

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

4 September 2019

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 4th day of September, 2019, 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, thus constituting a quorum.

Also present were Patricia Rodriguez of Bob Leared Interests, Inc. ("Leared"), the District's Tax Assessor/Collector; Karrie Kay and Vanessa Hernandez of Myrtle Cruz, Inc. ("MCI"), the District's Bookkeeper; Julie Williams representing Rathmann & Associates, L.P. ("Rathmann"), the District's Financial Advisor; Patrick Newton, P.E., and Juan Perez, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Don Self representing Inframark LLC, the District's Operator; Kirti Patel representing Richfield Real Estate Corporation ("Richfield"); Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); and Dick Yale, Will Yale, and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

Director Gardner called the meeting to order.

**Public Comments**

Mr. Will Yale reviewed with the Board an electronic mail message from District customer Sharon Wilson regarding the payment method for her utility service account with the District. A copy of the electronic mail message is attached hereto as an exhibit to these minutes. Mr. Yale noted that the District's Operator had responded to Ms. Wilson.

## **Approval of Minutes**

The Board next considered approval of the minutes of the meeting of 7 August 2019. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 7 August 2019, as written.

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

The Directors discussed matters relating to the Contract Deputy Program. Mr. Yale distributed to the Board copies of the Security Patrol Report for August 2019 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. 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 three checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$272.88 in penalties and interest assessed on delinquent taxes paid to the District. Ms. Rodriguez also noted that the District's 2018 tax levy was 99.3% 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.

## **Consider Setting Tax Rate for 2019**

The Board then discussed the proposed tax rate for the 2019 tax year (the "Tax Rate"). Ms. Williams submitted to and reviewed with the Board: (1) a letter dated 4 September 2019 from Rathmann; and (2) a copy of the 2019 Tax Rate Analysis as prepared by Rathmann. Copies of the aforementioned documents are attached hereto as exhibits to these minutes. Ms. Williams stated that the tax rate calculations in the Tax Rate Analysis (the "Calculations") took into account the proposed sale by the District of the Series 2020 Bonds to finance the proposed reimbursement of eligible development expenses relating to the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Sections 7 and 8; and the clearing and grubbing of Grand Oak Subdivision, Sections 7, 8, 9, and 12. Ms. Williams then recommended that the Board consider setting a debt service tax rate of \$0.45 per \$100 of assessed valuation for the 2019 tax year. She noted that a maintenance tax rate of \$0.25 per

\$100 of assessed valuation would generate approximately \$747,777 in maintenance tax revenue. Mr. Yale then reviewed the procedures that the District would have to follow in setting the 2019 Tax Rate for the District. A discussion ensued regarding the Tax Rate. The Directors then expressed their desire to continue levying a maintenance tax rate of \$0.25 per \$100 valuation.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize publication of the tax rate calculation showing a debt service rate of \$0.45 per \$100 valuation and a maintenance tax rate of \$0.25 per \$100 valuation for a combined tax rate of \$0.70 per \$100 valuation. The Board agreed that the tax rate hearing would be held on 2 October 2019.

### **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 2020; (2) the Summary of Costs relating to the District's Series 2019 Bonds; (3) the Budget Comparison for August 2019; (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.

Ms. Kay informed the Directors that Ms. Hernandez had been assigned to handle the District's bookkeeping account and would represent MCI at future meetings of the Board.

### **Solid Waste Collection Report**

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for August 2019 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.

## **Website for District**

Then the Directors discussed matters relating to the operation of the District's internet website (the "Website"). Mr. Yale reported that the District's Attorney was working with Off Cinco, the District's Webmaster, to add certain information to the Website as required by bills approved earlier this year by the 86th Texas Legislature – Regular Session (2019) (the "Legislature"). He presented the Board with copies of a printout of the Legal Information page (the "Printout") that had recently been added to the Website. A copy of the Printout is attached hereto as an exhibit to these minutes.

## **Reschedule Board of Directors Meeting**

The Directors then considered rescheduling the 1 January 2020 Board meeting in view of the New Year holiday. After discussion, the Directors agreed to meet on Tuesday, 7 January 2020.

## **Formal Approval / Electric Easement**

The Directors then considered formal approval of their action at their meeting of 7 August 2019, at which they approved an instrument granting to CenterPoint Energy Houston Electric, LLC ("CenterPoint"), a 3.922-acre Electric Easement in Grand Oaks Subdivision, Section 8. After discussion, upon a motion duly made and seconded, the Board voted unanimously to formally approve said action.

