

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

3 April 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 3rd day of April, 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"), representing Bob Leared, the District's Tax Assessor/Collector; Karrie Kay of Myrtle Cruz, Inc., the District's Bookkeeper; Patrick Newton, P.E., and Travis Harrison, E.I.T., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Inframark LLC ("Inframark"), the District's Operator; Corrie Aday and Chris Goff of HARCO Insurance Services, Inc. ("HARCO"); Kirti Patel representing Richfield Real Estate Corporation; 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.

### **Approval of Minutes**

The Board first considered approval of the minutes of the meeting of 6 March 2019. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 6 March 2019, as written.

### **Proposals for Insurance Coverage**

Mr. Yale distributed to the Board copies of the proposals for insurance coverage for the District for the policy term of 1 May 2019 through 1 May 2020 (the "Proposals") as submitted by HARCO and Arthur J. Gallagher & Co. ("Gallagher"). Ms. Aday

addressed the Board regarding the insurance policies that were available through the Texas Municipal League Intergovernmental Risk Pool (the "TML Risk Pool") that is administered through HARCO. With regard to the Directors & Officers Liability Policy (the "D & O Policy"), she told the Board, HARCO offers an option for a D & O Policy that is underwritten by Chubb. She explained that the D & O Policy offered through the TML Risk Pool does not provide coverage for defense of alleged breach of contract (the "Defense Coverage") unless the lawsuit includes certain other allegations that the TML Risk Pool may defend. Mr. Dick Yale expressed his view that a D & O Policy that includes the Defense Coverage would be favorable for the District. The Directors deferred further discussion regarding the HARCO Proposal and the Gallagher Proposal until later in the meeting. Ms. Aday and Mr. Goff then departed from the meeting.

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

The Directors discussed matters relating to the Contract Deputy Program. Mr. Will Yale distributed to the Board copies of the Security Patrol Report for February 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 five checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$1,223.97 in penalties and interest assessed on delinquent taxes paid to the District, and two transfers by wire as follows: \$6,771.15 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$5,000.00 to the District's Debt Service Fund. Ms. Rodriguez also noted that the District's 2018 tax levy was 98.6% 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.

### **Uncollectible Accounts**

Ms. Rodriguez then called the Board's attention to a list of 22 delinquent tax accounts involving personal property for the 2014 tax year; one delinquent tax account involving personal property for the 2013 and 2014 tax years; and one delinquent tax account involving personal property for the 2012, 2013, and 2014 tax years that Leared

desires to transfer to the list of uncollectible accounts. A list of the delinquent tax accounts is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the transfer of 24 delinquent tax accounts involving personal property to the list of uncollectible accounts.

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

### **Solid Waste Collection Report**

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

### **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 March 2019 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

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

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. Yale reported that the District's Attorney had been notified by the attorney for the Harris County Flood Control District (the "HCFCD") that the Interlocal Agreement between the District and the HCFCD for Temporary Right of Entry and Construction Easement in connection with the Desilting Project had been executed by the HCFCD. He added that the District's Attorney was awaiting delivery of the executed Interlocal Agreement. Mr. Newton remarked that, to date, Lecon had not commenced work on the portion of the Desilting Project that would require access to Bear Creek through the Lift Station site. The Board discussed matters relating to the Desilting Project again later in the meeting during the presentation of the Engineer's Report.

### **Identity Theft Prevention Program / Annual Review**

The Board then discussed the District's Identity Theft Prevention Program (the "Program") that was adopted 1 April 2009 and effective on 1 May 2009, including the annual review of actions taken by the District's consultants in connection with the Program. Mr. Yale submitted for the Board's review the reports (the "Review Reports") prepared by the District's Operator and Tax Assessor/Collector in connection with the annual review of their implementation of the Program. Copies of the Review Reports are attached hereto as exhibits to these minutes. Mr. Yale noted that Inframark and Leared had implemented procedures and controls that provide for the security of accounts as required under the Program and under the Identity Theft Rules adopted by the Federal Trade Commission pursuant to the Fair and Accurate Credit Transactions Act of 2003. Mr. Yale stated that based on the Review Reports it appeared that no "red flags" had been raised during the past year and that all of the procedures were working smoothly for Inframark and Leared.

### **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.

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

The Board discussed the contract with Division III + Constructors, Inc. to construct a flap gate on the storm sewer outfall through which storm water drains from Amesbury Park Subdivision into Bear Creek (the "Flap Gate Project"). Mr. Newton reviewed with the Board several photographs of the Flap Gate Project, copies of which are included with the Engineer's Report.

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

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 6 ("Section 6"). Mr. Newton reported

that the paving contractor had completed the pavement construction in Section 6 and that the street acceptance was being processed by Harris County (the "County").

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

Mr. Newton stated that he had nothing new to report with regard to the contract between Woodmere and Crostex Construction, Inc. for the clearing and grubbing of Sections 7, 8, and 9 of Grand Oaks Subdivision.

### **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 Utilities"). Mr. Newton reported that Clearwater had completed the clearing of the construction site for the Section 8 Utilities project and had commenced the grading.

