

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

2 May 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 special session, open to the public, on the 2nd day of May, 2018, at 4203 Grand Sunnyview Lane, Harris County, Texas, inside 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. ("Rathmann"), the District's Financial Advisor; Gregg Haan, P.E., and Jason Kelly, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Inframark LLC ("Inframark"), the District's Operator; Allen DeJonge of Off Cinco; Kirti Patel representing Richfield Real Estate Corporation ("Richfield"); Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); and Will 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 first considered approval of the minutes of the meeting of 4 April 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 4 April 2018, as written.

## **Harris County Contract Deputy Program / Security Patrol Report**

The Directors discussed matters relating to the Contract Deputy Program. Mr. Yale stated that, to date, the Harris County Sheriff's Department had not provided the District's Attorney with the Security Patrol Report for April 2018. [Subsequent to this meeting, the District's Attorney received the Security Patrol Report for April 2018, a copy of which is attached hereto as an exhibit to these minutes.]

## **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 three checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$409.79 in penalties and interest assessed on delinquent taxes paid to the District; and the transfer of \$1,661.34 in revenues from the tax for maintenance and operations to the District's Operating Fund. Ms. Rodriguez also noted that the District's 2017 tax levy was 98.6% 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.

## **Estimate of Appraised Value**

Ms. Rodriguez then submitted for the Board's review the Estimate of Appraised Value for the District dated 18 April 2018 as prepared by the Harris County Appraisal District ("HCAD"). A copy of the Estimate of Appraised Value is attached hereto as an exhibit to these minutes. Ms. Rodriguez pointed out to the Board that HCAD had certified that as of 1 March 2018 the estimated appraised value of all property within the District's boundaries totaled \$293,475,271 and the estimated taxable value of all property within the District's boundaries totaled \$284,802,082.

## **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 March 2018; (4) the Cash Flow 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. Ms. Kay informed the Board that the District's Bookkeeper had transmitted a duplicate payment on Invoice No. 213994 from Ninyo & Moore for construction materials testing and observation services performed in connection with the 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"). She stated that MCI had transmitted an invoice to Ninyo & Moore requesting payment to the District in the amount of \$2,047.00 (the "MCI Invoice") in connection with the duplicate payment. A copy of the MCI Invoice is included with the Bookkeeper's Report.

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 April 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 11 April 2018 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

### **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.

Mr. Yale stated that the District's Attorney had continued the discussion regarding the Offer and the Water Line Easement with John Schneider of Heidaker as discussed at the Board's meeting on 4 May 2018. He reviewed with the Board an electronic mail message dated 26 April 2018 from the District's Engineer regarding the future construction by Woodmere of a public roadway over the Water Line Easement (the "Roadway") in connection with the development of the Grand Oaks Subdivision

("Grand Oaks"). A copy of the electronic mail message is attached hereto as an exhibit to these minutes. According to the 60% submittal drawings as provided by the Authority on its water line project (the "Water Line"), stated Mr. Haan in the electronic mail message, the top of the Water Line would be approximately 104 feet above sea level and the natural ground elevation at the location of the Roadway would be 119 feet above sea level, a difference of 15 feet. Mr. Haan stated in the electronic mail message that the minimum depth of the Water Line as designed would be adequate for the construction of the Roadway over the Water Line Easement with no foreseeable risks to the District.

Mr. Yale then submitted for the Board's review and approval (1) a proposed Letter of Agreement between the District and Heidaker (acting on behalf of the Authority); and (2) the proposed Amendment of Easement instrument for execution by the District and the Authority in connection with the Water Line Easement. Under the Letter of Agreement, he told the Board, the District and Heidaker would each agree to execute the Amendment of Easement and the Authority would agree to compensate the District in the amount of \$10,000.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Offer; (2) approve the Letter of Agreement and authorize Director Gardner to execute same; and (3) approve the Amendment of Easement and authorize Director Gardner to execute same. Copies of the Letter of Agreement and the Amendment of Easement as approved by the Board are attached hereto and shall be considered to be part of these minutes.

### **District Website**

The Board next discussed matters relating to the establishment of the District's internet website (the "Website") by Off Cinco. Mr. DeJonge reviewed with the Board a draft of the Website as prepared by Off Cinco. He stated that he would transmit a copy of the draft Website in PDF format to the District's Attorney for review.

