

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

4 January 2017

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 January, 2017, 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, representing Bob Leared ("Leared"), the District's Tax Assessor/Collector; Karrie Kay of Myrtle Cruz, Inc., the District's Bookkeeper; Gregg Haan, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Severn Trent Environmental Services, Inc. ("STES"), the District's Operator; Matthew May of Best Trash, LLC ("Best Trash"), the District's Solid Waste Collector; Kirti Patel representing Richfield Real Estate Corporation ("Richfield"); Aaron Alford of Woodmere Development Co., Ltd. ("Woodmere"); and Dick Yale, Will Yale, Cole Konokpka, 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 7 December 2016. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 7 December 2016, as written.

## **Security Patrol Report**

The Directors discussed matters relating to the Contract Deputy Program. Mr. Will Yale stated that, to date, the Harris County Sheriff's Department had not provided the District's Attorney with the Security Report for December 2016. [Subsequent to this meeting, the District's Attorney received the Security Report for December 2016, a copy of which is attached hereto as an exhibit to these minutes.]

## **Security Service Contract**

Next, the Board considered approval of the Security Service Contract with Harris County for the term of 1 March 2017 through 28 February 2018 (the "Contract"). Mr. Yale remarked that the form of the Contract, including the price, was the same as for the previous Contract term. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Contract and to authorize Director Gardner to execute same. A copy of the Contract as executed by the Board 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 four checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$1,159.52 in penalties and interest assessed on delinquent taxes paid to the District, and two transfers by wire as follows: \$316,262.22 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$675,000 to the District's Debt Service Fund. Ms. Rodriguez also noted that the District's 2015 tax levy was 99.4% collected and the 2016 tax levy was 61.1% 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 bills to the District and the checks prepared in payment thereof.

The Directors then reviewed: (1) the Operating Budget for the fiscal year ending 31 July 2017; (2) the Summary of Costs relating to the District's Series 2014 Bonds; (3) the Budget Comparison for November 2016; (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 bills to the District. Upon a motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report and to authorize payment of the bills of the District. A copy of the Bookkeeper's Report is attached to and shall be considered to be part of these minutes.

### **Solid Waste Collection Service**

Next, the Directors discussed matters relating to the solid waste collection service (the "Service") being provided in the District through 31 December 2016 by Waste Corporation of Texas, LP (called "WCA"). Mr. Yale distributed to the Board copies of the Customer Issue Listing for the Service for December 2016, as prepared by WCA. A copy of the Customer Issue Listing is attached hereto as an exhibit to these minutes. It was noted by the Board that effective 1 January 2017 Best Trash was providing the Service pursuant to the Residential Solid Waste Collection Contract between the District and Best Trash, as approved at the Board's meeting on 2 November 2016. Mr. May reported that the transition of the Service to Best Trash had been satisfactory. Director Brown then proposed that Mr. May attend the Board's meetings that are held in January and July of each year. The Board agreed.

### **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 December 2016 by the Authority's board of directors (the "Authority Board"). A copy of the memorandum is attached hereto as an exhibit to these minutes. Also attached hereto as an exhibit is a memorandum from the District's Attorney regarding the town hall meeting conducted by the Authority Board on 3 November 2016.

### **Arbitrage Rebate and Project Fund Yield Restriction Compliance Service Program**

Mr. Yale submitted to and reviewed with the Board the Arbitrage Rebate and Project Fund Yield Restriction Compliance Service Program Review (the "Review") dated 30 November 2016 prepared by Arbitrage Compliance Specialists, Inc. ("ACSI") in connection with its review of the District's (1) Series 2010 Refunding Bonds; (2) Series 2012 Refunding Bonds; (3) Series 2014 Bonds; and (4) Series 2015 Refunding Bonds. A copy of the Review is attached hereto as an exhibit to these minutes. Mr. Yale noted that according to the Review, the Series 2010 Refunding Bonds and Series 2012 Refunding Bonds would be subject to arbitrage rebate

requirements. The Series 2014 Bonds and Series 2015 Refunding Bonds both qualified for the Small Issuer Requirement Exception to arbitrage rebate requirements, he told the Board. Mr. Yale then reported that ACSI determined that the Series 2014 Bonds were subject to yield restriction requirements. The Series 2010 Refunding Bonds, Series 2012 Refunding Bonds, and Series 2015 Refunding Bonds are not subject to yield restriction, he continued, and ACSI has determined that no further yield restriction reports are required for these particular bond issues.

### **Proposal for Arbitrage Compliance Program**

Mr. Yale reviewed with the Board the proposal (the "ACSI Proposal") submitted by ACSI for the Arbitrage Report as required by the U.S. Treasury Department and the U.S. Internal Revenue Service in connection with the 5th-year computation for the District's Series 2012 Refunding Bonds. Mr. Yale stated that the estimated cost for the Arbitrage Report as presented in the ACSI Proposal relating to the Series 2012 Refunding Bonds totaled \$2,950. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the ACSI Proposal and to authorize Director Gardner to execute same. A copy of the ACSI Proposal as accepted by the Board is attached hereto and shall be considered to be part of these minutes.

