

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

4 October 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 regular session, open to the public, on the 4th day of October, 2017, 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, thus constituting a quorum.

Also present were Lina Loaiza 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; Mirna Bonilla-Odums representing Severn Trent – North America ("Severn Trent"), the District's Operator; Kirti Patel representing Richfield Real Estate Corporation; Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); and Dick Yale, Will Yale, Cole Konopka, 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 6 September 2017. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 6 September 2017, as written.

Harris County Contract Deputy Program / Security Patrol Report

The Directors discussed matters relating to the Contract Deputy Program. Mr. Will Yale stated that, to date, the Harris County Sheriff's Department had not

provided the District's Attorney with the Security Patrol Report for September 2017. [Subsequent to this meeting, the District's Attorney received the Security Patrol Report for September 2017, a copy of which is attached hereto as an exhibit to these minutes.]

Tax Assessor/Collector's Report

Next, Ms. Loaiza 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. Ms. Loaiza also noted that the District's 2016 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.

Hearing on Proposed Tax Rate

The Board then convened a public hearing to discuss the proposed tax rate for the 2017 tax year (the "Tax Rate"). It was noted by the Board that there were no taxpayers of the District in attendance who desired to address the Board regarding the Tax Rate.

Adopt Order Levying Taxes

Next, the Directors reviewed an ORDER LEVYING TAXES as prepared by the District's Attorney. Then, upon a motion duly made and seconded, the Board voted unanimously to adopt a debt service tax rate of \$0.45 per \$100 of assessed valuation. The Board then, upon a motion duly made and seconded, voted unanimously to adopt a maintenance tax rate of \$0.25 per \$100 of assessed valuation and to adopt the ORDER LEVYING TAXES, a copy of which is attached hereto and shall be considered a part of these minutes. Also attached as an exhibit to these minutes is an Affidavit of Publication for the Notice of Public Hearing on the 2017 Tax Rate.

Amendment to Information Form

The Board then considered Amendment Number 41 to the District's Information Form (the "Amendment") that states the District's most recent tax rate and will be filed with the Texas Commission on Environmental Quality (the "Commission") and in the Official Public Records of Real Property of Harris County, Texas. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Amendment and to authorize filing of same. A copy of the Amendment as approved is attached hereto and shall be considered 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 August 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.

Solid Waste Collection Report

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for September 2017 on behalf of Best Trash, LLC ("Best Trash"), the District's Solid Waste Collector. A copy of the Monthly Account Summary is attached hereto as an exhibit to these minutes. The Board then discussed the proposed collection of storm debris (the "Storm Debris") from approximately 10 residences in the Amesbury Park Subdivision ("Amesbury Park") that were damaged during the Hurricane Harvey flooding event. Mr. Konopka stated that the District's Attorney would contact Best Trash and request a price quote for the collection of the Storm Debris (the "Debris Collection").

After discussion, during which Director Deaton stated that he would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 in favor of authorizing Director Gardner to review and possibly approve a proposal from Best Trash for the Debris Collection at a cost not to exceed \$10,000. [Subsequent to this meeting, Director Deaton confirmed that a contractor engaged by Harris County had completed the Debris Collection in Amesbury Park.]

Then, 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 13 September

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 informed the Board that the Authority would conduct its annual Town Hall meeting at 6:00 p.m. on Thursday, 26 October 2017, at the Fry Road Municipal Utility District Administration Building located at 20111 Saums Road in Katy, Texas. Attached hereto as an exhibit to these minutes is a copy of a flier from the Authority regarding the Town Hall meeting.

Bridges Lawn Equipment

Next, the Board discussed the request from the owners of the Bridges Lawn Equipment store located at 18502 Clay Road (the "Store") for the District to install 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 reported that pursuant to the discussion at the Board's meeting on 6 September 2017, the District's Attorney had prepared a draft Letter Agreement between the District and the owners of the Store (the "Owners") under which the District would offer the Owners 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"), with payment of said Credit being contingent upon the execution of the Letter Agreement by the Owners. Mr. Haan reported that the Owners had informed the District's Engineer that they were not interested in pursuing the Letter Agreement or the Credit. Director Gardner proposed that the District offer the Owners a Credit of up to \$1,000.00. After discussion, the Directors agreed to offer the Owners a Credit of up to \$500.00 on their cost to install the Check Valve plus an additional Credit in the amount of \$500.00 for the future billing for water and sanitary sewer service from the District, said Credits to be contingent upon execution of the Letter Agreement and submission to the District's Operator of proof of installation of the Check Valve (the "Proof of Installation").

Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) conditionally extend the Credits to the Store as described above, contingent upon the execution of the Letter Agreement by the Owners and submission to the District's Operator of the Proof of Installation; and (2) authorize the District's Attorney to revise the Letter Agreement as described above.

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 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 Clay Road Bridge (the "Bridge Project"). Mr. Haan reported that, to date, WadeCon had not commenced work on the relocation of the District Lines. He added that WadeCon is to meet with the District's Operator during the following week to schedule the relocation of the District Lines. Director Deaton remarked that WadeCon appeared to have completed the temporary relocation of the District Lines approximately three weeks ago.

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 of the District's Wastewater Treatment Plant (the "Plant Expansion"). Mr. Haan reported that the District's Engineer had issued the Notice to Proceed on the Plant Expansion project to T&C with a commencement date of 21 September 2017 and a contract completion date of 22 February 2018.

Mr. Haan then submitted for the Board's review and approval a Proposal (the "Proposal") to Perform Construction Materials Testing and Observation Services (the "Services") in connection with the Plant Expansion as submitted by Ninyo & Moore, to which is attached a Work Authorization and Agreement (the "Agreement"). The Board noted that Ninyo & Moore would charge a fee of approximately \$22,700 to perform the Services under the Proposal. Mr. Haan noted that billing by Ninyo & Moore for the Services would be for the actual costs incurred and would be determined by (1) the needs of the client; and (2) the frequency with which the presence of Ninyo & Moore was requested at the project site. Mr. Yale stated that the District's Attorney would prepare an Indemnity Rider for the Agreement stating that the District would indemnify Ninyo & Moore only to the extent permitted by law.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Proposal; (2) authorize Director Gardner to execute the Agreement; and (3) authorize Director Gardner to execute the Indemnity Rider. Copies of the Proposal, the Agreement, and the Indemnity Rider are attached hereto as exhibits to these minutes.

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 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 storm sewer outfall and storm water quality feature will be installed once the Outfall Permit is issued by the U.S. Army Corps of Engineers (the "Corps"). He added that issuance of the Outfall Permit was anticipated within a few weeks.

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 reported that the Notice to Proceed on the Section 6 Utilities would be issued once Harris County has approved the plans for the project. He recalled that Clearwater had offered a \$4,500 deduction on the bid cost for the Section 6 Utilities to remove the mobilization costs. He added that a Change Order for the Section 6 Utilities contract would be prepared in connection with the \$4,500 deduction.

Storm Water Drainage / Grand Oaks Subdivision, Sections 5 and 6

Mr. Haan reported that LJA had been working with Horizon Environmental Services, Inc., an LJA company, in order to procure the necessary permits (the "Drainage Permits") for storm water drainage from Sections 5 and 6 of Grand Oaks Subdivision ("Grand Oaks") into Bear Creek and the drainage ditch that runs north of Grand Oaks, Sections 6 and 10. He informed the Board that the District's applications for the Drainage Permits had been submitted to the Corps and were undergoing review.

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 to the Commission on 22 August 2017. He reported that the District's Engineer had received a letter from the Commission stating that the Application had been received and was deemed to be administratively complete.

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 (the "Backflow"). Mr. Haan estimated the cost to purchase and install the Flap Gate at approximately \$70,000. He then explained to the Board that the proposed Flap Gate would potentially protect Amesbury Park from Backflow to the level of Bear Creek when it is within its banks. He explained further that the Flap Gate would only be effective during a limited range of rainfall events in which the level of Bear Creek was both above the level of the storm sewer inlets in Amesbury Park and within its banks. The Board reviewed photographs of the Outfall and Bear Creek as taken by Director Deaton, copies of which are attached hereto as exhibits. The Directors noted that considerable silting had occurred in Bear Creek. A discussion ensued regarding other potential methods for protecting Amesbury Park from storm water flooding, including the possible construction of flood relief channels along the eastern and

southern boundaries of Amesbury Park (the "Channels") to divert storm water flow in Amesbury Park to Bear Creek through an adjacent property. Mr. Dick Yale cautioned the Board that the District could possibly be liable for any damage to the adjoining property that resulted from the diversion of the natural or existing flow of storm water by the Channels. Director Levenson then proposed that the District move forward with (1) the flushing and cleaning of the District's storm sewer system in stages, beginning with Amesbury Park (the "Flushing"); and (2) the installation of the Flap Gate.

After discussion, during which Director Deaton stated that he would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 to (1) authorize the District's Engineer and Operator to proceed with the Flushing; and (2) authorize the District's Engineer to move forward with the plans for the Flap Gate.

