

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

5 June 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 5th day of June, 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. ("MCI"), the District's Bookkeeper; Patrick Newton, P.E., and Juan Perez, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums and Don Self representing Inframark LLC ("Inframark"), the District's Operator; Kirti Patel representing Richfield Real Estate Corporation; Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); Dick Yale and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney; and Cameron Huestis, a resident of the District.

Director Gardner called the meeting to order.

Approval of Minutes

The Board first considered approval of the minutes of the meeting of 1 May 2019. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 1 May 2019, as written.

Public Comments

The President recognized Mr. Huestis, who addressed the Board regarding his utility service account with the District (the "Account") for the residence at 4954 Evergreen Haven Court (the "Residence"). Ms. Bonilla-Odums responded to

questions from Mr. Huestis and the Board regarding the arrears on the Account and certain penalties and fees that were applied to the Account following the termination of water service to the Residence for non-payment of the bills from the District. Mr. Huestis inquired if he could pay the District \$450 at this time in order to re-establish water service to the Residence. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the initial payment of \$450 from Mr. Huestis for re-establishment of water service to the Residence.

Harris County Contract Deputy Program / Security Patrol Report

The Directors discussed matters relating to the Contract Deputy Program. Mr. Yale distributed to the Board copies of the Security Patrol Report for April 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 nine checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$425.26 in penalties and interest assessed on delinquent taxes paid to the District; and the transfer of \$1,346.62 in revenues from the tax for maintenance and operations to the District's Operating Fund. Ms. Rodriguez also noted that the District's 2018 tax levy was 99.0% 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.

Ms. Rodriguez informed the Directors that she would present a proposed Agreement for Services of Tax Assessor/Collector between the District and Leared for consideration at a future meeting of the Board.

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 2019 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 2019 tax year totals approximately \$311,161,162.

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 April 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.

A discussion ensued regarding the status of the surplus construction funds from the District's prior bond issues (the "Surplus Funds"). Ms. Kay informed the Board that as of this date the Surplus Funds total \$32,006.86, which includes \$5,784.31 in remaining escrowed funds from the sale of the District's Series 2002 Bonds (the "2002 Funds"). The Directors expressed their desire for the District's consultants to submit a request to the Texas Commission on Environmental Quality (the "Commission") for authorization to release the 2002 Funds from escrow to help finance the cost of the emergency repairs to the sanitary sewer lift station serving the Amesbury Park Subdivision (the "Lift Station"). Mr. Yale stated that the District's Attorney would prepare a RESOLUTION REQUESTING THE APPROVAL OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY TO RELEASE FUNDS FROM ESCROW for consideration at a future meeting of the Board.

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.

Annual Review of Unclaimed Property

Ms. Kay reported that unclaimed funds totaling \$292.59 had been escheated to the Texas Comptroller's Office by the District's Bookkeeper. Attached hereto as an exhibit to these minutes is a copy of the Texas Unclaimed Property Reporting System Report as provided by MCI.

Solid Waste Collection Report

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for May 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 two memoranda from Coats Rose regarding the meetings held on 10 April and 8 May 2019 by the Authority's board of directors. Copies of the memoranda are attached hereto as exhibits to these minutes.

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 Commission, the District may use the remaining available surplus funds from the District's prior bond issues (approximately \$26,222.55) without further approval of the Commission to help finance the costs of the emergency repairs to the Lift Station as authorized at the Board's meeting on 1 May 2019. 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.

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.

Sanitary Sewer Lift Station at 3910 Barker-Cypress Road / Emergency Repairs

The Directors then discussed the condition of the Lift Station. Mr. Newton reported on the status of the emergency repairs to the Lift Station as authorized at the Board's meeting on 1 May 2019 (the "Lift Station Repairs"). He stated that the Lift Station Repairs were in progress. He recalled that the Lift Station Repairs consisted of the replacement of corroded piping and valves; and the conversion of the solid access hatch to a grate.

Mr. Yale distributed to the Board copies of a letter dated 29 May 2019 from the Commission, approving the District's application to perform the Lift Station Repairs on the basis of negotiated bids, pursuant to §49.274 of the Texas Water Code. A copy of the letter is attached hereto and shall be considered to be part of these minutes.

Amesbury Park Subdivision / Storm Sewer Outfall / Proposed Flap Gate

Then the Board discussed the contract with Division III + Constructors, Inc. ("Division III") 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.

Mr. Newton then submitted to and reviewed with the Board Change Order No. 1 to the Flap Gate Project, which would provide for the installation rip-rap adjacent to the headwall as recommended by the Harris County Flood Control District (the "HCFCD"). He noted that Change Order No. 1 would increase the cost of the contract for the Flap Gate Project by \$2,000.00. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve Change Order No. 1. A copy of Change Order No. 1 as approved by the Board is attached hereto as an exhibit to these minutes.

Then Mr. Newton reported that Division III had submitted Pay Estimate No. 2 in the amount of \$22,050.00 in connection with the Flap Gate Project. A copy of Pay Estimate No. 2 is included with the Engineer's Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 2.

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 (the "Section 6 Facilities"). Mr. Newton reported that LJA had received a letter of substantial completion from Harris County (the "County") in connection with the Section 6 Facilities.

