicated that the District has not maintained accurate and up-to-date as-built plans and well completion data for water well no. 3. Ms. Schroeder reported that BGE is coordinating with SE to fulfill the TCEQ's request.

Ms. Schroeder and Mr. Madia then reviewed with the Board three (3) bids for the clean-out of repairing the aeration basins, a copy of which is attached to the Engineer's Report. Ms. Schroeder reported that the lowest bid, in the amount of \$106,575, was received from Source Point Solutions ("Source Point"). Ms. Schroeder then recommended Board approval of such bid. Ms. Schroeder went on to report that Harris County Municipal Utility District No. 290 has received such bids for review.

The Board then reviewed the bid in the amount of \$138,253.50 received Magna Flow Environmental ("Magna Flow").

Ms. Loaiza exited the meeting at this time.

Extensive discussion then ensued regarding the bids from Source Point and Magna Flow and the reputations for each contractor. The Board then discussed the District's previous experience with MagnaFlow. Director Campbell noted that MagnaFlow is familiar with the STP as the regular sludge hauler for the STP and noted that MagnaFlow will not use contractors for such work.

Mr. Wolff exited the meeting at this time.

Mr. Madia noted that, to his knowledge, SE has not worked with Source Point on this type of project.

Director Elkins then made a motion to approve the bid from Source Point. The motion failed for lack of a second.

Upon motion by Director Pendleton, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted four (4) votes in favor, and one (1) against, with Director Elkins voting in opposition, to award the bid to Magna Flow, in the amount of \$138,253.50.

THE GREENS BAYOU COALITION (THE "COALITION")

Director Smith then reported that the Coalition's Inaugural Gala was a success and it raised approximately \$10,000. Director Elkins then reported that there will be a clean-up and opening ceremony at the Stanley Preserve in February 2019.

RESOLUTION AUTHORIZING USE OF SURPLUS FUNDS REGARDING CLEANING OF AND REPAIRS TO THE AERATION BASINS (THE "RESOLUTION")

Ms. Adams then presented to the Board the Resolution regarding remaining capital projects funds from the District's Series 2011 bonds to fund the cleaning of and repairs to the aeration basins in the amount of \$138,253.50.

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 Resolution.

DETENTION FACILITIES REPORT

Mr. Dillard then reviewed with the Board the Detention Pond Maintenance Report. Mr. Dillard first reported that the locks for the Apple Hollow Detention Pond and Clayton's Park ("CP") Detention Pond gates should be delivered and installed the week of October 29th.

Mr. Dillard then reported that the mowing maintenance costs have changed, and therefore, the budget for the fiscal year ending ("FYE") September 30, 2019 will need to be amended to include same. The Board then requested an item be added to the November 26th agenda to amend the budget for the FYE September 30, 2019.

Ms. Schroeder then reported that BGE is in discussion with Harris County Precinct No. 4 on the District's request for a maintenance agreement regarding the cleaning and mowing of the Rankin Road right-of-way.

Mr. Dillard then noted that Champions can provide the District with a quote for the maintenance of the medians within the boundaries of the District that are currently maintained by the AF HOA. The Board then discussed such request from the AF HOA. Ms. Adams explained that should the Board consider accepting maintenance of the medians for the AF HOA, it will also need to offer the same services to the other HOAs that are located within the boundaries of the District. Mr. King then noted that there are approximately three (3) to four (4) HOAs within the District's boundaries and that they are not currently on a schedule to have the medians maintained at the same time. Director Elkins then suggested that the HOAs agree upon a consistent mowing schedule. Director Kirby then inquired what prompted the request to the

District for maintenance of the medians. Mr. King stated that the AF HOA is looking to reduce costs. Mr. King added that the AF HOA will discuss this matter with The Forest HOA. Director Kirby then stated that she agrees with Director Elkins that the HOAs need to coordinate amongst themselves for the maintenance of the medians. Mr. King then stated that it currently costs the AF HOA approximately \$65,000 annually to maintain its parks and medians. Mr. Dillard commented that irrigation maintenance is usually included with the mowing maintenance. Ms. Adams added if the Board is interested in pursuing such requests, then prior to receiving a quote from Champions, the District would need to reach out to the other HOAs to inquire if they would be interested in being included in such quote for maintenance of the medians within the boundaries of the District.

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 The Forest HOA is proposing construction of a park in front of the WP and wants to connect to the fence at the District's WP No. 2. Ms. Schroeder then stated that such request may be an issue because that portion of the fence is part of dedicated right-of-way and could be an impediment to such right-of-way. Ms. Adams asked if the fence post is on the District's property line. Ms. Schroeder stated that it is on the property line. Ms. Adams then stated that there is no need for an easement.