Harris County Flood Control District / Hurricane Harvey – Storm and Flood Information

The Board then discussed matters relating to Hurricane Harvey and the flooding event that occurred in portions of Harris County during the period of 25 to 30 August 2017 (the "Flooding Event"). Mr. Haan called the Board's attention to a memorandum dated 5 September 2017 as prepared by Jeff Lindner, Director of Hydrologic Operations and Meteorologist for the Harris County Flood Control District, a copy of which is included with the Engineer's Report. Mr. Haan commented that the memorandum summarized the catastrophic flooding caused in Harris County by the landfall and slow movement of Hurricane Harvey.

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 2,448,000 gallons of water from its own wells and had purchased 13,068,000 gallons of water from the Authority during the period of 4 August to 5 September 2017, with an accountability rate of 97.9%. Ms. Bonilla-Odums reported that the District has 1,209 active connections. She informed the Board that one residential connection was installed during August 2017. She noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 77% of its rated capacity during the reporting period. Ms. Bonilla-Odums mentioned to the Board that approximately 30 inches of rain were recorded at the Plant on 29 August 2017 in connection with the Flooding Event.

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 September 2017, copies of which are included with the Operator's 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.

District Facilities / Hurricane Harvey

Ms. Bonilla-Odums presented a report regarding the condition of the District's facilities (the "Facilities") following the landfall of Hurricane Harvey on the Texas coast on 25 August 2017 and the subsequent Flooding Event. She reported that a power failure occurred at the Plant and that one of the blowers at the Plant went out of service during Hurricane Harvey. Ms. Bonilla-Odums stated that Severn Trent personnel were in the District during the Flooding Event to monitor the auxiliary generators at the Facilities.

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 94 letters had been sent out with a due date of 9 October 2017. The Board observed that there were no persons present to protest their billings from the District. Consideration was then given to waiving termination of water service to delinquent accounts for residences in Amesbury Park for the September 2017 billing period in view of the Hurricane Harvey Flooding Event.

Upon a motion duly made and seconded, the Board voted unanimously to (1) authorize termination of water service to the accounts that remain unpaid on the deadline date; and (2) waive termination of water service to delinquent accounts for residences in Amesbury Park for the September 2017 billing period.

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. It was noted by the Board that there were two delinquent service accounts in the total amount of \$189.51 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 write-off the delinquent utility service accounts and direct the District's Operator to 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. Patel and Mr. Rue each presented a brief report on development in Grand Oaks. Mr. Rue informed the Board that during the period of January to September 2017 there had been 58 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.

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

Attorney's Report

Mr. Will Yale presented the Attorney's Report.

Advanced Review of Compliance History

Mr. Yale reviewed with the Board the TCEQ Advanced Review of Compliance History ("ARCH") report, a copy of which is attached hereto as an exhibit to these minutes. He explained that the Commission rates the compliance history of all organizations under Title 30, Texas Administrative Code, Chapter 60, evaluates the compliance history of each site, and classifies each site as "High," "Satisfactory," "Unsatisfactory," or "Unclassified." Mr. Yale stated that the District's Attorney had registered as an ARCH user for the District and had forwarded copies of the ARCH reports for the District to the District's Engineer and Operator. He noted that the District and the Plant had each received a Compliance History Classification of "Satisfactory."

Board of Directors Meeting / 6 December 2017

The Directors agreed that a future meeting of the Board should be conducted in or near the District. After discussion, the Board expressed their desire to meet on 6 December 2017 at the Pine Forest Country Club located at 18003 Clay Road (the "Country Club"), an additional meeting place of the Board located outside the boundaries of the District. [Subsequent to this meeting, the District's Attorney was informed that the Country Club was not available for meetings of the Board at this time due to ongoing repair work related to the Flooding Event.]

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

SEAL

Rolling Creek Utility District
Meeting of 4 October 2017
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. ORDER LEVYING TAXES;
4. Affidavit of Publication for the Notice of Public Hearing on the 2017 Tax Rate;
5. Amendment Number 41 to the District's Information Form;
6. Bookkeeper's Report;
7. Solid Waste Collection Report;
8. Coats Rose memo / WHCRWA;
9. Flier / WHCRWA annual Town Hall meeting;
10. Engineer's Report;
11. Proposal to Perform Construction Materials Testing and Observation Services and Work Authorization and Agreement / Ninyo & Moore;
12. Indemnity Rider / Ninyo & Moore;
13. Operations Report; and
14. TCEQ Advanced Review of Compliance History Report.