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

1 March 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 1st day of March, 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 with the exception of Director Levenson, thus constituting a quorum.

Also present were Patricia Rodriguez of Bob Leared Interests, Inc., representing Bob Leared ("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 Environmental Services, Inc., the District's Operator; Kirti Patel representing Richfield Real Estate Corporation ("Richfield"); Andrew 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

First, the Board considered approval of the minutes of the meeting of 1 February 2017. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 1 February 2017, as written.

Security Patrol Report

The Directors discussed matters relating to the Contract Deputy Program. Mr. Yale stated that, to date, the Harris County Sheriff's Department had not provided the District's Attorney with the Security Report for February 2017. [Subsequent to this meeting, the District's Attorney received the Security Report for February 2017, 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 four checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of $1,274.36 in penalties and interest assessed on delinquent taxes paid to the District, and two transfers by wire as follows: $24,654.71 in revenues from the tax for maintenance and operations to the District's Operating Fund and $45,000 to the District's Debt Service Fund. Ms. Rodriguez also noted that the District's 2016 tax levy was 96.9% 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 2017; (2) the Summary of Costs relating to the District's Series 2014 Bonds; (3) the Budget Comparison for January 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 bills to the District. 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 February 2017 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 Monthly Account Summary.

West Harris County Regional Water Authority

Director Gardner reported on recent activities of the West Harris County Regional Water Authority (the "Authority"). He noted that the Authority had established an internet website to provide information relating to the Surface Water Supply Project for supplying surface water to the Authority and the North Fort Bend Water Authority. Mr. Yale then submitted to and reviewed with the Board a memorandum from Coats Rose regarding the meeting held on 8 February 2017 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

Power Supply Issues / Public Power Pool

The Board then discussed matters relating to the procurement of electric power supply by the Public Power Pool ("P3") for the period beginning 1 January 2020 (the "Procurement"). Director Deaton reviewed with the Board a packet of documents provided by P3 in connection with the Procurement, as follows: (1) a letter dated 30 January 2017 from P3 Executive Director Donald Lee; (2) the Procurement Ceiling and Expected Rate Estimate; (3) the P3 2017 Procurement Memorandum; (4) the Methodology to Control Cross Subsidization in the Procurement; and (5) the Member Account List for the District, copies of which are attached hereto as exhibits to these minutes. Director Deaton stated that the District would continue its P3 membership through the Procurement cycle and contract period unless the Board voted to provide notice to P3 of its intent to withdraw from P3 on or before 30 March 2017. The Directors expressed their desire for the District to continue its P3 membership. Mr. Yale remarked that the District's Bookkeeper would need to confirm that the ESI numbers for the District's electric service accounts as presented in the Member Account List were accurate. After further discussion, Mr. Yale stated that the District's Attorney would confirm with P3 that no additional action was required by the District at this time in order to participate in the Procurement.

Transfer of Storm Water Quality Permits

The Board then discussed matters relating to the transfer of the responsibility for the Storm Water Quality Management Plan and permanent Storm Water Quality features for Sections 2 and 10 of Grand Oaks Subdivision ("Sections 2 and 10") from Richfield to the District. Mr. Yale recalled that at the Board's meeting on 1 February 2017, the Board had approved the Stormwater Quality Renewal/Transfer forms for Sections 2 and 10 (the "Transfer Forms") as prepared by Storm Water Solutions, LLC

("SWS") for submission to the Harris County Engineering Department (the "Engineering Department"). He stated that the District's Attorney had forwarded the executed Transfer Forms to SWS for submission to the Engineering Department.

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 2017 through 1 May 2018 as submitted by HARCO Insurance Services, Inc. ("HARCO"). The Board noted that the premium for the Proposal totaled $19,893, (up from $19,018 last year) and 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. It was noted by Mr. Yale that the insurance policies being provided to the District under the Proposal would be forwarded to the District's Attorney at a later date.

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 (the "Relocation Project") of the District's 12-inch water line and 10-inch sanitary sewer force main (collectively, the "District Lines") that are mounted on the side of the Clay Road Bridge over Bear Creek in the District. Mr. Haan reported that the District's Engineer had received comments on the plans for the Relocation Project from the City of Houston, Harris County, and Harris County Flood Control District. He recalled that LJA had resubmitted two concurrent designs for the Relocation Project with alternate designs for the realignment. A discussion ensured regarding the alternate realignment designs for the Relocation Project. Mr. Haan stated that constructing the Relocation Project in the existing right-of-way along Clay Road (the "Right-of-Way") was not feasible because of the 4-foot separation that would be required between the District Lines and the existing utility lines in the Right-of-Way (the "Separation"). He explained that it would not be physically possible to construct the District Lines in the Right-of-Way with the Separation.

