

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

5 September 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 5th day of September, 2018, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Harris County, Texas, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Brian Gardner	President
Adrian Shapiro	Vice President and Investment Officer
Gary Brown	Secretary/Treasurer
Kenneth B. Levenson	Assistant Secretary
Clay Deaton	Assistant Vice President and Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Patricia Rodriguez of Bob Leared Interests, Inc. ("Leared"), representing Bob Leared, the District's Tax Assessor/Collector; Julie Williams representing Rathmann & Associates, L.P. ("Rathmann"), the District's Financial Advisor; Karrie Kay of Myrtle Cruz, Inc., the District's Bookkeeper; Gregg Haan, P.E., and Patrick Newton, P.E., of LJA Engineering & Surveying, Inc., the District's Engineer; Mirna Bonilla-Odums representing Inframark LLC ("Inframark"), the District's Operator; Christie Leighton with Best Trash, LLC ("Best Trash"), the District's Solid Waste Collector; Kirti Patel representing Richfield Real Estate Corporation ("Richfield"); 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 1 August 2018. After discussion, during which Director Brown stated that he would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 to approve the minutes of the meeting of 1 August 2018, 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 August 2018. [Subsequent to this meeting, the District's Attorney received the Security Patrol Report for August 2018, a copy of which is attached hereto as an exhibit to these minutes.]

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 three checks written on the District's tax account. Ms. Rodriguez also noted that the District's 2017 tax levy was 99.3% collected. She called the Board's attention to the list of Top Delinquent Taxpayers, a copy of which is included in the Tax Assessor/Collector's Report.

Ms. Rodriguez informed the Board that according to Harris County Appraisal District, the estimated taxable value of the District for the 2018 tax year totaled \$277,425,704, which includes the certified taxable valuation, to date; the values under protest; and other additional pending values. A discussion ensued regarding the residence homestead exemptions that were granted by the District (the "Exemptions"). In response to a question from Director Levenson, Ms. Rodriguez and Mr. Dick Yale explained to the Board the exemption granted by the District for individuals who are disabled or sixty-five years of age or older.

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.

Consider Setting Tax Rate for 2018

The Board then discussed the proposed tax rate for the 2018 tax year (the "Tax Rate"). Ms. Williams submitted to and reviewed with the Board: (1) a letter dated 5 September 2018 from Rathmann; and (2) a copy of the 2018 Tax Rate Analysis as prepared by Rathmann. Copies of the aforementioned documents are attached hereto as exhibits to these minutes. Ms. Williams stated that the tax rate calculations in the Tax Rate Analysis (the "Calculations") took into account the proposed sale by the District of the Series 2018 Bonds to finance the construction of the 200,000 gallons-per-day package plant Train 3 Section of the District's Wastewater Treatment Plant (the "Plant Expansion") and the proposed reimbursement of eligible development expenses relating to the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Sections 2, 5, 6, 10, and 11. Also, she continued, the Calculations took into account the increase in the District's taxable value resulting from the continuing

development in the Grand Oaks Subdivision. Ms. Williams then recommended that the Board consider setting a debt service tax rate of \$0.45 per \$100 of assessed valuation for the 2018 tax year. She noted that a maintenance tax rate of \$0.25 per \$100 of assessed valuation would generate approximately \$686,629 in maintenance tax revenue. Mr. Yale then reviewed the procedures that the District would have to follow in setting the 2018 Tax Rate for the District. A discussion ensued regarding the Tax Rate. The Directors then expressed their desire to continue levying a maintenance tax rate of \$0.25 per \$100 valuation.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize publication of the tax rate calculation showing a debt service rate of \$0.45 per \$100 valuation and a maintenance tax rate of \$0.25 per \$100 valuation for a combined tax rate of \$0.70 per \$100 valuation. The Board agreed that the tax rate hearing would be held on 3 October 2018.

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 2014 Bonds; (3) the Budget Comparison for July 2018; (4) the Cash Flow Comparison table; (5) a table listing the District's power consumption and the amount billed to the District for electric service; and (6) the Investment Report, copies of which are included with the Bookkeeper's Report.

The Board then completed the review of the District's bills. Upon a motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report and to authorize payment of the District's bills. A copy of the Bookkeeper's Report is attached to and shall be considered to be part of these minutes.

