

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

1 May 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 special session, open to the public, on the 1st day of May, 2019, at 4203 Grand Sunnyview Lane, Harris County, Texas, inside 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 with the exception of Director Levenson, 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; Mark Eyring of Mark C. Eyring, CPA, PLLC, the District's Auditor; Patrick Newton, P.E., Jason Kelly, P.E., and Juan Perez, E.I.T., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Inframark LLC ("Inframark"), the District's Operator; Kirti Patel representing Richfield Real Estate Corporation; Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); and Will Yale and David Green of Coats Rose, P.C., 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 3 April 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 3 April 2019, as written.

Public Comments

Mr. Yale reviewed with the Board an electronic mail message dated 29 April 2019 from Amaury Mercado that was received through the District's internet website (the "Website"). A copy of the electronic mail message is attached hereto as an exhibit. Mr. Yale stated that the District's Attorney had responded to Mr. Mercado's questions regarding the Board and its monthly meetings.

Harris County Contract Deputy Program / Security Patrol Report

Then the Directors discussed matters relating to the Contract Deputy Program. Mr. Yale distributed to the Board copies of the Security Patrol Report for March 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 four checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of \$400.05 in penalties and interest assessed on delinquent taxes paid to the District; and the transfer of \$2,232.64 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 98.9% 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.

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 March 2019; (4) the Cash Flow Comparison table; (5) a table listing the District's power consumption and the amount billed to the District for

electric service; and (6) the Investment Report, copies of which are included with the Bookkeeper's Report.

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

Proposed Operating Budget for Fiscal Year ending 31 July 2020

Ms. Kay called the Board's attention to the proposed Operating Budget for the fiscal year starting 1 August 2019 and ending 31 July 2020 (the "2020 Budget"), a copy of which is included with the Bookkeeper's Report. Ms. Kay requested that the District's consultants review the 2020 Budget and provide comments to the District's Bookkeeper. The Directors deferred adoption of the 2020 Budget to a future meeting of the Board.

Solid Waste Collection Report

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

Bear Creek Desilting Project / Harris County

The Board then discussed matters relating to the request from Lecon, Inc. ("Lecon") for vehicular access to Bear Creek through the District's sanitary sewer lift station site located at 3910 Barker-Cypress Road (the "Lift Station") in connection with Harris County's project to dredge and remove silt from Bear Creek (the "Desilting Project"). Mr. Yale reported that the District's Attorney had received the fully-executed Interlocal Agreement between the District and the Harris County Flood Control District (the "HCFCD") for Temporary Right of Entry and Construction Easement in connection with the Desilting Project. The Board discussed matters relating to the Desilting Project again later in the meeting during the presentation of the Engineer's Report.

Power Supply Issues / Public Power Pool

Mr. Yale then submitted for the Board's review the Forward Budget Report for the period of January 2019 through December 2022 as prepared by Public Power Pool (called "P3") to assist the District in anticipating its future budgetary needs with respect

to the cost for electric service. A copy of the Forward Budget Report is attached hereto as an exhibit to these minutes. Mr. Yale noted that P3 had forecast a reduction of \$5,144.00 in the District's total electricity costs in 2020, which reflects an 11.5% reduction in the commodity rate as negotiated by P3 in its most recent procurement.

Then Mr. Yale submitted to and reviewed with the Board an electronic mail message dated 18 April 2019 from Mary DuBois of Acclaim Energy Advisors ("Acclaim"), which had previously served as the District's broker in connection with the solicitation of price offers from retail electric providers for the renewal of the District's contract for electric service. A copy of the electronic mail message is attached hereto as an exhibit to these minutes. The Board noted that Ms. DuBois desired to address the Board regarding new options available through Acclaim for the purchase of electric service. After discussion, the Directors expressed their desire for the District to continue its membership with the Conference of Urban Counties for the aggregate purchase of electric service through P3.

Engage Auditor

Next, Mr. Eyring submitted to and reviewed with the Board a Proposal for preparation of the District's annual financial report for the fiscal year ending 31 July 2019 (the "Report"). The Board noted that under the Proposal, the estimated cost to the District for the preparation of the Report would be \$10,950. After discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) accept the Proposal and (2) authorize Director Gardner to execute the engagement letter dated 1 May 2019 between the District and Mark C. Eyring, CPA, PLLC. A copy of the engagement letter is attached hereto and shall be considered part of these minutes.

Arbitrage Rebate and Project Fund Yield Restriction Compliance Service Program

Mr. Yale submitted to and reviewed with the Board the Arbitrage Rebate and Project Fund Yield Restriction Compliance Service Program Review (the "Review") dated 8 April 2019 as prepared by Arbitrage Compliance Specialists, Inc. ("ACSI") in connection with its review of the District's (1) Series 2010 Refunding Bonds; (2) Series 2012 Refunding Bonds; (3) Series 2014 Bonds; and (4) Series 2019 Bonds. A copy of the Review is attached hereto as an exhibit to these minutes. Mr. Yale noted that according to the Review, the Series 2010 Refunding Bonds, Series 2012 Refunding Bonds, and Series 2019 Bonds were subject to arbitrage rebate requirements. The Series 2014 Bonds qualified for the Small Issuer Requirement Exception to arbitrage rebate requirements, he told the Board.