Wastewater Treatment Plant / Proposed Expansion

The Directors next discussed matters relating to the proposed construction of a 200,000 gallon-per-day package plant Train 3 Section of the District's Wastewater Treatment Plant (the "Plant Expansion"). Mr. Haan reported that the plans for the Plant Expansion had been submitted for agency review and that comments had been

received from three of the four reviewing agencies. The District's Engineer will submit the plans for final approval after all comments have been addressed, he told the Board. Mr. Haan stated that he anticipated presenting the bids and the recommendation for award of the contract for the Plant Expansion at the Board's meeting on 3 May 2017.

Clearing and Grubbing / Sections 5 and 6 of Grand Oaks Subdivision

Next, the Board discussed matters relating to the proposed development of Sections 5 and 6 of Grand Oaks Subdivision ("Sections 5 and 6") by Woodmere. Mr. Haan discussed with the Board the status of the contract with Crostex Construction, Inc. (called "Crostex") for the clearing and grubbing of Sections 5 and 6 (the "Clearing"). He stated that the Notice to Proceed on the Clearing project was issued to Crostex on 16 February 2017 with a final completion date of 17 April 2017. Mr. Haan noted that Crostex had commenced work on the Clearing. Mr. Yale then submitted for the Board's review a memorandum from the District's Attorney regarding the bonds and insurance submitted by Crostex in connection with the Clearing project. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Yale remarked that the bonds and insurance submitted by Crostex were found to be in order. Mr. Haan presented the Board with execution drafts of the contract for the Clearing (the "Crostex Contract"). Director Gardner then executed the Crostex Contracts.

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 92,000 gallons of water from its own wells and had purchased 7,165,000 gallons of water from the Authority during the period of 10 January to 7 February 2017, with an accountability rate of 95.7%. Ms. Bonilla-Odums reported that the District has 1,164 active connections. She informed the Board that two residential connections were installed during February 2017. She noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 57% of its rated capacity during the reporting period. Ms. Bonilla-Odums then reviewed with the Board (1) the Major Expenses Maintenance Summary for the District's water distribution and sanitary sewer systems; and (2) the Major Sewer Plant Maintenance Summary for the Plant for February 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.

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 77 letters had been sent out with a due date of 6 March 2017. 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 Grand Oaks Subdivision ("Grand Oaks"). He noted that Woodmere had closed on the sale of 18 houses in Sections 2, 10 and 11 in Grand Oaks during January and February 2017. Mr. Yale then discussed with the Board matters relating to the transfer of reserved capacity in the Plant (the "Capacity") from Richfield to Woodmere. He recommended that Richfield provide the District's Attorney with a letter confirming the transfer of the Capacity to Woodmere.

Attorney's Report

Mr. Yale presented the Attorney's Report.

Order Declaring Unopposed Candidates Elected to Office

The Board reviewed an ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE in connection with the 6 May 2017 Directors Election. It was noted that according to the Texas Election Code, the District has the authority to declare unopposed candidates to be elected to office since Coats Rose, P.C., the District's Attorney, had certified in writing that the candidates to be listed on the ballot for the referenced election were unopposed, and to cancel the election set for 6 May 2017. A copy of the Certificate Regarding Unopposed Candidates executed by the District's Attorney is attached hereto as an exhibit. Upon a motion duly made and seconded, the Board voted unanimously to adopt the Order, a copy of which is attached hereto and shall be considered to be a part of these minutes.

85th Texas Legislature

Mr. Yale then distributed a memorandum regarding the proposed changes affecting the collection of property taxes by certain political subdivisions that would be imposed under Senate Bill 2 as filed with the 85th Texas Legislature Regular Session

(2017) and cited as the Texas Property Tax Reform and Relief Act of 2017. A copy of the memorandum 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 Attorney's Report.

Executive Session

The Board went into executive session, pursuant to the Open Meetings Act, Section 551.071, Government Code, at 1:18 p.m. to discuss matters relating to potential real estate transactions. The Board returned to open session at 1:50 p.m. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney and Director Levenson to act as discussed in executive session.

There being no further business to come before the Board, the meeting was adjourned.

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Secretary, Board of Directors

SEAL

Rolling Creek UD
Meeting of 1 March 2017
Attachments

1. Security Patrol Report;
2. Tax Assessor/Collector's Report;
3. Bookkeeper's Report;
4. Best Trash Monthly Account Summary;
5. Coats Rose memo / WHCRWA;
6. P3 Procurement Packet;
7. Proposal for Insurance Coverage / HARCO Insurance Services;
8. Engineer's Report;
9. Coats Rose memo / bonds & insurance on contract with Crostex Construction, Inc.;
10. Operations Report;
11. Certificate Regarding Unopposed Candidates;
12. ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE; and
13. Coats Rose memo / Senate Bill 2.