Ms. Schroeder then reported that, in connection with the waterline rehabilitation project, phase 2 (the "Waterline Project"), Vaca Underground Utilities ("Vaca"), contractor for the Waterline Project, has completed making repairs to the irrigation system and is awaiting final acceptance by the irrigation contractor. Ms. Schroeder added that upon acceptance, BGE will schedule the final inspection.

Ms. Schroeder then reported that BGE is finalizing plans for the proposed STP improvements, pending review and comment by SE. Ms. Schroeder then requested authorization to advertise for bids for the STP improvements.

Ms. Schroeder then reported that BGE will be preparing plans for the CP generator installation and discussed whether the Board wanted to install a diesel gas or natural gas generator. Ms. Schroeder explained that the cost would be the same for either generator. Directors Campbell and Elkins agreed that the District's preference is a natural gas generator.

Ms. Schroeder then reported that Radcliffe Bobbitt has prepared the Partial Abandonment of Easement in connection with the abandonment of the offsite drainage easement as requested by Harris County Municipal Utility District No. 504. Ms. Adams then presented same for Board approval.

Ms. Schroeder then presented a letter to the County Engineering Department acknowledging that the District will be responsible for installation and maintenance of the proposed driver feedback signs. Ms. Schroeder then requested Board approval of same.

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: 1) approve the Engineer's Report; 2) authorize the Engineer to advertise for bids for the STP improvements; 3) authorize BGE to proceed with installation of a natural gas generator for the CP generator installation project; 4) approve and authorize execution of the Partial Abandonment of Easement; and 5) approve and authorize execution of the letter to the County Engineering Department acknowledging that the District will be responsible for installation and maintenance of the proposed driver feedback signs.

DEVELOPMENT OF RECREATIONAL AMENITIES

Ms. Adams reported that there is no update on the District's Texas Parks & Wildlife Department trails grant application review or the preparation of application for District parks and trails grant(s).

Ms. Schroeder reported that the replatting of the dog park is in progress.

Ms. Adams reported that the CP HOA has approved and executed two (2) Special Warranty Deeds (Clayton's Park Williams Lago Reserve – 0.1490 Acres and Clayton's Park Williams Lago Reserve – 0.1010 Acres) in connection with the development of Lago Forest Park. Ms. Adams added that a third Special Warranty Deed (Clayton's Park Williams Gully Right of Way – 5.669 and 5.056 Acres) has also been approved. Ms. Adams added that the latter will be deeded to the County Flood Control Department pending receipt of the capital improvement plan for Williams Gully. Ms. Schroeder then requested that an item be added to the special meeting agenda regarding parks and recreation amenities to authorize design of Lago Forest Park.

Ms. Symmank exited the meeting at this time.

The Board then scheduled the special meeting regarding parks and recreation amenities for Tuesday, November 13, 2018, at 3:30 p.m., at 4139 Forest Rain Lane, Humble, Texas 77346.

DISTRICT COMMUNICATIONS

Ms. Adams then presented the Service Agreement with Off Cinco (the "Service Agreement") for website and communication services for approval and execution. Ms. Adams reminded the Board that the services the District is interested in and included in such Service Agreement are: 1) the fixed layout for website design; 2) unlimited updates to the District website; 3) unlimited text alerts; and 3) unlimited storage email accounts for each Director.

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 execution of the Service Agreement.

Mr. King exited the meeting at this time.

Ms. Rodriguez then reported that the District's current website is being updated, as necessary, until the transition to the new website is complete. Ms. Adams added that Off Cinco is working with MyWaterboard.com on such transition.

Ms. Adams also reported that the letter to Triton Consulting Group ("TRITON") to rescind the District's acceptance of its proposal for website and communication services was sent. Ms. Adams added that she did respond to questions from Triton regarding same.

The Board then discussed topics for the Winter 2018 edition of *TOTL News*, the District's newsletter, and the Directors requested that it include information regarding the District's new text notification system and Christmas Tree recycling and electronic recycling programs. 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 preparation of the Winter 2018 edition of *TOTL News*.

GARBAGE AND RECYCLING REPORT, CONTINUED

The Board further discussed Christmas tree recycling, electronic waste recycling and shredding programs. The Board then requested that RRRT provide dates for electronic waste recycling and shredding programs. The Board also noted that it would like to participate in the Christmas tree recycling program for 2018.

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 meeting on Tuesday, November 13, 2018, at 3:30 p.m., at 4139 Forest Rain Lane, Humble, Texas 77346; and 2) regular meeting on Monday, November 26, 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 26th day of November, 2018.



Secretary, Board of Directors