

MINUTES OF REGULAR MEETING  
ROLLING CREEK UTILITY DISTRICT  
HARRIS COUNTY, TEXAS

7 March 2018

STATE OF TEXAS  
COUNTY OF HARRIS

The Board of Directors (the "Board") of Rolling Creek Utility District (the "District") of Harris County, Texas, met in regular session, open to the public, on the 7th day of March, 2018, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1100, Harris County, Texas, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Brian Gardner	President
Adrian Shapiro	Vice President and Investment Officer
Gary Brown	Secretary/Treasurer
Kenneth B. Levenson	Assistant Secretary
Clay Deaton	Assistant Vice President and Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Patricia Rodriguez of Bob Leared Interests, Inc. ("Leared"), representing Bob Leared, the District's Tax Assessor/Collector; Karrie Kay of Myrtle Cruz, Inc., the District's Bookkeeper; Julie Williams representing Rathmann & Associates, L.P., the District's Financial Advisor; Gregg Haan, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Inframark LLC ("Inframark"), the District's Operator; Richard Rue representing Woodmere Development Company, Ltd. ("Woodmere"); and Dick Yale, Cole Konopka, and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

Director Gardner called the meeting to order.

### **Approval of Minutes**

The Board considered approval of the minutes of the meeting of 7 February 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 7 February 2018, as written.

### **Security Patrol Report**

Mr. Yale presented the Board with copies of the Security Patrol Report for February 2018 as prepared by the Harris County Sheriff's Department. A copy of the Security Patrol Report is attached hereto as an exhibit to these minutes. Director

Deaton discussed security related items with the Board. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Security Patrol Report.

### **Tax Assessor/Collector's Report**

Next, Ms. Rodriguez submitted the Tax Assessor/Collector's Report for the Board's consideration. She summarized the activity in the District's Tax Account and noted that Leared was requesting approval for seven checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$1,824.51 in penalties and interest assessed on delinquent taxes paid to the District, and two transfers by wire as follows: \$10,729.80 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$20,000.00 to the District's Debt Service Fund. Ms. Rodriguez also noted that the District's 2017 tax levy was 97.8% collected. She called the Board's attention to the list of Top Delinquent Taxpayers, a copy of which is included in the Tax Assessor/Collector's Report.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Report of the Tax Assessor/Collector and to authorize disbursement of the sums from the District's Tax Account as listed therein. A copy of the Report of the Tax Assessor/Collector is attached to and shall be considered to be part of these minutes.

### **Bookkeeper's Report**

Next, Ms. Kay distributed the Bookkeeper's Report for the Board's review. She listed the balances in each of the District's accounts and noted investments in each account. Ms. Kay reviewed the activity in each account. She called the Board's attention to the District's bills and the checks prepared in payment thereof.

The Directors then reviewed: (1) the Operating Budget for the fiscal year ending 31 July 2018; (2) the Summary of Costs relating to the District's Series 2014 Bonds; (3) the Budget Comparison for December 2017; (4) the Cash Flow Comparison table (the "Comparison Table"); (5) a table listing the District's power consumption and the amount billed to the District for electric service; and (6) the Investment Report, copies of which are included with the Bookkeeper's Report. A discussion ensued regarding the Comparison Table. Director Deaton noted that water revenue for the month of February 2018 was listed in the Comparison Table as a negative \$6,829.38. Ms. Kay stated that she would look into the reason for said listing.

The Board then completed the review of the District's bills. Upon a motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report and to authorize payment of the District's bills. A copy of the Bookkeeper's Report is attached to and shall be considered to be part of these minutes.

## **Solid Waste Collection Report**

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for February 2018 on behalf of Best Trash, LLC, the District's Solid Waste Collector. A copy of the Monthly Account Summary is attached hereto as an exhibit to these minutes. After review, upon a motion duly made and seconded, the Board voted unanimously to accept the Solid Waste Collection Report.

## **West Harris County Regional Water Authority**

Director Gardner reported on recent activities of the West Harris County Regional Water Authority (the "Authority"). Mr. Yale submitted to and reviewed with the Board a memorandum from Coats Rose regarding the meeting held on 14 February 2018 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

## **Proposed Website for the District**

Next, the Board discussed the proposals (the "Proposals") for the establishment and hosting of an internet website for the District (the "Website") as submitted recent months by Off Cinco, Triton Consulting Group ("Triton"), and MyWaterBoard.com ("MyWaterBoard"). Mr. Yale submitted to and reviewed with the Board a summary report prepared by the District's Attorney that lists the respective options and costs under the Proposals for (1) the design of the Website; (2) the hosting service for the Website; and (3) the messaging service to be provided in conjunction with the Website. Copies of the Proposals and the Summary Report are attached hereto as exhibits to these minutes.

