

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

1 August 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 1st day of August, 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, 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., and Patrick Newton, P.E., of LJA Engineering & Surveying, Inc., the District's Engineer; Mirna Bonilla-Odums and Tara Hallman representing Inframark LLC, the District's Operator; Kirti Patel representing Richfield Real Estate Corporation; Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); 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**

The Board first considered approval of the minutes of the meeting of 5 July 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 5 July 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 July 2018. [Subsequent to this meeting, the District's Attorney received the Security Patrol Report for July 2018, a copy

of which is attached hereto as an exhibit to these minutes.] Mr. Yale then called the Board's attention to a photograph, submitted by Director Deaton, of graffiti that had been spray-painted on the perimeter fence at the District's sanitary sewer lift station site located at 3910 Barker-Cypress Road (the "Lift Station"). A copy of the photograph is attached hereto as an exhibit to these minutes. Ms. Bonilla-Odums stated that the District's Operator would remove the graffiti from the Lift Station fence. 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 six checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$325.56 in penalties and interest assessed on delinquent taxes paid to the District, and the transfer of \$947.09 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 99.3% 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.

### **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 June 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.

## **Solid Waste Collection Report**

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for July 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 (the "Authority"). Mr. Yale submitted to and reviewed with the Board a memorandum from Coats Rose regarding the meeting held on 13 June 2018 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

## **District Website**

The Board next discussed matters relating to the establishment earlier this year of the District's internet website (the "Website") by Off Cinco. The Directors briefly discussed the format and content of the Website. The Board directed the District's Attorney to obtain from Off Cinco the subscription information denoting the number of individuals who had registered through the Website to receive electronic mail alerts from the District. The Board then directed the District's Operator to include a message regarding the Website on the bills that are distributed to the District's customers.

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

Next, the Board discussed matters relating to the proposed sale of the District's Series 2018 Bonds (the "Bonds"). Mr. Haan discussed with the Board certain revisions to the Bond Application Report for the Series 2018 Bonds that were made subsequent to the Board's meeting on 5 July 2018. He noted that the District would request approval from the Texas Commission on Environmental Quality (the "Commission") to issue the Bonds in a principal amount not to exceed \$6,595,000. 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.

## **Bear Creek Desilting Project / Harris County / Lecon, Inc.**

The Board then discussed matters relating to the request from Lecon, Inc., ("Lecon") for vehicular access to Bear Creek through the District's sanitary sewer lift station site located at 3910 Barker-Cypress Road (the "Lift Station") in connection with

Harris County's project to dredge and remove silt from Bear Creek (the "Desilting Project"). Mr. Haan reported that, to date, Lecon had not placed an initial deposit of \$10,000 (the "Deposit") as requested by the District to cover the District's consultant expenses in connection with the preparation of an agreement with Lecon (the "Access Agreement") under which Lecon would be required to either 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. He informed the Board that Harris County Flood Control District ("HCFCD") had offered to draft an Access Agreement with conditions stating that Lecon would be responsible for any damage it caused to the Lift Station site and its components during the course of the Desilting Project (the "Lift Station Damages"). Mr. Yale remarked that if HCFCD agreed to draft the Access Agreement, the Board might consider reducing the amount of the Deposit or waiving it entirely.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to forgo the requirement for Lecon to place the Deposit with the District and to allow HCFCD to draft the Access Agreement, contingent upon certain items being included in the conditions to the Access Agreement, as follows: (1) Lecon would be responsible for the Lift Station Damages; (2) Lecon would be responsible for any damage caused to the section of the private fence on the west side of the Amesbury Park Subdivision that is adjacent to the Lift Station site; (3) HCFCD would bear the District's consultant expenses relating to the review and negotiation of the Access Agreement; and (4) HCFCD would bear the cost for the placement of concrete barriers to protect the Lift Station components. The Board discussed matters relating to the Access Agreement later in the meeting during the presentation of the Attorney's Report.

### **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.

### **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 submitted to and reviewed with the Board Change Order No. 3 to the Plant Expansion contract, which would provide for the replacement of the scum trough in the existing clarifiers Nos. 1 and 2 at the Plant, as requested by the District's Operator. He stated that Change Order No. 3 would increase the cost of the Plant Expansion contract by \$8,443.60. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve Change Order No. 3. A copy of Change Order No. 3 as approved by the Board is attached hereto as an exhibit to these minutes.

