

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

5 July 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 5th day of July, 2018, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, 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 with the exception of Directors Shapiro and Deaton, 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; Gregg Haan, P.E., Patrick Newton, P.E., and John Alvarez, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Inframark LLC ("Inframark"), the District's Operator; Kirti Patel representing Richfield Real Estate Corporation; and Dick Yale and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

Director Gardner called the meeting to order.

Approval of Minutes

First, the Board considered approval of the minutes of the meeting of 6 June 2018. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 6 June 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 June 2018. [Subsequent to this

meeting, the District's Attorney received the Security Patrol Report for June 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 five checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$260.52 in penalties and interest assessed on delinquent taxes paid to the District; and the transfer of \$806.83 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 99.1% 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 May 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.

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.

Proposed Operating Budget for Fiscal Year ending 31 July 2019

Ms. Kay called the Board's attention to the proposed Operating Budget for the fiscal year starting 1 August 2018 and ending 31 July 2019 (the "2019 Budget"), a copy of which is included with the Bookkeeper's Report. She reviewed with the Board the revisions made to the 2019 Budget pursuant to the discussion at the Board's meeting on

6 June 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the 2019 Budget, as presented.

Solid Waste Collection Report

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for June 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.

Proposed Sale of Series 2018 Bonds

The Board then discussed matters relating to the proposed sale of the District's Series 2018 Bonds. Mr. Haan reported that the District's Engineer was preparing the Bond Application Report (the "BAR"). He informed the Board that the project for the relocation of the District's 12-inch water line and 10-inch sanitary sewer force main (the "Relocation Project") that are mounted on the side of the Clay Road Bridge over Bear Creek in the District (the "Bridge") had been removed from the list of District projects in the BAR. He explained that the plans that were originally prepared by the District's Engineer for the Relocation Project had not been executed by the reviewing agencies because the Relocation Project was eventually undertaken by WadeCon/Menade, Inc. ("WadeCon") pursuant to the Interlocal Agreement dated 3 May 2017 between the District and Harris County (the "County") in connection with the construction contract between the County and WadeCon for the widening of Clay Road and the Bridge. Rather than risk a rejection of the BAR by the Texas Commission on Environmental Quality (the "Commission") over this matter, he continued, the District could instead seek to use surplus construction funds from the sale of the Series 2018 Bonds to reimburse a portion of the cost for the Relocation Project that was not covered by the surplus construction funds from the proceeds of the previous bond sales by the District. The Board agreed with Mr. Haan's recommendation.

Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds

Next, Mr. Yale submitted for the Board's review and approval a RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND 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 and shall be considered part of these minutes.

Engineer's Report

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.

Amesbury Park Subdivision / Storm Sewer Outfall / Proposed Flap Gate

The Board discussed the contract with Division III + Constructors, Inc. ("Division III") to construct (1) a flap gate on the storm sewer outfall (the "Flap Gate") through which storm water drains from Amesbury Park Subdivision into Bear Creek; and (2) an all-weather access road (the "Access Road") to the Bear Creek channel high-bank at the Flap Gate site as requested by the County (collectively, the "Flap Gate Project"). Mr. Haan reported that the County had agreed to remove the requirement for the Access Road from the plans for the Flap Gate Project (the "Plans"), which would reduce the contract cost by approximately \$21,000. However, he continued, the County was requiring the District to revise and resubmit the Plans for approval. Mr. Haan stated that LJA had revised and resubmitted the Plans as requested by the County. He noted that County approval of the revised Plans was expected within a few weeks.

Mr. Yale then submitted for the Board's review a memorandum from the District's Attorney regarding the bonds and insurance submitted by Division III in connection with the Flap Gate Project. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Yale remarked that the bonds and insurance submitted by Division III were found to be in order. Mr. Haan stated that he would present the execution drafts of the contract for the Flap Gate Project (the "Flap Gate Contract") as soon as the County had approved the revised Plans. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Director Gardner to execute the Flap Gate Contracts when they are made available by the District's Engineer.

Wastewater Treatment Plant / Proposed Expansion

Next, the Board discussed the contract between the District and T&C Construction, Ltd. (called "T&C") for 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"). Mr. Haan reported that the Train 3 Section was operational and that T&C and the District's Operator were now cleaning the Train 1 Section of the Plant.

Mr. Haan then informed the Board that T&C had presented the District's Engineer with a list of items at the Plant to be repaired at an estimated additional cost of \$10,000 to \$12,000 (the "Repair Items"). He stated that the District's Engineer would prepare a Change Order to the contract for the Plant Expansion in connection with the Repair Items. The Directors expressed their desire to authorize T&C to proceed with the Repair Items at this time, provided that the cost for said Repair Items would not exceed \$20,000. After discussion, upon a motion duly made and seconded, the Board voted

unanimously to authorize the District's Engineer to notify T&C to proceed with the Repair Items contingent upon the cost for the Repair Items not exceeding \$20,000.