## **Formal Approval / Clearing and Grubbing / Sections 7, 8, and 9 of Grand Oaks Subdivision**

Then the Directors considered formal approval of their action at their meeting of 7 August 2019, at which they authorized payment of Pay Estimate No. 1 and FINAL as submitted by Crostex Construction, Inc. for the clearing and grubbing of Sections 7, 8, and 9 in Grand Oaks Subdivision. After discussion, upon a motion duly made and seconded, the Board voted unanimously to formally approve said action.

## **Proposed Abandonment of Temporary Utility Easements / Grand Oaks Subdivision, Section 8**

Next, Mr. Yale informed the Board that Woodmere had requested the abandonment by the District of (1) a 4,215-square-foot Temporary Utility Easement; and (2) a 4,223-square-foot Temporary Utility Easement in Grand Oaks Subdivision, Section 8 (collectively, the "Easements"), so that CenterPoint can proceed with its easement recordation and facility installation. After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) authorize the District's Attorney to prepare the Termination and Release of Temporary Utility Easement instruments for the Easements as described above (the "Release Instruments"); and (2) authorize Director Gardner to execute the Release Instruments on behalf of the District. [Subsequent to this meeting, Director Gardner executed the Release

Instruments as prepared by the District's Attorney. Copies of the Release Instruments as recorded in the Official Public Records of Harris County are attached hereto as exhibits to these minutes.

### **Engineer's Report**

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

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

The Directors 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 6 (the "Section 6 Facilities"). Mr. Newton stated that he had nothing new to report with regard to the Section 6 Facilities.

### **Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 7**

The Directors next discussed the contract between Woodmere and Clearwater for the construction of the water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 7. Mr. Newton informed the Board that Bene Vista Venture would need to grant to the District a 0.5512-acre Storm Sewer Easement on the west side of Section 7 of Grand Oaks Subdivision in connection with the proposed Prima Terra development in the District. He noted that Coats Rose was preparing the Storm Sewer Easement instrument for execution by Bene Vista Venture.

### **Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 8**

The Board then discussed the contract between Woodmere and Clearwater for the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 8 (the "Section 8 Facilities"). Mr. Newton reported that Clearwater had completed construction of the Section 8 Facilities. He added that the paving contractor had completed the work on the roadways.

Mr. Newton then reported that Clearwater had submitted Pay Estimate No. 5 in the amount of \$44,533.15 in connection with the Section 8 Facilities project. A copy of Pay Estimate No. 5 is included with the Engineer's Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 5.

## **Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 9**

Mr. Newton reported that LJA had received the final plan approvals from Harris County for the proposed construction of the water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 9 (the "Section 9 Facilities"). He stated that advertising for bids on the Section 9 Facilities would follow upon authorization from Woodmere to proceed.

## **Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 12**

Mr. Newton reported that LJA had submitted the plans for the proposed construction of the water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 12, for agency review.

## **Bear Creek Desilting Project / Harris County**

The Board then discussed the status of the project undertaken by Harris County to dredge and remove silt from Bear Creek (the "Desilting Project"). Mr. Newton reviewed with the Board several photographs taken of the Desilting Project in the vicinity of the District. Copies of the photographs are included with the Engineer's Report.

## **Grand Oaks Subdivision / Amenity Lake**

The Board discussed the condition of the amenity lake in Grand Oaks Subdivision (the "Amenity Lake"). Mr. Newton reported that the level of the Amenity Lake is low at this time and needs to be increased by three feet. He estimated the cost for Woodmere to purchase the water to increase the level of the Amenity Lake at approximately \$22,462 (\$7,990 plus \$14,472 for the West Harris County Regional Water Authority assessment fee). Mr. Newton stated that the Board would need to authorize the District's Operator to charge Woodmere the water rate for Community Associations as established in the District's Rate Order (the "Associations Rate") for the purchase of water necessary to increase the level of the Amenity Lake. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to charge Woodmere the Associations Rate for refilling the Amenity Lake.

## **Resolution Requesting Approval of Texas Commission on Environmental Quality To Release Funds From Escrow**

Next, the Board discussed the status of the District's application to the Texas Commission on Environmental Quality (the "Commission") requesting approval for: (1) the use of \$26,223 in surplus construction funds; and (2) the release of \$5,787 in funds being held in escrow from the sale of the District's Series 2002 Bonds (the

"Application"). Mr. Newton called the Board's attention to a letter dated 26 August 2019 from Chris Ulmann, P.E., of the Commission's Water Supply Division – Districts Section, a copy of which is included with the Engineer's Report. According to Mr. Ulmann, he told the Board, the Application was declared to be administratively complete on 26 August 2019.

