

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

6 June 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 regular session, open to the public, on the 6th day of June, 2018, 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 with the exception of Director Levenson, 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., the District's Engineer; Mirna Bonilla-Odums and Janet Dolan representing Inframark LLC ("Inframark"), the District's Operator; Kirti Patel representing Richfield Real Estate Corporation; Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); Deputy Carlos Escobar of the Harris County Sheriff's Department (the "Sheriff's Department"); 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.

**Approval of Minutes**

The Board first considered approval of the minutes of the meeting of 2 May 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 2 May 2018, as written.

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

Next, the Directors discussed matters relating to the Contract Deputy Program. Mr. Will Yale stated that, to date, the Sheriff's Department had not provided the District's

Attorney with the Security Patrol Report for May 2018. [Subsequent to this meeting, the District's Attorney received the Security Patrol Report for May 2018, a copy of which is attached hereto as an exhibit to these minutes.] Deputy Escobar introduced himself to the Board and explained that in December 2017 he had been assigned to patrol duties in the District. He then discussed security-related issues with the Board. Deputy Escobar noted that the Sheriff's Department had recently apprehended a suspect in connection with several burglaries of vehicles in the District. 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 five checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$979.92 in penalties and interest assessed on delinquent taxes paid to the District, and two transfers by wire as follows: \$2,685.33 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$10,000.00 to the District's Debt Service Fund. Ms. Rodriguez also noted that the District's 2017 tax levy was 98.9% 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.

### **Preliminary Report of Appraised & Taxable Values**

Ms. Rodriguez then informed the Board that Leared had received the Preliminary Report of Appraised & Taxable Values for the District for the 2018 tax year (the "Preliminary Report") as prepared by the Harris County Appraisal District (called "HCAD"). Ms. Rodriguez noted that according to HCAD, the initial taxable value for the District for the 2018 tax year totals approximately \$279,200,000 (the "Initial Value"), which includes 2017 personal property values. She remarked that the Initial Value reflects an increase of approximately \$17,000,000 in taxable value in the District over the previous tax year.

### **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 reported that unclaimed funds totaling \$290.22 had been escheated to the Texas Comptroller's Office by the District's Bookkeeper.

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. A discussion ensued regarding the 2019 Budget. The Board then directed Ms. Kay to revise the 2019 Budget as follows: (1) increase the income item for the charge related to the West Harris County Regional Water Authority (the "Authority") surface water fee to \$400,000; (2) increase the expense item for the Authority surface water fee to \$400,000; (3) increase the income item for water revenue to \$400,000; and (4) increase the income item for sanitary sewer revenue to \$450,000. The Directors then deferred adoption of the 2019 Budget to a future meeting 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 May 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 Authority. Mr. Yale submitted to and reviewed with the Board a memorandum from Coats Rose regarding the meeting held on 9 May 2018 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes. He then reviewed with the Board a memorandum dated 15 May 2018 from the Authority regarding the director appointment process for the Authority's Director Precinct No. 5 ("Precinct No. 5"). A copy of the memorandum is attached hereto as an exhibit to these minutes. According to the memorandum, he told the Board, Michael Owens received 49.6% of the voting percentage and Karla Cannon received 14.3% of the voting percentage from the water districts in Precinct No. 5. Accordingly, he continued, Mr. Owens was declared the

director for Precinct No. 5. Mr. Yale noted that the nominations for directors in Precinct Nos. 1, 2, 4, and 9 were unopposed and accordingly the following individuals were declared to be directors for the term commencing on 16 May 2018 and concluding on 15 May 2022: Larry Weppler in Precinct 1; Bruce Parker in Precinct 2; Mike Thornhill in Precinct 4; and Dennis Gorden in Precinct 9.

### **District Website**

The Board next discussed matters relating to the establishment of the District's internet website (the "Website") by Off Cinco. Mr. Yale reported that the Website had been activated for public view. There followed a review of the Website by the Directors and the District's consultants. Mr. Yale then submitted to and reviewed with the Board a memorandum from the District's Attorney listing the items and information that (1) are required to be posted on the Website; and (2) may be posted on the Website at the discretion of the Board. A copy of the memorandum is attached hereto as an exhibit to these minutes. After discussion, the Board requested that the internet link relating to payment of bills for solid waste collection be removed from the Website. The Directors then expressed their desire for Off Cinco to undertake certain actions to boost the Website's prominence with regard to search results received through the Google search engine. Mr. Yale stated that the District's Attorney would notify Off Cinco of the Board's instructions regarding the Website.

### **Resolution Regarding Use of Surplus Funds**

Next, Mr. Yale submitted for the Board's review and approval a RESOLUTION REGARDING USE OF SURPLUS FUNDS WITHOUT FURTHER APPROVAL BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY. Mr. Yale explained that, pursuant to the rules of the Texas Commission on Environmental Quality Commission (the "Commission"), the District may use the remaining surplus funds from the District's prior bond issues (approximately \$209,388.56) without further approval of the Commission to help finance the costs of the relocation 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. 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.

### **Reschedule Board of Directors Meeting**

The Directors then considered rescheduling the 4 July 2018 Board meeting in view of the Independence Day holiday. After discussion, upon a motion duly made and seconded, the Board voted unanimously to meet on Thursday, 5 July 2018.

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

The Board discussed matters relating to the proposed sale of the District's Series 2018 Bonds (the "Bonds"). Mr. Haan reported that the District's Engineer had commenced preparation of the Bond Application Report for review by the District's consultants.

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

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 was completing the installation of the connections between the Train 3 Section and the existing Train 1 and Train 2 Sections of the Plant (the "Train Connections"). He explained that the Train Connections were requested by the District's Operator and would allow for the Plant to be operated in a series or parallel configuration.