Solid Waste Collection Report

Ms. Leighton reviewed with the Board the Monthly Account Summary for the District's solid waste collection service in the District (the "Service") for August 2018 as prepared by Best Trash. A copy of the Monthly Account Summary is attached hereto as an exhibit to these minutes. Ms. Leighton responded to questions from the Board regarding the Service. She then reviewed with the Board an electronic mail message dated 22 August 2018 from Matthew May of Best Trash to the District's Attorney regarding electronic mail messages being circulated by certain customers in the Amesbury Park Subdivision in which the customers expressed their complaints about the Service. A copy of the electronic mail message is attached hereto as an exhibit. According to Mr. May, said Ms. Leighton, none of the customers had contacted Best

Trash regarding the issues that they were having with the Service. She went on to say that Best Trash had addressed the complaints from the customers. 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

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 11 July and 8 August 2018 by the Authority's board of directors. Copies of the memoranda are attached hereto as exhibits to these minutes.

District Website

Next, the Directors discussed matters relating to the operation of the District's internet website (the "Website"). The Board reviewed (1) the Website Usage Statistics Report for August 2018 as prepared by Off Cinco; (2) an electronic mail message dated 4 September 2018 from Off Cinco that denotes the number of individuals who had registered through the Website to receive electronic mail alerts from the District; and (3) an electronic mail message dated 2 August 2018 from Shannon Waugh of Off Cinco regarding the possible distribution of postcard mailers (the "Postcard Mailers") to encourage the District's customers to register through the Website to receive alerts and other messages from the District by electronic mail. Copies of the aforementioned documents are attached hereto. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney to solicit a price quote from Off Cinco for the preparation and distribution of the Postcard Mailers.

Mr. Yale then directed the Board's attention to an electronic mail message received through the Website from Kenneth Smith, who requested a change in the billing address for a certain property tax account in the District. A copy of the electronic mail message is attached hereto as an exhibit to these minutes. Mr. Yale noted that the District's Attorney had forwarded Mr. Smith's electronic mail message to the District's Tax Assessor/Collector.

Series 2018 Bonds / Bond Application Report

Then the Board discussed matters relating to the proposed sale of the District's Series 2018 Bonds. Mr. Yale called the Board's attention to a letter dated 23 August 2018 from Elizabeth Flores of the Texas Commission on Environmental Quality, stating that the District's Bond Application Report had been received by the Commission and had been declared to be administratively complete of 14 August 2018. A copy of the letter 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. Will Yale reported that the District's Attorney was reviewing a draft Temporary Right of Entry and Construction Easement instrument (the "Entry Easement") as provided by the Harris County Flood Control District. He stated the District's Attorney would ensure that the necessary language was added to the Entry Easement with regard to protecting the District's property at the Lift Station and also the private property that is adjacent to the Lift Station site.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Directors Levenson and Deaton to review the final Entry Easement and to approve same on behalf of the Board.

Engineer's Report

Next, Mr. Haan reviewed the Engineer's Report with the Board. A copy of the Engineer's Report is attached hereto as an exhibit to these minutes.

Wastewater Treatment Plant / Proposed Expansion

The Board discussed the contract between the District and T&C Construction, Ltd. (called "T&C") for the construction of the Plant Expansion. Mr. Haan stated that the final inspection of the Plant Expansion project was conducted on 4 September 2018. No deficient items were noted by the District's Engineer during the final inspection, he told the Board. Mr. Haan then reported that T&C had submitted Pay Estimate No. 10 in the amount of \$102,915.00 in connection with the Plant Expansion project. A copy of Pay Estimate No. 10 is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 10.

Amesbury Park Subdivision / Storm Sewer Outfall / Proposed Flap Gate

Next, the Board discussed the contract with Division III + Constructors, Inc. ("Division III") to construct a flap gate on the storm sewer outfall (the "Flap Gate") through which storm water drains from Amesbury Park Subdivision into Bear Creek (the "Flap Gate Project"). Mr. Haan reported that the Notice to Proceed on the Flap Gate Project was issued to Division III on 21 August 2018 with a final completion date of 18 February 2019. He noted that the contractor submittals had been approved and that Division III had ordered the Flap Gate components.

