

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

4 April 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 4th day of April, 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, 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. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Inframark LLC ("Inframark"), the District's Operator; Shannon Waugh representing Off Cinco; Kirti Patel representing Richfield Real Estate Corporation ("Richfield"); Richard Rue representing Woodmere Development Company, Ltd. ("Woodmere"); and Dick 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

The Board considered approval of the minutes of the meeting of 7 March 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 7 March 2018, as written.

Harris County Contract Deputy Program / Security Patrol Report

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

provided the District's Attorney with the Security Patrol Report for March 2018. [Subsequent to this meeting, the District's Attorney received the Security Patrol Report for March 2018, a copy of which is attached hereto as an exhibit to these minutes.]

District Website / Service Agreement

Next, Mr. Konopka submitted to and reviewed with the Board the proposed Service Agreement between the District and Off Cinco for the establishment and hosting of an internet website for the District (the "Website"). The Directors expressed their desire to approve the Service Agreement with the following options: (1) the Fixed Layout for the design of the Website at a one-time cost of \$1,400; and (2) Option 2 for the Monthly Maintenance and Hosting at a cost of \$350 per month.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) approve the Service Agreement with the options described above; and (2) authorize Director Gardner to execute the Service Agreement. A copy of the executed Service Agreement is attached hereto and shall be considered to be part of these minutes.

Ms. Waugh then discussed with the Board matters relating to the format and content of the Website, including certain documents of the District and internet links to be included in the Website. The Directors expressed their desire for the Website to include an archive of the agendas and minutes of the meetings of the Board, commencing with the meeting held on 4 January 2017. Ms. Waugh stated that Off Cinco would seek to reserve "RollingCreekUD.com" as the primary domain name for the Website. She then informed the Board that Off Cinco would prepare a preview version of the Website for review at the Board's meeting on 2 May 2018.

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 \$487.38 in penalties and interest assessed on delinquent taxes paid to the District; and the transfer of \$2,789.08 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 98.4% 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 Board that Perdue, Brandon, Fielder, Collins & Mott, L.L.P, the District's Delinquent Tax Attorney, had filed a lawsuit for the collection of delinquent property taxes due to the District for the Fiesta Charra Mexican Restaurant (the "Restaurant")

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

Consideration was then given to removing certain personal property accounts from the District's active tax roll. Ms. Rodriguez called the Board's attention to a list of six delinquent tax accounts involving personal property for the 2013 tax year. A list of the delinquent tax accounts is attached hereto as an exhibit to these minutes. The Directors expressed their desire for the delinquent tax account involving personal property for the Restaurant for the 2013 tax year to be removed from the District's active tax roll. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the transfer of seven 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 2018; (2) the Summary of Costs relating to the District's Series 2014 Bonds; (3) the Budget Comparison for February 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.

Annual Review of Unclaimed Property

Ms. Kay reported that in December 2017 unclaimed funds totaling \$290.22 had been escheated to the Texas Comptroller's Office by the District's Bookkeeper.

Solid Waste Collection Report

Mr. Konopka distributed copies of the Monthly Account Summary for the District's solid waste collection service for March 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 7 March 2018 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

Proposal for Insurance Coverage

Next, the Board reviewed the proposal for insurance coverage (the "Proposal") for the District for the policy term of 1 May 2018 through 1 May 2019 as submitted by HARCO Insurance Services, Inc. ("HARCO"). Mr. Konopka submitted to and reviewed with the Board a memorandum prepared by the District's Attorney regarding the Proposal, a copy of which is attached hereto as an exhibit to these minutes. Mr. Konopka pointed out to the Board that the premium for the insurance policies under the Proposal totaled \$23,602, which represented an increase of \$3,709 (18.6%) over the premium for the insurance policies for the current policy term. The Board noted that the premium for the Proposal included the Sewer Backup coverage. After further discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Proposal and to authorize Director Gardner to execute same. A copy of the Proposal as accepted by the Board is attached hereto and shall be considered to be a part of these minutes. Mr. Konopka noted that the insurance policies being provided to the District under the Proposal would be forwarded to the District's Attorney at a later date.

Resolution Regarding Use of Surplus Funds

Consideration was then given to adopting a RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS CONSTRUCTION FUNDS in connection with the recently completed relocation (the "Relocation Project") 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. Mr. Yale recommended that the Board postpone adoption of the Resolution pending the calculation of the final cost for the Relocation Project. The Directors then deferred consideration of this matter to a future meeting of the Board.