Mr. Haan then reported that T&C had submitted Pay Estimate No. 9 in the amount of \$76,743.90 in connection with the Plant Expansion project. A copy of Pay Estimate No. 9 is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 9.

### **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 ("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 C & C had completed all work on the Conversion and that Well No. 2 had been returned to service.

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

Next, the Board discussed the contract with Division III + Constructors, Inc. ("Division III") to construct a flap gate on the storm sewer outfall (the "Flap Gate") through which storm water drains from Amesbury Park Subdivision into Bear Creek (the "Flap Gate Project"). Mr. Haan reported that the revised construction plans for the Flap Gate had been approved by Harris County. He noted that the pre-construction meeting with Division III was scheduled for Tuesday, 7 August 2018. Mr. Yale recalled that, as discussed at the Board's meeting on 5 July 2018, the District's Attorney had reviewed the bonds and insurance submitted by Division III in connection with the Flap Gate project and had found them to be in order. Mr. Haan presented the Board with execution drafts of the contract for the Flap Gate project (the "Flap Gate Contract"). Director Gardner then executed the Flap Gate Contracts.

### **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 stated that the work on the Section 5 Utilities project was complete.

### **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 the contract between Woodmere and Crostex Construction, Inc. (called "Crostex") for the proposed clearing and grubbing of Sections 7, 8, and 9 (the "Clearing"). Mr. Haan reported that the Notice to Proceed for the Clearing project had been issued to Crostex with an effective date of 23 July 2018. Mr. Yale submitted for the Board's review a memorandum from the District's Attorney regarding the bonds and insurance submitted by Crostex in connection with the Clearing 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 Crostex were found to be in order.

## **Wastewater Discharge Permit Renewal**

Next, Mr. Haan discussed the status of the renewal application for the District's discharge permit (the "Permit") that was submitted to the Commission. He reported that the Permit was issued on 3 July 2018 and would be in effect through 3 July 2023.

## **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 74,000 gallons of water from its own wells and had purchased 17,197,000 gallons of water from the Authority during the period ending 9 July 2018, with an accountability rate of 95.9%. Ms. Bonilla-Odums reported that the District has 1,248 active connections. She informed the Board that six residential connections were installed during July 2018. She noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 61% 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 July 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.

### **Unauthorized Discharge**

Ms. Bonilla-Odums then reviewed with the Board the Noncompliance Notification that was filed by the District's Operator in connection with an incident on 12 July 2018 in which 2,000 gallons of wastewater were discharged from the aeration basin at the Plant (the "Discharge"). A copy of the Noncompliance Notification is included with the Operations Report. Ms. Bonilla-Odums explained that the Discharge resulted from a heavy rainfall event in the District with inflow and infiltration in the District's wastewater collection system. She noted that two lift pumps in the on-site lift station at the Plant (the "Lift Pumps") were activated when the Discharge occurred. Ms. Bonilla-Odums remarked that the transfer lines at the Plant might not be large enough to accommodate the flow of wastewater when the two Lift Pumps are operating simultaneously.

### **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 88 letters had been sent out with a due date of 11 August 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.

### **Developer's Report**

Next, Mr. Rue presented a brief report on development in Grand Oaks Subdivision ("Grand Oaks"). He informed the Board that during June 2018 there were six sales and three closings in Grand Oaks, and that during July 2018 there were three sales and one closing. Mr. Rue added that, year-to-date, there had been 33 sales and 27 closings 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.

**Bear Creek Desilting Project / Harris County / Lecon, Inc., continued**

The Directors returned to their earlier discussion regarding the Access Agreement. After discussion, upon a motion duly made and seconded, the Board voted unanimously to Director Gardner to review and approve any modifications to the Access Agreement as might be proposed by HCFCD and Lecon.

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 1 August 2018  
Attachments

1. Security Patrol Report;
2. Photograph of graffiti on Lift Station fence;
3. Tax Assessor/Collector's Report;
4. Bookkeeper's Report;
5. Solid Waste Collection Report;
6. Coats Rose memo / WHCRWA;
7. RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION  
ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS
8. Engineer's Report;
9. Change Order No. 3 / WWTP Expansion;
10. Pay Estimate No. 9 / WWTP Expansion;
11. Coats Rose memo / bonds & insurance on Crostex contract; and
12. Operations Report.