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 Facilities"). Mr. Newton reported that LJA had received the final plan approvals on the Section 7 Facilities from the County. He stated that the Notice to Proceed on the Section 7 Facilities project was issued to Clearwater on 4 June 2019.

Mr. Yale submitted for the Board's review a memorandum dated 20 May 2019 from the District's Attorney regarding the bonds and insurance submitted by Clearwater in connection with the Section 7 Facilities 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 Clearwater were found to be in order.

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 Facilities"). Mr. Newton reported that Clearwater was continuing the grading activities and had completed construction of the Section 8 Facilities.

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 Facilities"). He stated that advertising for bids on the Section 9 Facilities would follow upon authorization from Woodmere to proceed.

Bear Creek Desilting Project / Harris County

The Board then discussed the status of the County's project to dredge and remove silt from Bear Creek (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, to date, neither the HCFCD nor the design engineer had responded to the request from LJA to provide a copy of the project schedule for the Desilting Project.

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

The Directors 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 revised plans for the Community Center (the "Plans") and offered no objection to same. He called the Board's attention to the "No Objection" letter dated 15 May 2019 from the District's Engineer to Lockwood, Andrews & Newnam, Inc., a copy of which is included with the Engineer's Report.

Transfer of Storm Water Quality Permit / Grand Oaks Subdivision, Section 5

Next, Mr. Newton requested that the Board authorize execution of an application to the County to transfer the Storm Water Quality Permit for the storm water quality features in Grand Oaks Subdivision, Section 5, from Woodmere to the District (the "Transfer Application"). After discussion, upon a motion duly made and seconded, the

Board voted unanimously to authorize Director Gardner to execute the Transfer Application, a copy of which 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 Engineer's Report.

Operations Report

Ms. Bonilla-Odums distributed the Operations Report for the Board's consideration. She reported that the District had produced 320,000 gallons of water from its own wells and had purchased 11,372,000 gallons of water from the Authority during the period ending 6 May 2019, with an accountability rate of 98.3%. Ms. Bonilla-Odums reported that the District has 1,298 active connections. She informed the Board that five residential connections and one commercial connection were installed during May 2019. She noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 57% 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 2019, copies of which are included with the Operations Report.

Ms. Bonilla-Odums informed the Board that Mr. Self had been assigned to handle the District's account with Inframark and would be attending future meetings of the Board.

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.

Wastewater Treatment Plant

The Board discussed the condition of the Plant. Ms. Bonilla-Odums reported that blower No. 3 (the "Blower") had to be removed from service. She stated that the Blower could be repaired at an estimated cost of \$12,000 or replaced with a new unit at a cost of \$18,000. A discussion ensued regarding the Blower. Ms. Bonilla-Odums remarked that the Blower was less than 15 years old and was in generally good conditional overall. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to proceed with the repairs to the Blower.

Ms. Bonilla-Odums then reported that the freeboard on the aeration basin at the Plant (the "Freeboard") was losing effectiveness because of corrosion. She recalled that the Freeboard had been installed as an emergency repair in 2014 to prevent possible overflows from the aeration basin. She stated that the District's Operator recommended

replacing the Freeboard with steel plate at an estimated cost of \$14,000. Ms. Bonilla-Odums noted that the replacement of the Freeboard could be performed by SNS Fabricators. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to proceed with the replacement of the Freeboard as described above.

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 81 letters had been sent out with a due date of 12 June 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.

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 seven closings in Grand Oaks during May 2019. 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.

Oaths of Office

The Board considered approval of the Oaths of Office and the Statements of Officers as executed and submitted by Directors Shapiro and Brown. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Oaths and Statements. Mr. Yale told the Board that the Public Employee Blanket Bond covering the five positions of Director of the District would continue in force and effect. Copies of the executed Oaths and Statements are attached to these minutes as exhibits.

Election of Officers

The Directors next considered the need to reconstitute the Board of Directors, pursuant to the requirements of Section 49.054(b), Texas Water Code. After discussion, upon a motion duly made and seconded, the Board voted unanimously to elect the Directors to the offices indicated:

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

Then, upon a motion duly made and seconded, the Board voted unanimously to authorize Coats Rose to prepare a revised District Registration Form and file same with the Commission.

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.



Secretary, Board of Directors



Rolling Creek Utility District
Meeting of 5 June 2019
Attachments

1. Attendance Sheet;
2. Security Patrol Report;
3. Tax Assessor/Collector's Report;
4. Bookkeeper's Report;
5. Texas Unclaimed Property Reporting System Report;
6. Best Trash Monthly Account Summary;
7. Coats Rose memo / WHCRWA 10 April 2019
8. Coats Rose memo / WHCRWA 8 May 2019
9. RESOLUTION REGARDING USE OF SURPLUS FUNDS WITHOUT FURTHER APPROVAL BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY;
10. Engineer's Report;
11. Letter from TCEQ / Emergency Repairs to Amesbury Park Lift Station;
12. Change Order No. 1 / Flap Gate Project;
13. Coats Rose memo / bonds & insurance on contract with Clearwater Utilities for Section 7 Facilities;
14. Application for Transfer of Storm Water Quality Permit for Grand Oaks Subdivision, Section 5
15. Operations Report;
16. Oath of Office and Statement of Officer for Adrian Shapiro; and
17. Oath of Office and Statement of Officer for Gary Brown.