Proposed Sale of Series 2018 Bonds

Next, the Board discussed matters relating to the possible sale of the District's Series 2018 Bonds. Ms. Rodriguez reported that, to date, she had not received from the Harris County Appraisal District the estimate of value of all property within the District's boundaries as of 1 March 2018. Mr. Haan reported that the District's Engineer had provided Rathmann & Associates, L.P., the District's Financial Advisor, with cost estimates for the following projects to be financed from the proceeds from the sale of

the Series 2018 Bonds, as follows: (1) 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"); and (2) the reimbursement to Woodmere (the "Reimbursement") of eligible development costs relating to the construction of water, sanitary sewer, and drainage facilities to serve Sections 2, 5, 6, 10, and 11 of Grand Oaks Subdivision (collectively, the "Projects").

Mr. Yale informed the Board that Mr. Rue had asked the Board to consider the sale of a Bond Anticipation Note (the "BAN") in connection with the payment of the Reimbursement to Woodmere. He explained that the sale of the BAN could accelerate the payment of the Reimbursement to Woodmere by four to six months. Director Levenson expressed his view that the Board should defer discussion regarding the possible sale of a BAN until the District's Financial Advisor has provided the Board with the Tax Rate Analysis and related information pertaining to the sale of the Series 2018 Bonds. The Directors then deferred discussion regarding the possible sale of a BAN to a future meeting of the Board.

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. Konopka 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. Konopka 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. Konopka 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.

Board of Directors Meeting / 2 May 2018

Consideration was then given to conducting the Board's meeting on 2 May 2018 in or near the District. After discussion, the Board agreed to meet on 2 May 2018 at the model residence located at 4203 Grand Sunnyview Lane in the District. The Directors also agreed to conduct a tour of the District's facilities on 2 May 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.

Wastewater Treatment Plant / Proposed Expansion

The Board discussed the contract between the District and T&C Construction, Ltd. (called "T&C") for construction of the Plant Expansion. Mr. Haan reported that the new blowers for the Train 3 Section have been installed and the Plant is ready for the transfer of wastewater flow.

Mr. Haan then reported that T&C had submitted Pay Estimate No. 6 in the amount of \$368,905.00 in connection with the Plant Expansion project. A copy of Pay Estimate No. 6 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 payment of Pay Estimate No. 6 as described above.

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 work on the Section 5 Utilities. He noted that the inspection of the Section 5 Utilities by Harris County was scheduled for 5 April 2018.

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 all work on the Section 6 Utilities project with the exception of the Stage 2 storm sewer inlets. He then informed the Board that during a construction inspection the Harris County Flood Control District required certain modifications to a certain storm sewer outfall (the "Outfall Modifications"). Mr. Haan stated that Clearwater was preparing a Change Order on the contract for the Section 6 Utilities in connection with the Outfall Modifications.

Wastewater Discharge Permit Renewal

Then Mr. Haan discussed the status of the application (the "Application") to the Texas Commission on Environmental Quality (the "Commission") for the renewal of the District's discharge permit (the "Permit"). He reported that the District's Engineer had received and reviewed the preliminary draft Permit. Mr. Haan stated that the District's Engineer anticipated receipt of the draft Permit later this week.

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; and (2) an all-weather access road to the Bear Creek channel high-bank at the Flap Gate site as requested by Harris County (collectively, the "Flap Gate Project"). Mr. Haan reported that HCFCD would approve the plans for the Flap Gate Project (the "Plans") following approval by Harris County. According to the website for the Harris County Engineering Department, he continued, the approved Plans would be available on 6 April 2018. Accordingly, said Mr. Haan, LJA had initiated the advertisement for bids on the Flap Gate Project, with the bids to be due on 25 April 2018.

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.

Water Well No. 2 / Submersible Pump Motor

The Directors next discussed the condition of the District's Water Well No. 2 ("Well No. 2"). Mr. Haan reported that the submersible pump motor on Well No. 2 (the "Pump Motor") had experienced a complete failure. He noted that the Pump Motor was installed in 2003 and had met its expected service life. Mr. Haan then reviewed with the Board a proposal (the "C & C Proposal") dated 3 April 2018 as prepared by C & C Water Services, LLC (called "C & C") and discussed the following options for Well No. 2 and the Pump Motor as presented in the C & C Proposal: (1) replace the Pump Motor with a new submersible pump motor manufactured by Sun-Star Electric, Inc., at an estimated cost of \$148,885; (2) convert Well No. 2 to operate with a 2,300-volt vertical line shaft turbine pump motor at an estimated cost of \$157,569 (called "Option 2"); and (3) convert Well No. 2 to operate with a 460-volt vertical line shaft turbine pump motor at an estimated cost of \$226,430. A copy of the C & C Proposal is attached hereto as an exhibit to these minutes. Mr. Haan stated that C & C also recommended the preventive maintenance cleaning on Well No. 2 at an estimated cost of \$33,900 (the "Cleaning"). He stated that the Well Cleaning would include the wire-brush cleaning of the screen/liner with chlorine; the airlift of screen sections to remove sediment; the airlift of