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

Then the Directors 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 (the "Section 7 Utilities"). Mr. Newton reported that LJA was working with the County to obtain the final plan approvals for the Section 7 Utilities. He added that the Notice to Proceed on the Section 7 Utilities would be issued to Clearwater once the approvals are received from the County.

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

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

### **5.32-Acre Tract on Clay Road / Harris County / Bear Creek Community Center**

Next, the Board discussed the proposed development by the County of the Bear Creek Community Center (the "Community Center") on two tracts in the District totaling approximately 5.32 acres that are located on Clay Road, west of the Westlake RV Resort. Mr. Newton reported that the District's Engineer had completed the review of the plans for the Community Center (the "Plans") and had coordinated with the design engineer to ensure that LJA's comments on the Plans were addressed. He noted that the Plans had been provided to the District's Operator for review.

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

The Directors returned to their earlier discussion regarding 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. Mr. Newton informed the Board that LJA had requested a project schedule for the Desilting Project from the design engineer.

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 231,000 gallons of water from its own wells and had purchased 7,037,000 gallons of water from the Authority during the period ending 6 March 2019, with an accountability rate of 98.7%. Ms. Bonilla-Odums reported that the District has 1,287 active connections. She informed the Board that 14 residential connections were installed during March 2019. She noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 54% 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 March 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.

### **Water Plant No. 1 Site / Perimeter Fence**

The Board next discussed the condition of the perimeter fence at the Water Plant No. 1 site (the "Fence"). Ms. Bonilla-Odums reported that earlier this week Turnbuckle Fencing, LLC had completed (1) the removal of trees, brush, and vegetation that were encroaching on the Fence; and (2) repairs to certain sections of the Fence as authorized at the Board's meeting on 6 March 2019.

### **Wastewater Treatment Plant / Autosampler System**

Ms. Bonilla-Odums reported on the installation of the autosampler system at the Plant (the "Autosampler") as authorized at the Board's meeting on 8 January 2019. She informed the Board that installation of the Autosampler was complete.

## **2018 Drinking Water Quality Report (Consumer Confidence Report)**

Ms. Bonilla-Odums reported that the District's Operator was preparing the 2018 Drinking Water Quality Report for the District (the "DWQR"). She remarked that in lieu of mailing a copy of the DWQR to every residence in the District, the requirement for distribution could be met by placing a link on the District's internet website that would lead directly to the DWQR as filed with the Texas Commission on Environmental Quality.

### **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 84 letters had been sent out with a due date of 30 April 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 Accounts Listing**

Ms. Bonilla-Odums reviewed with the Board the Collection Accounts Listing dated 28 March 2019 regarding the delinquent utility service accounts to be turned over to a collection agency. A copy of the Collection Accounts Listing is included with the Operations Report. The Board noted that there was one delinquent service account in the amount of \$155.83 in the Collection Accounts Listing to be turned over to a collection agency; and one delinquent service account in the amount of \$6.28 to be written off.

After review, upon a motion duly made and seconded, the Board voted unanimously to direct the District's Operator to (1) engage a collection agency to pursue collection of the amount owed to the District by the delinquent utility service account listed in the Collection Accounts Listing (\$155.83); and (2) write off the delinquent service account in the amount of \$6.28.

### **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 five sales and three closings in Grand Oaks during March 2019. He added that since 1 January 2019 there had been 16 sales and 12 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.

## Texas Comptroller / Special Purpose District Report

Mr. Yale reported that on 11 March 2019 the District's Attorney had filed the Special Purpose District Report (the "SPD Report") with the Texas Comptroller's Office pursuant to Senate Bill 625 as approved by the 85th Texas Legislature (Regular Session – 2017). He reviewed with the Board the SPD Report Confirmation and Summary, copies of which are attached hereto as exhibits to these minutes.

## Proposals for Insurance Coverage, continued

The Directors returned to their earlier discussion regarding the HARCO Proposal and the Gallagher Proposal. Mr. Yale presented the Directors with a table prepared by the District's Attorney listing the premiums, deductibles, and coverage limits for the insurance policies under the Proposals, a copy of which is attached hereto. After review and discussion, the Directors expressed their desire to accept the HARCO Proposal with the optional Sewer Backup coverage and with the option for the D & O Policy to be provided through the TML Risk Pool.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) reject the Gallagher Proposal; (2) accept the HARCO Proposal with the options as described above; and (3) authorize Director Gardner to execute the HARCO proposal. A copy of the HARCO Proposal as accepted by the Board is attached hereto and shall be considered to be a part of these minutes. Also attached hereto is a copy of the Gallagher Proposal. Mr. Yale noted that the insurance policies being provided to the District under the HARCO Proposal would be forwarded to the District's Attorney at a later date.

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 3 April 2019  
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. List of Delinquent Tax Accounts;
4. Bookkeeper's Report;
5. Solid Waste Collection Report;
6. Coats Rose memo / WHCRWA;
7. ID Theft Prevention annual report / Inframark;
8. ID Theft Prevention annual report / Bob Leared Interests;
9. Engineer's Report;
10. Operations Report;
11. SPD Report Confirmation and Summary;
12. Table comparing insurance proposals;
13. Accepted Proposal from HARCO Insurance Services, Inc. and
14. Rejected Proposal from Arthur J. Gallagher & Co.