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 Utilities"). Mr. Haan reported that Clearwater was addressing the punch list items that were noted during the final inspection of the Section 6 Utilities that was conducted on 27 August 2018.

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

Then the Board discussed the contract between Woodmere and Crostex Construction, Inc. for the proposed clearing and grubbing of Sections 7, 8, and 9 of Grand Oaks Subdivision (the "Clearing"). Mr. Haan reported that, to date, the Clearing project was approximately 95% complete. He noted that the Clearing project had been delayed by recent rainfall events in the greater Houston area.

Request for Service / JTR Constructors, Inc.

The Directors then discussed the request from JTR Constructors, Inc., 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 next 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 reported that earlier this date Harris County Precinct 3 had presented the District's Engineer with a request for the commitment of water and sanitary sewer capacity equal to 18 equivalent single-family connections ("ESFQ") for the proposed development in the County Tracts, which would consist of a community center (the "Community Center"). Mr. Haan remarked that Harris County had previously requested a capacity commitment equal to one ESFQ in connection with the proposed development in the County Tracts, and this previous capacity request was taken into account when the District's Engineer projected the allocation of wastewater treatment capacity for the Plant following the completion of the Plant Expansion project. Based on historical usage, he continued, the Plant now has sufficient hydraulic capacity and might have sufficient organic loading capacity to accommodate a wastewater flow equal to 18 ESFQs from the proposed Community Center. However, Mr. Haan continued, the District's Engineer would have to consult with the District's Operator regarding the operation of the Plant prior to responding to the revised request for water and sanitary sewer capacity from Harris County (the "Capacity Request"). The Directors deferred further discussion regarding the Capacity Request to a future meeting of the Board.

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 306,000 gallons of water from its own wells and had purchased 15,457,000 gallons of water from the Authority during the period ending 6 August 2018, with an accountability rate of 96.7%. Ms. Bonilla-Odums reported that the District has 1,251 active connections. She informed the Board that six residential connections were installed during August 2018. She noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 58% 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 August 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 53 letters had been sent out with a due date of 12 September 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.

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. The Board noted that there was one delinquent service account in the amount of \$6.94 that would be written off; and one delinquent service account in the amount of \$270.67 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 amount owed to the District by the delinquent utility service account listed in the Customer Write-Off Report.

Developer's Report

Next, Mr. Rue presented a brief report on development in Grand Oaks Subdivision ("Grand Oaks"). He informed the Board that during August 2018 there were four sales and three closings in Grand Oaks. Mr. Rue added that, year-to-date, there had been 38 sales and 29 closings in Grand Oaks.

Mr. Patel commented that the Bond Application Report for the proposed sale of the Series 2018 Bonds did not include an item related to the eligible development costs due to Richfield in connection with clearing and grubbing in Sections 2, 10, and 11 of Grand Oaks (the "Clearing Reimbursement"). Mr. Newton responded that the requisite documentation for the Clearing Reimbursement had not been provided to the District's Engineer in time to be included in the Bond Application Report. He remarked that the Clearing Reimbursement could possibly be paid out of surplus construction funds from the proceeds of the Series 2018 Bonds or be included in the Bond Application Report for a subsequent bond issue.

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.

Grand Oaks Subdivision / Temporary Utility Easements

Mr. Yale reported that the District's Attorney was preparing seven temporary utility easements in connection with the development in Grand Oaks by Woodmere (the "Temporary Easements"). He explained to the Board that each of the Temporary Easements would automatically terminate when the easement tract described therein was dedicated to the public for utility purposes by plat or other separate instrument.

Director Lots

The Board briefly discussed matters relating to the status of the Director Lots in the District. Director Brown remarked that a tax lien had been filed by Cypress-Fairbanks Independent School District on a Director Lot that was owned by a former Director of the District.

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 September
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. Letter from Rathmann & Associates, L.P. with Tax Rate Analysis;
4. Bookkeeper's Report;
5. Best Trash Monthly Account Summary;
6. Email from Best Trash;
7. Website Usage Statistics Report;
8. Email from Off Cinco / status of email subscriptions;
9. Email from Off Cinco / postcard mailers;
10. Email from Kenneth Smith / tax account;
11. Letter from TCEQ / Bond Application Report;
12. Engineer's Report;
13. Pay Estimate No. 10 / Plant Expansion; and
14. Operations Report.