After review, upon a motion duly made and seconded, the Board voted unanimously to authorize Off Cinco to activate the Website for public view, pending review by the District's Attorney.

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

The Board then discussed matters relating to the proposed sale of the District's Series 2018 Bonds (the "Bonds"). Ms. Williams submitted to and reviewed with the Board the Tax Rate Analysis and Projected Debt Schedule as prepared by Rathmann. A copy of the Tax Rate Analysis and Projected Debt Schedule is attached hereto as an exhibit to these minutes. Ms. Williams stated that the District could support the sale of Bonds in the amount of \$7,640,000 with a debt service tax rate of \$0.45 per \$100 of assessed valuation. She then recommended that the District submit the Bond Application Report for the Bonds (the "BAR") to the Texas Commission on

Environmental Quality (the "Commission") with a request for 45-day expedited review rather than pursue the sale of a Bond Anticipation Note. The Directors expressed their agreement with Ms. Williams's recommendation.

### **Engineering Proposal to Prepare Bond Application Report**

Next, Mr. Haan submitted for the Board's review and approval an Engineering Proposal to Prepare Bond Application Report in connection with the Bonds. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the Proposal and to authorize Director Gardner to execute same. A copy of the Proposal as approved by the Board is attached hereto as an exhibit to these minutes.

### **Confirm Engagement of Auditor**

Mr. Yale discussed with the Board the need to confirm the engagement of Roth & Eyring, PLLC (called "Roth") for preparation of the District's annual financial report for the fiscal year ending 31 July 2018 (the "Report"). He recalled that on 3 May 2017 the Board had accepted a proposal from Roth to prepare the Reports for the fiscal years ending 31 July 2017 and 31 July 2018. Mr. Yale then submitted for the Board's review and execution a copy of the engagement letter dated 3 May 2017 between the District and Roth.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Director Gardner to execute the engagement letter for the preparation of the Report for the fiscal year ending 31 July 2018. A copy of the engagement letter 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 installation of the Train 3 Section was complete and that T&C was testing the electrical system. He added that the Train 3 Section was scheduled to be placed in service later this week.

### **Water Well No. 2 / Conversion to Vertical Line Shaft Turbine Pump Motor**

The Board then discussed the status of the cleaning, televised inspection (the "Inspection"), and conversion of the District's Water Well No. 2 ("Well No. 2") to operate with a 2,300-volt vertical line shaft turbine pump motor (the "Pump Motor") by C & C Water Services, LLC (called "C & C"). Mr. Haan reported that that C & C had cleaned

Well No. 2 and had completed the Inspection. A review of the video from the Inspection indicated that the well casing and screen in Well No. 2 were in very good condition, Mr. Haan told the Board. He stated that the new Pump Motor and related equipment were expected to be delivered by the end of the month. Mr. Haan added that installation of the Pump Motor would take approximately one week to complete.

### **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 work on the Section 5 Utilities. He noted that the inspection of the Section 5 Utilities by Harris County had taken place 5 April 2018. Mr. Haan added that, to date, Clearwater had not submitted the final Pay Estimate in connection with the Section 5 Utilities.

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

Next, the Board discussed the contract between Woodmere and Clearwater for the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 6. Mr. Haan reported that Clearwater had completed the work on the Stage 2 storm sewer inlets and was working to address certain modifications to a certain storm sewer outfall as required by the Harris County Flood Control District.

### **Wastewater Discharge Permit Renewal**

Then Mr. Haan discussed the status of the application (the "Application") to the Commission for the renewal of the District's discharge permit (the "Permit"). He reported that the District's Engineer had received and reviewed the preliminary draft Permit. Mr. Haan stated that the District's Engineer anticipated receipt of the draft Permit later this week.

### **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 advertising for bids on the Flap Gate Project was cancelled in April 2018 when it was discovered that the existing corrugated metal pipe in the Outfall (the "Outfall Pipe") had rusted through along the invert of the Outfall Pipe. He explained that the corrosion would prevent the Outfall Pipe from being sealed with the addition of the Flap

Gate. Accordingly, he continued, LJA had added the replacement of the corrugated metal section of the Outfall Pipe (the "CMP Replacement") to the Flap Gate Project. He noted that adding the CMP Replacement was expected to increase the cost of the Flap Gate Project by approximately \$20,000. Mr. Haan stated that LJA had re-initiated the advertising of bids for the Flap Gate Project, with the bids to be due on 1 June 2018.