After review and discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) reject the Proposals submitted by Triton and MyWaterBoard; and (2) accept the Proposal from Off Cinco, including the Fixed Layout for the design of the Website and Option No. 2 for the monthly Website hosting service. Mr. Yale stated that the District's Attorney would ask Off Cinco to submit its Service Agreement for the design and hosting of the Website for approval at the Board's meeting on 4 April 2018.

## **Renewal of Insurance Coverage**

The Directors briefly discussed matters relating to the renewal of the District's insurance policies (the "Insurance Policies"), which expire on 1 May 2018. Mr. Yale reported that the District's Attorney had requested a proposal for the renewal of the Insurance Policies (the "Insurance Proposal") from HARCO Insurance Services ("HARCO"). He stated that Corrie Aday of HARCO had informed the District's Attorney that HARCO was working to prepare the Insurance Proposal for consideration at the Board's meeting on 4 April 2018.

## **Power Supply Issues / Public Power Pool / Election of Directors**

The Directors next discussed matters pertaining to the aggregate purchase of electricity under the auspices of the Public Power Pool ("P3") and the Texas Conference of Urban Counties (the "CUC"). Mr. Yale submitted for the Board's consideration a ballot (the "P3 Ballot") for the election of a non-CUC member to the Public Power Pool board of Directors (the "P3 Board"). He informed the Board that Director Deaton had been nominated for the non-CUC member position on the P3 Board. The Directors expressed their desire for the District to cast a vote in favor of Director Deaton. After discussion, during which Director Deaton stated that he would abstain, upon a motion duly made and seconded, the Board voted 4-0 to: (1) cast its vote in favor of candidate Clay Deaton; and (2) authorize Director Gardner to execute the P3 Ballot. A copy of the P3 Ballot as approved by the Board is attached hereto as an exhibit to these minutes.

## **Resolution Regarding Use of Surplus Funds**

Consideration was then given to adopting a RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS CONSTRUCTION FUNDS in the amount of \$312,213.63 in connection with the recently completed relocation (the "Relocation Project") of the District's 12-inch water line and 10-inch sanitary sewer force main that are mounted on the side of the Clay Road Bridge over Bear Creek in the District. Mr. Yale recalled that the Board on 7 June 2017 had adopted a Resolution as described above. He discussed with the Board the need to possibly revise the Resolution with regard to the final cost for the Relocation Project, to include the expense incurred by the District for engineering services rendered by LJA in connection with the Relocation Project. The Directors then deferred further discussion of this matter to a future meeting of the Board.

## **Proposed Sale of Series 2018 Bonds**

The Board then discussed with Ms. Williams the possible sale of the District's Series 2018 Bonds. The Directors discussed with Mr. Haan and Ms. Williams the projects that could be financed from the proceeds from the sale of the Series 2018 Bonds, as follows: (1) construction of the 200,000 gallons-per-day package plant Train 3 Section (the "Plant Expansion") of the District's Wastewater Treatment Plant (the "Plant"); and (2) the reimbursement to Woodmere of eligible development costs relating to the construction of water, sanitary sewer, and drainage facilities to serve Sections 2, 5, 6, 10, and 11 of Grand Oaks Subdivision (collectively, the "Projects"). The Directors expressed their desire to pursue the sale of the Series 2018 Bonds to fund the Projects as described above. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's consultants to proceed with certain actions relating to the proposed sale of the Series 2018 Bonds.

## **Resolution Requesting Estimate of Value**

Mr. Yale submitted for the Board's review and approval a RESOLUTION REQUESTING ESTIMATE OF VALUE FROM THE HARRIS COUNTY APPRAISAL DISTRICT in connection with the proposed future sale of the bonds by the District. He explained that the estimate of value of all property within the District's boundaries as of 1 March 2018 was needed for the District's Financial Advisor to prepare a financial analysis with respect to possible future projects to be financed by the sale of the District's bonds. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto as an exhibit to these minutes.

