

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

6 December 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 special session, open to the public, on the 6th day of December 2017, 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 with the exception of Director Shapiro, 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., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Jason Demel representing Severn Trent – North America, the District's Operator; Kirti Patel representing Richfield Real Estate Corporation ("Richfield"); Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); Sergeant Billy Johnson and Deputies C.E. Hill and Don Ta of the Harris County Sheriff's Department (the "Sheriff's Department"); and Will 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 1 November 2017. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 1 November 2017, as written.

## **Security Patrol Report**

Mr. Yale presented the Board with copies of the Security Patrol Report for November 2017 as prepared by the Sheriff's Department. A copy of the Security Patrol Report is attached hereto as an exhibit to these minutes. Sergeant Johnson 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.

## **Security Service Contract**

Next, the Board considered approval of the Security Service Contract for the term of 1 March 2018 through 28 February 2019 (the "Contract"). Mr. Yale stated that he was reviewing the form of the Contract, which had been received earlier this date from Harris County. He recalled that earlier this year the Harris County Commissioners Court had approved a 3% increase in the rates to be charged under the Contract, to be effective 1 March 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Security Service Contract and to authorize Director Gardner to execute same, subject to review by the District's Attorney. A copy of the Contract as approved 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 two checks written on the District's tax account, as well as two transfers by wire as follows: a transfer of \$31,601.81 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$50,000.00 to the Debt Service Fund. Ms. Rodriguez also noted that the District's 2016 tax levy was 99.3% collected and the 2017 tax levy was 8.2% 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 October 2017; (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.

### **Amend Operating Budget for Fiscal Year Ending 31 July 2018**

Consideration was then given to amending the Operating Budget for the fiscal year ending 31 July 2018 (the "Budget"). The Directors expressed their desire to amend the Budget to increase the expense item for the Security Service Contract from \$67,152 to \$69,165. After discussion, upon a motion duly made and seconded, the Board voted unanimously to amend the Budget as discussed above.

### **Solid Waste Collection Report**

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for November 2017 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**

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 8 November 2017 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

Mr. Yale then called the Board's attention to a letter dated 20 November 2017 from the Authority (the "Authority Letter"), a copy of which is attached hereto. He noted that the Authority Board had approved the proposed increase in its groundwater pumpage fee (the "Pumpage Fee") and surface water fee (the "Surface Water Fee") at its meeting on 8 November 2017. Effective 1 January 2018, he continued, the Pumpage Fee will be increased to \$2.70 per 1,000 gallons ("k/gal") of groundwater pumped, and the Surface Water Fee will be increased to \$3.10 per k/gal.

## **Bridges Lawn Equipment**

The Directors briefly discussed the request from the owners of the Bridges Lawn Equipment store located at 18502 Clay Road (the "Store") for the installation of a check valve (the "Check Valve") on the sanitary sewer service line for the Store in order to prevent sanitary sewer backups into the building. Mr. Yale stated that, to date, the District's Attorney had not received a response from the owners of the Store (the "Owners") regarding the proposed Letter Agreement between the Store and the District under which the District would offer the Owners: (1) a credit to the Store's service account with the District in an amount equivalent to the Owners' cost to install the Check Valve but not to exceed \$500.00 (the "Credit"); and (2) an additional Credit in the amount of \$500.00 for the future billing for water and sanitary sewer service from the District.

## **Proposed Website for the District**

Next, the Board discussed matters relating to the proposed establishment of an internet website for the District (the "Website"). Mr. Yale presented the Directors with the proposals submitted by Off Cinco and Triton Consulting Group ("Triton") for (1) the design and creation of the Website; and (2) hosting services for the Website (the "Proposals"). Copies of the Proposals are attached hereto as exhibits to these minutes. Mr. Yale stated that representatives of Off Cinco and Triton had been invited to attend the Board's meeting on 3 January 2018 to review and discuss their respective Proposals with the Board. The Directors deferred discussion regarding the Proposals to a future meeting of the Board.

## **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 of the District's 12-inch water line and 10-inch sanitary sewer force main (the "District Lines") that are mounted on the side of the Clay Road Bridge over Bear Creek in the District (the "Bridge") pursuant to the Interlocal Agreement dated 3 May 2017 between the District and Harris County in connection with the construction contract between Harris County and WadeCon/Menade, Inc. ("WadeCon") for the widening of Clay Road and the Bridge. Mr. Haan reported that WadeCon had completed the temporary relocation of the District Lines and anticipates that installation of the permanent District Lines on the new Bridge deck will commence in early January 2018.