### **Request for Water Interconnection / Addicks Utility District**

Mr. Newton reported that the District's Engineer had received an inquiry from Neil M. Atkinson, P.E., of Atkinson Engineers, the engineer for Addicks Utility District ("Addicks UD"), regarding the proposed construction of an 8-inch metered water interconnection (the "Interconnection") between the District and Addicks UD. He called the Board's attention to a letter dated 9 July 2019 from Mr. Atkinson, a copy of which is included with the Engineer's Report. Mr. Newton remarked that Mr. Atkinson had proposed that (1) Addicks UD pay the permitting and construction costs for the Interconnection; and (2) the District and Addicks UD share the cost for the meter on the Interconnection. A discussion ensued regarding the proposed Interconnection. Mr. Newton stated that the District's Engineer could look into whether the District has excess water well capacity to temporarily provide water service to Addicks UD for one year (the "Temporary Service"). He explained that Addicks UD was in the process of constructing a new water well and would need water supply capacity from the District until the new water well was in service.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to prepare a feasibility study regarding the proposed Interconnection and the Temporary Service.

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

### **Operations Report**

Mr. Self distributed the Operations Report for the Board's consideration. He reported that the District had produced 1,075,000 gallons of water from its own wells and had purchased 16,991,000 gallons of water from the Authority during the period ending 6 August 2019, with an accountability rate of 97.1%. Mr. Self reported that the District has 1,317 active connections. He informed the Board that nine residential connections were installed during August 2019. He noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 59% of its rated capacity during the reporting period.

Mr. Self 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 August 2019, 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.

### **Main Water Line / 4839 Hidden Chestnut Lane**

Mr. Self informed the Board that on 3 September 2019 the District's Operator had responded to a leak in the District's main water line near 4839 Hidden Chestnut Lane. He remarked that water service was temporarily interrupted to approximately 20 residences while repairs were made to the main water line.

### **Consolidated Rate Order / Grease Trap Inspections**

Next, Mr. Self requested that the Board consider amending the District's Consolidated Rate Order with respect to the required frequency for inspections of the grease traps on the sanitary sewer connections of the commercial customers in the District. The Directors agreed to consider this matter at the Board's meeting on 2 October 2019.

### **Termination of Service**

Mr. Self 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. Mr. Self said that all of the accounts on the list had been provided with the required notifications pursuant to the District's Consolidated Rate Order. He noted that 44 letters had been sent out with a due date of 10 July 2019. 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.

### **Collections Account Listing**

Mr. Self reviewed with the Board the list of delinquent utility service accounts to be written off (the "Collections Account Listing") as prepared by the District's Operator. The Board noted that there was one delinquent service account in the amount of \$80.55 that would be turned over to a collection agency; and one delinquent service account in the amount of \$14.52 that would be written off. After review, upon a motion duly made and seconded, the Board voted unanimously to write-off the delinquent utility service account (\$14.52) 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 (\$80.55) listed in the Collections Account Listing.

### **Developer's Report**

Next, Mr. Rue presented a brief report on development in Grand Oaks Subdivision ("Grand Oaks"). He informed the Board that there had been nine sales and

four closings in Grand Oaks during August 2019. He added that since 1 January 2019 there had been 50 sales and 43 closings in Grand Oaks

Mr. Patel briefly addressed the Board on matters relating to the possible development of a certain 40-acre tract in the District located south of Clay Road, including the request from Richfield for the District's Attorney prepare a Storm Sewer Easement instrument for the conveyance by Bene Vista Venture to the District of a 0.5512-acre Storm Sewer Easement in Grand Oaks Subdivision, Section 7.

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.

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

The Directors then discussed matters relating to 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 August 2019 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept 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

Rolling Creek Utility District  
Meeting of 4 September 2019  
Attachments

1. Attendance Sheet;
2. Email from Sharon Wilson (District customer);
3. Security Patrol Report;
4. Tax Assessor/Collector's Report;
5. Letter from Rathmann & Associates, L.P. with Tax Rate Analysis;
6. Tax Rate Analysis / proposed Series 2020 Bonds;
7. Bookkeeper's Report;
8. Best Trash Monthly Account Summary;
9. Printout of Legal Information Page from District's Website;
10. Termination and Release of Temporary Utility Easement (4,215 square feet);
11. Termination and Release of Temporary Utility Easement (4,223 square feet);
12. Engineer's Report;
13. Operations Report; and
14. Coats Rose memo / WHCRWA.