### **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 stated that he had nothing new to report with regard to the JTR Tract.

### **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.

### **Operations Report**

Ms. Bonilla-Odums distributed the Operations Report for the Board's consideration. She reported that the District had produced 8,358,000 gallons of water from its own wells and had purchased 3,430,000 gallons of water from the Authority during the period ending 7 April 2018, with an accountability rate of 99.6%. Ms. Bonilla-Odums reported that the District has 1,236 active connections. She informed the Board that nine residential connections were installed during April 2018. She noted that the Plant operated with its average level of flow at 54% 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 April 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.

## **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 84 letters had been sent out with a due date of 9 May 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 three delinquent service accounts in the total amount of \$323.35 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. He informed the Board that during April 2018 there were three sales in Grand Oaks. Mr. Rue added that, year-to-date, there had been 19 sales. He then informed the Board that sales activity was commencing in Grand Oaks, Sections 5 and 6.

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 presented the Attorney's Report.

## **Texas Comptroller / Special Purpose District Report**

Mr. Yale reported that on 13 February 2018 the District's Attorney had filed the Special Purpose District Report (the "SPD Report") with the Texas Comptroller's Office pursuant to Senate Bill 625 as approved by the 85th Texas Legislature (Regular Session – 2017). He reviewed with the Board the SPD Report Confirmation and Summary, copies of which are attached hereto as exhibits to these minutes.

**Notices of Violation / Storm Water Quality Features**

Mr. Yale then reported that the District's Attorney had received Notices of Violation from the Harris County Engineering Department in connection with the Storm Water Quality features (the "SWQ Features") installed in Grand Oaks, Sections 2 and 10. He noted that the District's Attorney had forwarded the Notices of Violation to the District's Engineer. Attached hereto as an exhibit to these minutes is a copy of an electronic mail message dated 25 April 2018 from the District's Attorney to the District's Engineer regarding the Notices of Violation. Mr. Haan explained to the Board that the As-Built Certificates apparently had not been filed with Harris County after the SWQ Features, consisting of Trash Troopers, were installed in Grand Oaks, Sections 2 and 10. He stated that Costello Engineering & Surveying ("Costello") had subsequently provided the District's Engineer with the As-Built Certificates for the SWQ Features for filing with Harris County. Attached hereto as an exhibit to these minutes is a copy of an electronic mail message dated 26 April 2018 from Jon Vanderwilt, P.E., of Costello, which includes the As-Built Certificates. Mr. Yale then called the Board's attention to an electronic mail message dated 27 April 2018 from Blake Kridel of Storm Water Solutions, LLC (called "SWS"), confirming receipt of the As-Built Certificates and stating that SWS would address this matter.

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

Director Shapiro departed from the meeting at this time to attend to a personal commitment.

**Tour of Wastewater Treatment Plant**

Directors Gardner, Brown, Levenson, and Deaton then participated in a tour of the Plant, accompanied by Ms. Bonilla-Odums; Adam Thaler and Cullen Brotherton of Inframark; and Mr. Green. The Directors first viewed the original section of the Plant. The tour continued with an inspection of the Train 3 Section of the Plant. Mr. Thaler and Mr. Brotherton then described the operation of the Train 3 Section and responded to questions from the Directors regarding the Plant Expansion project.

Photographs from the Board's tour of the Plant are attached hereto as exhibits to these minutes.

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



*[Handwritten signature]*  
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Secretary, Board of Directors

Rolling Creek Utility District  
Meeting of 2 May 2018  
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. Estimate of Appraised Value;
4. Bookkeeper's Report;
5. Solid Waste Collection Report;
6. Coats Rose memo / WHCRWA;
7. Email from Gregg Haan / WHCRWA Water Line
8. Letter of Agreement / Heidaker Land Services;
9. Amendment of Easement / WHCRWA;
10. Tax Rate Analysis and Projected Debt Schedule;
11. Engineering Proposal to Prepare Bond Application Report;
12. Engagement Letter / Roth & Eyring, PLLC;
13. Engineer's Report;
14. Operations Report;
15. SPD Report Confirmation and Summary;
16. Email from Coats Rose to LJA Engineering / Notice of Violation;
17. Email from Costello Engineering / As-Built Certificates;
18. Email from Storm Water Solutions; and
19. Photographs of Wastewater Treatment Plant Tour.