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

Next, the Board discussed the contract between the District and T&C Construction, Ltd. (called "T&C") for 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 T&C had mobilized on-site and had begun foundation preparation and improvements to the access road. He stated that the Train 3 Section had been manufactured off-site and is being coated at this time. He added that the Train 3 Section was scheduled to be delivered to the Plant site during the week of 18 December 2017.

Mr. Haan then reported that T&C had submitted Pay Estimate No. 1 in the amount of \$98,820.00 and Pay Estimate No. 2 in the amount of \$147,873.60 in connection with the Plant Expansion project. Copies of Pay Estimate No. 1 and Pay Estimate No. 2 are attached hereto as exhibits to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 1 and Pay Estimate No. 2.

## **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. Mr. Haan reported that Clearwater had completed the installation of the water lines and sanitary sewer lines, as well as most of the storm sewer lines. He stated that the Outfall Permit had been issued by the U.S. Army Corps of Engineers (the "Corps") and accordingly the storm sewer outfall and storm water quality feature to serve Section 5 of Grand Oaks Subdivision (collectively, the "Section 5 Outfall") have been installed. Attached hereto as an exhibit to these minutes is a copy of a letter dated 8 November 2017 from the Corps to the District confirming the Outfall Permit for the Section 5 Outfall.

## **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 recalled that the Notice to Proceed on the Section 6 Utilities was issued to Clearwater with a commencement date of 30 October 2017 and a contract completion date of 8 January 2018. He noted that the pre-construction meeting with the contractor would be held later this date. Mr. Haan then informed the Board that the Outfall Permit had been issued by the Corps in connection with the storm sewer outfall and storm water quality feature to serve Section 6 of Grand Oaks Subdivision (collectively, the "Section 6 Outfall"). Attached hereto as an exhibit to these minutes is a copy of a letter dated 13 November 2017 from the Corps to the District confirming the Outfall Permit for the Section 6 Outfall.

## **Wastewater Discharge Permit Renewal**

Then Mr. Haan discussed the status of the renewal application (the "Application") for the District's discharge permit that was submitted earlier this year to the Texas Commission on Environmental Quality (the "Commission"). He reported that pursuant to the instructions from the Commission, the Application forms were re-executed by Director Gardner and were resubmitted to the Commission. Mr. Haan added that authorization from the Commission to publish the first public notice in connection with the Application was expected this week.

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

Next, the Board discussed the proposed installation of a flap gate (the "Flap Gate") on the 10-inch 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. Mr. Haan reported that the District's Engineer was preparing the construction plans for the Flap Gate (the "Plans") and would submit the Plans to the Harris County Flood Control District (the "HCFCD") for review once the HCFCD's work on Bear Creek near the Outfall was complete.

## **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 near future.

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

The Board next discussed matters relating to the possible development by the 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 reported that the County is attempting to replat the two County Tracts into a single tract. He then reported that the County had requested a capacity commitment from the District for the County Tracts. Mr. Haan stated that the District's Engineer had provided the Harris County Public Infrastructure Department with a letter offering no objection to the proposed use of the County Tracts as a future County Park and confirming that the District has sufficient water and wastewater treatment capacity to serve the proposed County Park (the "Park Letter"). A copy of the Park Letter is attached hereto as an exhibit to these minutes.

## **Harris County Municipal Utility District No. 161**

Mr. Haan then reported that the District's Engineer had received an inquiry from the engineer for Harris County Municipal Utility District No. 161 ("HCMUD 161") regarding the availability of water and sanitary capacity (the "Capacity") to serve a certain out-of-District tract. The engineer for HCMUD 161 was informed that all of the District's Capacity was committed at this time, said Mr. Haan.

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

### **Storm Sewer System / Proposed Flushing and Cleaning**

Then the Directors discussed matters relating to the proposed flushing and cleaning of the District's storm sewer system in stages, beginning with Amesbury Park (the "Flushing"). Mr. Demel submitted for the Board's review a price quote from Magna-Flow Environmental, Inc. ("Magna-Flow") in connection with the Flushing. A copy of the price quote is attached hereto as an exhibit to these minutes. The Board noted that Magna-Flow was offering to perform (1) the Flushing of 60 linear feet of the 60-inch Outfall at a cost of \$16,875; and (2) the televised inspection on approximately 3,000 linear feet of the storm sewer lines in Amesbury Park (the "Amesbury Park Inspection") at an estimated cost of \$3,720 to evaluate the presence of debris, for a combined cost of \$20,595. The Board then noted that Magna-Flow was offering to perform the televised inspection of certain sections of the storm sewer lines in Rolling Creek Subdivision, Section 1, and in Sections 1, 2, 3, 4, and 11 of Grand Oaks Subdivision (the "Rolling Creek/Grand Oaks Inspection") at a total cost of \$28,250. A discussion ensued regarding the proposed Flushing and televised inspections. According to Magna-Flow, said Mr. Demel, the visual inspections performed from the manholes of the storm sewer lines in the District indicated that there was little to no debris in the storm sewer lines.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to notify Magna-Flow to proceed with (1) the Flushing of 60 linear feet of the 60-inch Outfall; (2) the Amesbury Park Inspection; and (3) the Rolling Creek/Grand Oaks Inspection.