Mr. Haan then submitted to and reviewed with the Board Change Order No. 2 to the Plant Expansion project, which would provide for the addition of the Train Connections. He noted that Change Order No. 2 would increase the cost of the Plant Expansion contract by \$10,371.00. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve Change Order No. 2. A copy of Change Order No. 2 as approved by the Board is attached hereto as an exhibit to these minutes.

Then Mr. Haan reported that T&C had submitted Pay Estimate No. 7 in the amount of \$94,054.50 and Pay Estimate No. 8 in the amount of \$17,356.50 in connection with the Plant Expansion Project. Copies of Pay Estimate Nos. 7 and 8 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. 7 and Pay Estimate No. 8.

## **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 by C & C Water Services, LLC (called "C & C"). Mr. Haan reported that the new pump motor and related equipment had been ordered by C & C and were expected to be delivered within two weeks.

## **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 Harris County (the "County") had conducted its inspection of the Section 5 Utilities on 5 April 2018.

Mr. Haan next informed the Board that Clearwater had submitted Pay Estimate No. 5 and FINAL in the amount of \$14,888.70 in connection with the Section 5 Utilities. He noted that the Engineer's Report erroneously stated that the amount of Pay Estimate No. 5 and FINAL was \$20,689.90. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 5 and FINAL on the Section 5 Utilities project.

### **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.

### **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.

### **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, including the replacement of a corrugated metal section of the Outfall; and (2) an all-weather access road to the Bear Creek channel high-bank at the Flap Gate site as requested by the County (collectively, the "Flap Gate Project"). The Directors reviewed the bids for the proposed Flap Gate Project. Mr. Haan reported that six bids were received by the District's Engineer for the Flap Gate Project. He stated that the apparent low base bid for the Flap Gate Project was submitted by Division III + Constructors, Inc. ("Division III") in the total amount of \$109,135.00. A copy of the bid tabulation for the Flap Gate Project is included with the Engineer's Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the low bid and award the contract for the Flap Gate Project to Division III.

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

Mr. Haan then informed the Board that 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"), had presented a request to the District for vehicular access to Bear Creek through the District's sanitary sewer lift station site located at 3910 Barker-Cypress Road (the "Lift Station"). A discussion ensued regarding the Desilting Project. The Directors expressed their concern regarding potential damage to the Lift Station site and components that could result from the transit of the contractor's vehicles during the course of the Desilting Project. Mr. Dick Yale proposed that the District enter into an agreement with 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. Mr. Yale stated that the District's Attorney could prepare the Access Agreement for consideration at a future meeting of the Board. He recommended that the Board require Lecon to place an initial deposit with the District (the "Deposit") in an amount sufficient to cover the District's consultant expenses in connection with the preparation of the Access Agreement. The Directors expressed their desire for the Deposit to also cover the cost to install a security camera at the Lift Station site in order for the District's Operator and Engineer to monitor the transit of Lecon vehicles engaged in the Desilting Project.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) require Lecon to place a Deposit with the District in the amount of \$10,000; and (2) authorize the District's Attorney to prepare the Access Agreement, pending receipt of the Deposit from Lecon.

### **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 211,000 gallons of water from its own wells and had purchased 11,785,000 gallons of water from the Authority during the period of ending 7 May 2018, with an accountability rate of 96.7%. Ms. Bonilla-Odums reported that the District has 1,236 active connections. She informed the Board that five residential connections were installed during May 2018. She noted that the Plant operated with its average level of flow at 52% 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 May 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.

## **2017 Drinking Water Quality Report**

Ms. Bonilla-Odums then reviewed with the Board the draft 2017 Drinking Water Quality Report for the District (the "DWQR") as prepared by Inframark, a copy of which is included with the Operations Report. Mr. Will Yale reported that the District's Attorney had reviewed the draft DWQR. After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) approve the DWQR; (2) authorize the District's Operator to distribute the DWQR to the District's customers by U.S. Mail and electronic mail; and (3) authorize the District's Attorney to have the DWQR posted on the Website.

## **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 76 letters had been sent out with a due date of 13 June 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 \$15.36 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.

## **Developer's Report**

Next, Mr. Rue presented a brief report on development in Grand Oaks Subdivision ("Grand Oaks"). He informed the Board that during May 2018 there were six sales in Grand Oaks. Mr. Rue added that, year-to-date, there had been 24 sales. He then informed the Board that design work was underway for the water, sanitary sewer, and drainage utilities to serve Grand Oaks, Sections 10 and 11. 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.

## **Designation of Storm Water Quality Permit Renewal Representative**

Mr. Yale then informed the Board that Storm Water Solutions, LLC (called "SWS") had requested that the Board execute a letter (the "Designation Letter") to the Harris County Engineering Department designating SWS as the District's representative with regard to the submission of Storm Water Quality permit renewals (the "SWQ Permit Renewals") to Harris County. He submitted to and reviewed with the Board the Designation Letter as prepared by SWS. After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) designate SWS to serve as the District's representative with respect to the SWQ Permit Renewals; and (2) authorize Director Gardner to execute the Designation Letter. A copy of the executed Designation Letter 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 6 June 2018  
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. Bookkeeper's Report;
4. Solid Waste Collection Report;
5. Coats Rose memo / WHCRWA;
6. Memo from WHCRWA / Director appointments;
7. Coats Rose memo / website content;
8. Surplus Funds Resolution;
9. Engineer's Report;
10. Change Order No. 2 / WWTP Expansion
11. Pay Estimate No. 7 / WWTP Expansion;
12. Pay Estimate No. 8 / WWTP Expansion;
13. Operations Report; and
14. Letter to Harris County / Designation of SWQ Representative.