Mr. Yale then reported that ACSI had determined that the Series 2014 Bonds and the Series 2019 Bonds were subject to yield restriction requirements. The Series 2010 Refunding Bonds and the Series 2012 Refunding Bonds are not subject to yield restriction, he continued, and ACSI has determined that no further yield restriction reports are required for these particular bond issues. He pointed out to the Board that according to ACSI, the Series 2015 Refunding Bonds were not subject to yield

restriction requirements and also qualified for the Small Issuer Requirement Exception to arbitrage rebate requirements.

Mr. Yale reported that ACSI had completed the 5th-year arbitrage rebate report for the Series 2010 Refunding Bonds through 31 August 2015. The next report filing date for the Series 2010 Refunding Bonds is the 10th-arbitrage report that is due within 60 days of 31 August 2020, he told the Board. With regard to the Series 2012 Refunding Bonds, he continued, the next report filing date is the 10th-year arbitrage rebate report due within 60 days of 31 May 2022. He noted that ACSI had completed the 5th-year arbitrage rebate report for the Series 2012 Refunding Bonds through 31 May 2017. As for the Series 2014 Bonds, said Mr. Yale, ACSI noted in the Review that until the funds were spent below the minor portion the capital project funds rate of return did not exceed the materially higher yield of 4.591%, and accordingly no further reports relating to yield restriction were required for this issue. ACSI stated in the Review that the funds attributable to the Series 2019 Bonds were spent below the minor portion prior to the end of the Temporary Period, he continued, and accordingly no further reports were required.

Engineer's Report

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

Amesbury Park Subdivision / Storm Sewer Outfall / Proposed Flap Gate

The Board discussed the contract with Division III + Constructors, Inc. ("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. He then reported that Harris County Flood Control District (the "HCFCD") had inspected the headwall construction and recommended that Division III install rip-rap adjacent to the headwall. Mr. Newton estimated the additional cost for 20 square yards of rip-rap at approximately \$2,200.00. After discussion, the Board directed the District's Engineer to prepare a Change Order to the contract for the Flap Gate Project for the installation of the rip-rap as recommended by the HCFCD.

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 JJA 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 was working with the County to obtain the final plan approvals for the Section 7 Facilities. He added that the Notice to Proceed on the Section 7 Facilities would be issued to Clearwater once the approvals are received from the County.

Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 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 commenced 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, continued

The Directors returned to their earlier discussion regarding the Desilting Project. Mr. Newton reviewed with the Board several photographs taken of the Desilting Project in the vicinity of the District. Copies of the photographs are included with the Engineer's Report. Mr. Newton informed the Board that LJA had requested a project schedule for the Desilting Project from both the HCFCD and the design engineer.

Stormwater Quality Features / Grand Oaks Subdivision, Sections 3 and 4

The Board discussed the condition of the Stormwater Quality Features (the "SWQ Features") for Grand Oaks Subdivision, Sections 3 and 4. Mr. Newton reported that five sinkholes had developed in the SWQ Features (the "Sinkholes"). He reviewed with the Board several photographs of the SWQ Features and Sinkholes, copies of which are included with the Engineer's Report. He then reviewed with the Board a proposal dated 25 April 2019 (the "SWS Proposal") from Storm Water Solutions, LLC ("SWS"), to perform repairs on the Sinkholes (the "Sinkhole Repairs") at a cost of \$9,712.00. A copy of the SWS Proposal is included with the Engineer's Report.

Mr. Newton explained that SWS had proposed the following actions in connection with the Sinkhole Repairs: (1) excavate down to the existing weep holes; (2) inspect and install geotextile fabrics as needed; (3) backfill the voids with cement stabilized sand; (4) backfill with soil; (5) stabilize all disturbed areas with turf reinforcement matting and seed; and (6) remove any sediment accumulation on the screens at both SWQ Features.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the SWS Proposal and to authorize the District's Engineer to notify SWS to proceed with the Sinkhole Repairs.

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

Next, the Directors discussed the condition of the Lift Station. Mr. Newton reported that the piping and valves in the Lift Station needed to be removed and replaced because of excessive corrosion. He explained that the City of Houston lift station design manual that was in use at the time the Lift Station was constructed allowed for the valve vaults to be constructed with an enclosed solid access hatch. He noted that valve vaults may accumulate moisture that causes any coating system on the piping and valves to deteriorate rapidly. He stated that the proposed repairs to the Lift Station (the "Lift Station Repairs") would need to include converting the solid access hatch to a grate that would facilitate airflow within the valve vault. Mr. Newton then stated that the District's Operator had obtained a proposal (the "EFS Proposal") from Electrical Field Services, Inc. ("EFS") to perform the Lift Station Repairs at a cost of \$49,996.00. A copy of the EFS Proposal is attached hereto as an exhibit to these minutes.