### **Operations Report**

Mr. Demel distributed the Operations Report for the Board's consideration. He reported that the District had produced 128,000 gallons of water from its own wells and had purchased 12,260,000 gallons of water from the Authority during the period ending 8 November 2017, with an accountability rate of 98.1%. Mr. Demel reported that the District has 1,222 active connections. He informed the Board that two residential connections were installed during November 2017. He noted that the Plant operated with its average level of flow at 54% of its rated capacity during the reporting period. Mr. Demel 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 November 2017, 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.

### **Severn Trent – North America / Inframark LLC**

Mr. Demel informed the Board that as of 4 December 2017, Severn Trent – North America was rebranded as Inframark LLC ("Inframark"). He explained that under the Inframark name, the company will be organized in two broad business lines: the Water Infrastructure Operations group, which will handle water and wastewater operations and maintenance services for clients consisting of municipalities, municipal utility districts, and the industrial sector; and the Infrastructure Management Services group, which will deliver financial, administrative, and specialized support services to communities, associations, municipalities, and special districts. Attached hereto as an exhibit to these minutes is a letter dated 4 December 2017 from Stephane Bower, Chief Executive Officer of Inframark.

### **Termination of Service**

Mr. Demel 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. Mr. Demel 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 63 letters had been sent out with a due date of 11 December 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**

Mr. Demel 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 \$428.83 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 authorize the District's Operator to write-off the delinquent utility service accounts and 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"). Mr. Rue informed the Board that during the period of January to November 2017 there had been 60 sales of lots in Grand Oaks. 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.

## **Water Plant No. 1 / Compliance Inspection**

Mr. Yale reviewed with the Board a letter dated 15 November 2017 from the Texas Commission on Environmental Quality regarding the compliance inspection conducted on 20 January 2017 at the District's Water Plant No. 1 to evaluate compliance with applicable requirements for public water supply systems. No violations were documented during the inspection, he told the Board. A copy of the letter is attached hereto as an exhibit to these minutes.

## **House Bill 8 / 85th Texas Legislature**

Mr. Yale then gave the Board a brief overview of a memorandum from Coats Rose that summarized House Bill 8 ("HB 8") as approved by the 85th Texas Legislature, Regular Session – 2017. Mr. Yale stated that HB 8 was an amendment to Section 551.089 of the Government Code to clarify that a governmental body is not required to address security assessments related to information resources technology, network security information, or the deployment of security personnel, infrastructure, or security devices in open session. He said that HB 8 also amended Section 2059.055(b) of the Government Code to clarify that network security information was confidential for governmental agencies such as municipal utility districts. 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.

SEAL

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Secretary, Board of Directors

Rolling Creek Utility District  
Meeting of 6 December 2017  
Attachments

1. Security Patrol Report;
2. Security Service Contract;
3. Tax Assessor/Collector's Report;
4. Bookkeeper's Report;
5. WCA Monthly Account Summary;
6. Coats Rose memo / WHCRWA;
7. Letter from WHCRWA / Notice of Fee Increase;
8. Proposal / Off Cinco;
9. Proposal / Triton Consulting Group;
10. Engineer's Report;
11. Pay Estimate No. 1 / WWTP Expansion;
12. Pay Estimate No. 2 / WWTP Expansion;
13. Letter from U.S. Army Corps of Engineers / Outfall Permit for Section 5 of Grand Oaks Subdivision;
14. Letter from U.S. Army Corps of Engineers / Outfall Permit for Section 6 of Grand Oaks Subdivision;
15. Letter from LJA Engineering to Harris County Public Infrastructure Department;
16. Price quote from Magna-Flow Environmental, Inc.;
17. Operator's Report;
18. Letter from Inframark LLC;
19. Letter from TCEQ / compliance inspection at Water Plant No. 1; and
20. Coats Rose memo / House Bill 8.