## **Engineer's Report**

Next, Mr. Haan reviewed the Engineer's Report with the Board. A copy of the Engineer's Report is attached hereto as an exhibit to these minutes.

## **Wastewater Treatment Plant / Proposed Expansion**

The Board discussed the contract between the District and T&C Construction, Ltd. (called "T&C") for construction of the Plant Expansion. Mr. Haan reported that the Train 3 Section for the Plant Expansion had been delivered to the Plant site and that all of the equipment had been installed with the exception of the new blowers, which are scheduled to be delivered and installed on 12 March 2018. Following installation of the blowers, he told the Board, the Train 3 Section will be tested and placed online. Mr. Haan added that T&C expects the Train 3 Section to be in service by the end of this month.

Mr. Haan then reported that T&C had submitted Pay Estimate No. 5 in the amount of \$85,365.00 in connection with the Plant Expansion project. A copy of Pay Estimate No. 5 is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the payment of Pay Estimate No. 5 as described above.

## **Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 5**

The Directors then discussed the contract between Woodmere and Clearwater Utilities, Inc. ("Clearwater") for the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 5 (the "Section 5 Utilities"). Mr. Haan reported that Clearwater had completed the work on the Section 5 Utilities and was awaiting the inspection of same by Harris County. He added that Clearwater had submitted Pay Estimate No. 4 in the amount of \$17,078.54 in connection with the Section 5 Utilities. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 4 on the Section 5 Utilities project.

## **Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 6**

The Directors then discussed the contract between Woodmere and Clearwater for the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 6 (the "Section 6 Utilities"). Mr. Haan reported that Clearwater was complete with all work on the Section 6 Utilities project with the exception of the Stage 2 storm sewer inlets (the "Inlets"). Clearwater anticipates that the Inlets will be completed by the first week April 2018, he told the Board. Mr. Haan then reported that Clearwater had submitted Pay Estimate No. 2 in the amount of \$313,491.43 in connection with the Section 6 Utilities. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 2 on the Section 6 Utilities project.

## **Wastewater Discharge Permit Renewal**

Then Mr. Haan discussed the status of the application (the "Application") to the Texas Commission on Environmental Quality (the "Commission") for the renewal of the District's discharge permit (the "Permit"). He reported that the District's Engineer had received and addressed the technical comments received from the Commission in connection with the Application. Mr. Haan added that LJA anticipated receipt of the draft Permit in early April 2018.

## **Amesbury Park Subdivision / Storm Sewer Outfall / Proposed Flap Gate**

Next, the Board discussed the proposed construction of (1) a flap gate on the storm sewer outfall (the "Outfall") through which storm water drains from Amesbury Park Subdivision ("Amesbury Park") into Bear Creek in order to prevent the possible backflow of storm water from Bear Creek into Amesbury Park under certain conditions; and (2) an all-weather access road to the Bear Creek channel high-bank at the Flap Gate site as requested by Harris County (collectively, the "Flap Gate Project"). Mr. Haan reported that the plans for the Flap Gate Project have been submitted for agency review. Upon approval of the plans, he continued, the District's Engineer will immediately advertise for bids on the Flap Gate Project.

## **Request for Service / JTR Constructors, Inc.**

The Directors then discussed the request from JTR Constructors, Inc. ("JTR"), for water and sanitary sewer service to a tract located at 18484 Clay Road in the District (the "JTR Tract"). Mr. Haan reported that the District's Engineer expected JTR to submit a written request for service to the JTR Tract in the future.

## **5.32-Acre Tract on Clay Road / Harris County**

The Board briefly discussed matters relating to the possible development by Harris County of two tracts in the District totaling 5.32 acres (the "County Tracts") that

are located on Clay Road, west of the Westlake RV Resort. Mr. Haan stated that he had nothing new to report with regard to the County Tracts.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Engineer's Report.

### **West Harris County Regional Water Authority / Offer for Easement Acquisition**

Next, the Board discussed the offer presented to the District earlier this year (the "Offer") by Heidaker Land Services, Inc. ("Heidaker") on behalf of the Authority for a proposed Amendment of Easement relating to the desired acquisition by the Authority of an additional water line easement (the "Water Line Easement") that would be situated on a certain tract of land owned by the District located south of Old Greenhouse Road (the "District Tract"). Mr. Haan reported that the District's Engineer had confirmed that the proposed Water Line Easement was located solely within the District Tract. A discussion ensued regarding the Water Line Easement. Mr. Yale stated that the District's Attorney would contact the Authority to (1) propose a revision to the Amendment of Easement instrument in order to permit the possible future construction by Woodmere of a driveway over the Water Line Easement in connection with the development of Grand Oaks Subdivision; and (2) request a copy of the appraisal used by Heidaker in connection with the Offer, for review by the District's consultants.