Mr. Yale remarked that the Board could determine that an emergency situation exists and undertake the Lift Station Repairs on the basis of negotiated bids pursuant to §49.274 of the Texas Water Code. He stated that failure to quickly perform the Lift Station Repairs could possibly disrupt sanitary sewer service to the District's customers in the Amesbury Park Subdivision. Therefore, he continued, the situation meets the description of an emergency in §49.274, i.e., a serious health hazard or unreasonable economic loss to the District that requires immediate corrective action. He added that Lecon would not be allowed vehicular access through the Lift Station site to perform work on the Desilting Project until the Lift Station Repairs were complete. Mr. Yale noted that §49.274 allows the District to commence work prior to receipt of approval from the Texas Commission on Environmental Quality (the "Commission").

After discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) authorize EFS to perform the Lift Station Repairs on an emergency basis without the necessity of advertising for competitive bids, but with notice and application to the Commission, pursuant to §49.274; and (2) authorize the District's Engineer to transmit a letter to the Commission requesting approval to perform the Lift Station Repairs project on the basis of negotiated bids, pursuant to §49.274. Attached

hereto as an exhibit to these minutes is a copy of the letter from the District's Engineer to the Commission regarding the Lift Station Repairs.

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

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

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 315,000 gallons of water from its own wells and had purchased 10,529,000 gallons of water from the Authority during the period ending 5 April 2019, with an accountability rate of 99.6%. Ms. Bonilla-Odums reported that the District has 1,287 active connections. She informed the Board that five residential connections were installed during April 2019. She noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 53% 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 April 2019, copies of which are included with the Operations Report. She pointed out to the Board that the annual infrared survey of electrical components had been performed at the Plant and at Water Plant Nos. 1 and 2.

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.

2018 Drinking Water Quality Report

Ms. Bonilla-Odums then reviewed with the Board the draft 2018 Drinking Water Quality Report for the District (the "DWQR") as prepared by Inframark, a copy of which is included with the Operations Report. She remarked that in lieu of mailing a copy of the DWQR to every residence in the District, the requirement for distribution could be met by placing a link on the District's Website and the Inframark website that would lead directly to the DWQR as filed with the Commission (the "Direct Link"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) approve

the DWQR; (2) authorize the District's Operator to distribute the DWQR to the District's customers via a Direct Link 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 75 letters had been sent out with a due date of 8 May 2019. The Board observed that there were no persons present to protest their billings from the District. Upon a motion duly made and seconded, the Board voted unanimously to authorize termination of services to the accounts that remain unpaid on the deadline date.

Collections Accounts Listing

Ms. Bonilla-Odums reviewed with the Board the Collection Accounts Listing regarding the delinquent utility service accounts to be turned over to a collection agency. A copy of the Collection Accounts Listing is included with the Operations Report. The Board noted that there was one delinquent service account in the amount of \$240.98 in the Collection Accounts Listing to be turned over to a collection agency. After review, upon a motion duly made and seconded, the Board voted unanimously to 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 Collection Accounts Listing.

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 13 sales and seven closings in Grand Oaks during April 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 stated that there were no additional items to be discussed under the Attorneys Report.

Directors Brown and Shapiro departed from the meeting at this time to tend to business commitments. For lack of a quorum, the meeting was adjourned.

Tour of Wastewater Treatment Plant and Water Plant No. 1

Directors Gardner and Deaton participated in a tour of the Plant and Water Plant No. 1, accompanied by Ms. Bonilla-Odums; Adam Thaler and Cullen Brotherton of Inframark; and Mr. Green. Directors Gardner and Deaton commented favorably on the operation and maintenance of the Plant and Water Plant No. 1 by the District's Operator.

Secretary, Board of Directors

SEAL



Rolling Creek Utility District
Meeting of 1 May 2019
Attachments

1. Email from Amaury Mercado;
2. Security Patrol Report;
3. Tax Assessor/Collector's Report;
4. Bookkeeper's Report;
5. Best Trash Monthly Account Summary;
6. Email from P3 with Forward Budget Report;
7. Email from Acclaim Energy Advisors;
8. Engagement Letter with Mark C. Eyring, CPA, PLLC / preparation of Annual Financial Report;
9. Arbitrage Rebate and Project Fund Yield Restriction Compliance Service Program Review;
10. Engineer's Report;
11. Proposal for Lift Station Repairs;
12. Letter to TCEQ / emergency repairs to Lift Station; and
13. Operations Report.