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

The Board then discussed the status of the cleaning, televised inspection, and conversion of the District's Water Well No. 2 to operate with a 2,300-volt vertical line shaft turbine pump motor (the "Conversion") by C & C Water Services, LLC (called "C & C"). Mr. Haan reported that the pumping equipment had been installed and that C & C was expected to install the new pump motor (the "Pump Motor") on this date. C & C plans to perform the start-up of the Pump Motor on 6 July 2018 and begin taking samples on 9 July 2018, he told the Board. The Directors discussed matters relating to the Conversion again later in the meeting during the presentation of the Attorney's Report.

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

The Directors then discussed the contract between Woodmere Development Co., Ltd. ("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 recalled that the County had conducted its inspection of the Section 5 Utilities on 5 April 2018.

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 (the "Section 6 Utilities"). Mr. Haan reported that Clearwater had completed the work on the Stage 2 storm sewer inlets as well as the clean-out of the adjacent drainage ditch. He added that the District's Engineer was scheduling the final inspection for the Section 6 Utilities.

Clearing and Grubbing / Sections 5 and 6 of Grand Oaks Subdivision

Then the Board discussed matters relating to the proposed development of Sections 7, 8, and 9 of Grand Oaks Subdivision ("Sections 7, 8, and 9") by Woodmere. The Directors reviewed the bids submitted for the proposed clearing and grubbing of Sections 7, 8, and 9 (the "Clearing"). Mr. Haan reported that two bids were received by LJA for the Clearing project. Mr. Haan stated that the apparent low base bid for the Clearing project was submitted by Crostex Construction, Inc. (called "Crostex"), in the amount of \$176,584.50. A copy of the bid tabulation for the Clearing project is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the low bid and award the contract for the Clearing project to Crostex.

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 Commission had not received any comments in response to the second public notice regarding the Application that was published on 3 May 2018. Mr. Haan stated that the District's Engineer anticipated receipt of the final Permit during the first week of August 2018.

Bear Creek Desilting Project / Harris County

The Board briefly discussed matters relating to the request from Lecon, Inc. ("Lecon"), a contractor engaged by the County in connection with the County's project to dredge and remove silt from Bear Creek (the "Desilting Project"), for vehicular access to Bear Creek through the District's sanitary sewer lift station site located at 3910 Barker-Cypress Road (the "Lift Station"). Mr. Yale reported that the District's Attorney was preparing an agreement between the District and Lecon (the "Access Agreement") under which Lecon would be required to place a deposit with the District or secure a bond in the amount of \$100,000 as a condition for accessing Bear Creek through the Lift Station site for the Desilting Project. Director Levenson expressed his view that the Access Agreement should address potential damage to the Flap Gate in addition to the Lift Station site. The Board agreed.

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 344,000 gallons of water from its own wells and had purchased 16,103,000 gallons of water from the Authority during the period ending 6 June 2018, with an accountability rate of 89.5% (the

"Accountability Rate"). Ms. Bonilla-Odums reported that the District has 1,244 active connections. She informed the Board that nine residential connections were installed during June 2018. She noted that the Plant operated with its average level of flow at 55% of its rated capacity during the reporting period.

A discussion ensued regarding the Accountability Rate. Ms. Bonilla-Odums stated that the District's Operator was investigating the District's water distribution system for possible leaks.

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 June 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 58 letters had been sent out with a due date of 11 July 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 was one delinquent service account in the total amount of \$176.05 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 account and direct the District's Operator to engage a collection agency to pursue collection of the amount owed to the District by the delinquent utility service account listed in the Customer Write-Off Report.

Attorney's Report

Mr. Yale presented the Attorney's Report.

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

Mr. Yale distributed to the Board copies of a letter dated 6 June 2018 from the Commission, approving the District's application to perform the Conversion on the basis of negotiated bids, pursuant to §49.274 of the Texas Water Code. A copy of the letter is attached hereto and shall be considered to be part of these minutes.

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

17

Secretary, Board of Directors

SEAL



Rolling Creek Utility District
Meeting of 5 July 2018
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. Bookkeeper's Report;
4. Solid Waste Collection Report;
5. RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS;
6. Engineer's Report;
7. Coats Rose memo / bonds and insurance on contract for Flap Gate project;
8. Bid tabulation / clearing and grubbing in Sections 7, 8, and 9 of Grand Oaks Subdivision;
9. Operations Report; and
10. Letter from TCEQ / approval of Water Well No. 2 conversion project (negotiated bids).