### **Operations Report**

Ms. Bonilla-Odums distributed the Operations Report for the Board's consideration. She reported that the District had produced 310,000 gallons of water from its own wells and had purchased 8,707,000 gallons of water from the Authority during the period ending 7 February 2018, with an accountability rate of 98.1%. Ms. Bonilla-Odums reported that the District has 1,230 active water connections. She informed the Board that nine residential connections were installed during February 2018. She noted that the Plant operated with its average level of flow at 56% of its rated capacity during the reporting period.

Ms. Bonilla-Odums then reviewed with the Board (1) the Major Expenses Maintenance Summary for the District's water distribution and sanitary sewer systems; and (2) the Major Sewer Plant Maintenance Summary for the Plant for February 2018, copies of which are included with the Operations Report.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Operations Report. A copy of the Operations Report is attached to these minutes as an exhibit.

### **Storm Sewer System / Cleaning and Televised Inspection**

Then Ms. Bonilla-Odums reported on the status of the flushing, cleaning, and televised inspection of certain portions of the District's storm sewer system (the

"Cleaning") by Magna-Flow Environmental, Inc. ("Magna-Flow") as authorized at the Board's meeting on 6 December 2017. She informed the Board that Magna-Flow expected to complete the Cleaning in the area near the Outfall by the end of this week.

## **West Harris County Regional Water Authority / 2017 Water Usage Reporting Form**

Ms. Bonilla-Odums reported that the District's Operator had submitted the Water Usage Reporting Form for the District for 2017 to the Authority. A copy of the Water Usage Reporting Form is attached hereto as an exhibit to these minutes.

### **Termination of Service**

Ms. Bonilla-Odums then requested that the Board authorize termination of services to the accounts delinquent in the payment of invoices from the District for water and sewer services. A copy of the Termination Letter list is included with the Operations Report. Ms. Bonilla-Odums said that all of the accounts on the list had been provided with the required notifications pursuant to the District's Consolidated Rate Order. She noted that 62 letters had been sent out with a due date of 14 March 2018. The Board observed that there were no persons present to protest their billings from the District. Upon a motion duly made and seconded, the Board voted unanimously to authorize termination of services to the accounts that remain unpaid on the deadline date.

### **Customer Write-Off Report**

Ms. Bonilla-Odums reviewed with the Board the list of delinquent utility service accounts to be written off (the "Customer Write-Off Report") as prepared by the District's Operator. A copy of the Customer Write-Off Report is included with the Operations Report. The Board noted that there were two delinquent service accounts in the total amount of \$324.11 that would be written off and turned over to a collection agency. After review, upon a motion duly made and seconded, the Board voted unanimously to write-off the delinquent utility service accounts and direct the District's Operator to engage a collection agency to pursue collection of the amounts owed to the District by the delinquent utility service accounts listed in the Customer Write-Off Report.

### **Developer's Report**

Next, Mr. Rue presented a brief report on development in Grand Oaks Subdivision ("Grand Oaks"). He informed the Board that during February 2018 there were six sales in Grand Oaks. Mr. Rue added that, year-to-date, there had been eight sales and seven closings. Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Developer's Report.

### **Attorney's Report**

Mr. Yale stated that there were no additional items to be discussed under the Attorney's Report.

There being no further business to come before the Board, the meeting was adjourned.

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Secretary, Board of Directors

SEAL

Rolling Creek Utility District  
Meeting of 7 March 2018  
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. Bookkeeper's Report;
4. Solid Waste Collection Report;
5. Coats Rose memo / WHCRWA;
6. Summary Report on proposals for design and hosting of website;
7. Proposals for design and hosting of website;
8. Ballot for P3 Director Election;
9. RESOLUTION REQUESTING ESTIMATE OF VALUE FROM THE HARRIS COUNTY APPRAISAL DISTRICT;
10. Engineer's Report;
11. Pay Estimate No. 5 / WWTP Expansion;
12. Operations Report; and
13. 2017 Water Usage Reporting Form.