debris from the bottom of Well No. 2; and a televised inspection of Well No. 2. A discussion ensued regarding the Well No. 2 and the C & C Proposal. Mr. Haan recommended that Well No. 2 be converted to operate with a 2,300-volt vertical line shaft turbine pump motor rather than a submersible pump motor. The Directors expressed their desire to proceed with Option 2 for the conversion of Well No. 2 to operate with a 2,300-volt vertical line shaft turbine pump motor (the "Conversion") and the Cleaning.

Mr. Yale remarked that the Board could determine that an emergency situation exists and undertake the Conversion and Cleaning (collectively, the "Well No. 2 Repairs") on the basis of negotiated bids pursuant to §49.274 of the Texas Water Code. He noted that the District was relying primarily on the supply of surface water from the Authority and groundwater from the District's Water Well No. 1 to meet the District's water demand.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the C & C Proposal; (2) authorize C & C to proceed with the Conversion (Option 2) and Cleaning; and (3) authorize the District's Engineer to transmit a letter to the Commission requesting approval to perform the Well No. 2 Repairs on the basis of negotiated bids, pursuant to §49.274.

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 166,000 gallons of water from its own wells and had purchased 7,311,000 gallons of water from the Authority during the period ending 8 March 2018, with an accountability rate of 94.8%. Ms. Bonilla-Odums reported that the District has 1,232 active connections. She informed the Board that no residential connections were installed during March 2018. She noted that the Plant operated with its average level of flow at 62% 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 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.

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 72 letters had been sent out with a due date of 9 April 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 March 2018 there were five sales in Grand Oaks. Mr. Rue added that, year-to-date, there had been 13 sales.

Mr. Rue then informed the Board that he had transmitted an electronic mail message to Coats Rose regarding a possible cost-sharing agreement between Woodmere, Richfield, and the District (the "Cost-Sharing Agreement") to allow for the direct reimbursement to Richfield by the District of eligible development costs relating to the development of certain sections in Grand Oaks. Mr. Yale stated that the District's Attorney would need to review the existing agreements between Richfield and Woodmere relating to the development of Grand Oaks prior to preparing the Cost-Sharing Agreement.

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.

Director Lots

The Board then discussed matters relating to the status of the Director Lots in the District. Mr. Yale reported that the District's Attorney was preparing instruments to establish and convey the new Director Lots on the Plant site.

West Harris County Regional Water Authority / Offer for Easement Acquisition

Next, the Board discussed the offer presented to the District earlier this year (the "Offer") by Heidaker Land Services, Inc. ("Heidaker") on behalf of the Authority for a proposed Amendment of Easement relating to the desired acquisition by the Authority of

an additional water line easement (the "Water Line Easement") that would be situated on a certain tract of land owned by the District located south of Old Greenhouse Road.

Mr. Yale stated that the District's Attorney had discussed the Offer and the Water Line Easement with John Schneider of Heidaker. According to Mr. Schneider, he told the Board, the Authority was willing to negotiate on the amount of the Offer. He noted that the Authority would be willing to replace any existing pavement that was disturbed during the construction of the Authority's water line. Mr. Yale stated that the District's Attorney would enter into negotiations with Mr. Schneider with regard to (1) increasing the amount of the Offer; and (2) the possible accommodation of the future construction by Woodmere of a driveway over the Water Line Easement in connection with the development of Grand Oaks.

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 April 2018
Attachments

1. Security Patrol Report;
2. Service Agreement with Off Cinco;
3. Tax Assessor/Collector's Report;
4. List of Uncollectible Tax Accounts;
5. Bookkeeper's Report;
6. Solid Waste Collection Report;
7. Coats Rose memo / WHCRWA;
8. Coats Rose memo / Insurance Proposal;
9. Insurance Proposal / HARCO Insurance Services;
10. ID Theft Prevention Review Report / Bob Leared Interests, Inc.;
11. ID Theft Prevention Review Report / Inframark LLC;
12. Engineer's Report;
13. Pay Estimate No. 6 / WWTP Expansion Project;
14. Proposal from C & C Water Services, LLC / Conversion of Water Well No. 2; and
15. Operations Report.