### **Transfer of Storm Water Quality Permits**

Mr. Yale reported that the District's Attorney and Engineer were working to complete the transfer of the responsibility for the Storm Water Quality Management Plan and permanent Storm Water Quality features for Sections 2 and 10 of Grand Oaks Subdivision from Richfield to the District.

### **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.

### **Proposed Relocation of Water Line and Sanitary Sewer Force Main on Clay Road Bridge**

The Board discussed matters relating to the proposed 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. Haan stated that the District's Engineer had submitted revised plans for the Relocation Project and had met again with representatives of Harris County and the City of Houston. He recalled that the realignment of the Relocation Project would require new easements and that difficulty had been encountered in attempting to obtain said easements (the "Easements"). Mr. Yale reported that the representative of one landowner had indicated to the District's Attorney that the landowner was not interested in providing the Easements to the District in the absence of a financial incentive (the

"Incentive"). Mr. Yale stated that he had informed the landowner's representative that the District would consider offering an Incentive in exchange for the Easements.

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

The Directors next discussed matters relating to the proposed construction of a 200,000 gallon-per-day package plant Train 3 Section of the District's Wastewater Treatment Plant (the "Plant Expansion"). Mr. Haan reported that the site survey had been completed and the design work on the Plant Expansion was in progress. He stated that the submittal of the plans for the Plant Expansion was scheduled to be submitted for agency review during the first week of February 2017.

### **Request for Service**

Mr. Haan reported that the District's Engineer had received a Request for Service in connection with a new restaurant to be located at the site of the former Fiesta Charro restaurant on Clay Road in the District (the "Restaurant"). He added that the District's Engineer had reviewed the plans for the Restaurant.

### **Operations Report**

Ms. Bonilla-Odums distributed the Operations Report for the Board's consideration. She reported that the District had produced 257,000 gallons of water from its own wells and had purchased 9,101,000 gallons of water from the Authority during the period of 9 November to 7 December 2016, with an accountability rate of 99.1%. Ms. Bonilla-Odums reported that the District has 1,154 active water connections. She informed the Board that four residential connections were installed during December 2016. She noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 50% 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 December 2016, copies of which are included with the Operator's Report. She pointed out to the Board that lift pump No. 2 at the on-site lift station at the Plant had been replaced at a cost of \$7,900.16. She added that lift pumps Nos. 1 and 3 had been pulled and cleaned.

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 68 letters had been sent out with a due date of 11 January 2017. 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 and turned over to Collections Unlimited (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. It was noted by the Board that there were two delinquent service accounts in the total amount of \$471.89 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. Patel and Mr. Alford each presented a brief report on development in Grand Oaks Subdivision ("Grand Oaks"). Mr. Alford informed the Board that the plans for the proposed development in Sections 5 and 6 of Grand Oaks had been submitted for review.

### **Attorney's Report**

Mr. Yale presented the Attorney's Report.

### **Eminent Domain Reporting**

Mr. Yale reported that prior to 1 February 2017 the District's Attorney would file with the Texas Comptroller the annual report for the District containing certain information relating to the District's eminent domain authority pursuant to Senate Bill 1812 as approved by the 84th Texas Legislature – Regular Session 2015.

### **Directors Election**

Next, the Board discussed matters relating to the 6 May 2017 Directors Election required for the District. Mr. Yale remarked that Directors Gardner, Levenson, and Deaton have terms of office that would expire in 2017. Mr. Yale submitted to and reviewed with the Board a memorandum prepared by the District's Attorney regarding

the key dates for the Directors Election, a copy of which is attached hereto as an exhibit to these minutes. Mr. Yale added that the Board would need to adopt an order calling the Directors Election at the 1 February 2017 Board of Directors meeting.

### **Continuing Disclosure**

Mr. Yale reported that the District's consultants are preparing the necessary materials to fulfill the continuing disclosure requirements of the Securities and Exchange Commission ("SEC") pursuant to SEC Rule 15c2-12 prior to the deadline of 31 January 2017.

### **Director Lots**

The Board then discussed matters relating to the status of the Director Lots in the District. Mr. Yale reported that the District's Attorney and Engineer were working to establish and convey the new Director Lots on the Plant site.

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

---

Secretary, Board of Directors

SEAL

Rolling Creek Utility District  
Meeting of 4 January 2017  
Attachments

1. Security Patrol Report;
2. Security Service Contract;
3. Tax Assessor/Collector's Report;
4. Bookkeeper's Report;
5. WCA Customer Issue Listing;
6. Coats Rose memo / WHCRWA;
7. Coats Rose memo / WHCRWA town hall meeting;
8. Arbitrage Rebate and Project Fund Yield Restriction Compliance Service Program Review;
9. Engagement Letter / ACSI;
10. Engineer's Report;
11. Operator's Report; and
12. Coats Rose Memo / Directors Election.