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

7 June 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 7th day of June, 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 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., and Margaret Gillentine, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Severn Trent Environmental Services, Inc. ("STES"), 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 meetings of 18 April 2017 and 3 May 2017. After discussion, during which Director Brown stated that he would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 in favor of approving the minutes of the meeting of 18 April 2017, as written. Mr. Haan then requested a revision to page 5 of the minutes of the meeting of 3 May 2017. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 3 May 2017, as amended.

Public Comments

Ms. Bonilla-Odums then informed the Board that a District customer who resides at 4607 Orchard Blossom Way had recently contacted the District's Operator by telephone to express his concerns regarding the use of chloramines for disinfection of the District's drinking water and certain other matters. Attached hereto as an exhibit to these minutes is a copy of an electronic mail message from the District's Operator regarding the teleconference with the District customer.

Security Patrol Report

Mr. Will Yale presented the Board with copies of the Security Patrol Report for May 2017 as prepared by the Harris County Sheriff's Department (the "Sheriff's Department"). A copy of the Security Patrol Report is attached hereto as an exhibit to these minutes. Director Gardner discussed security related items with the Board. Mr. Yale then called the Board's attention to an announcement from the Sheriff's Department regarding an event to be held at 7:00 p.m. on Tuesday, 13 June 2017, at the Westlake Fire Department at 19636 Saums Road in Houston in order for security coordinators in Patrol District 4 to meet with Harris County Sheriff Ed Gonzalez. A copy of the announcement is attached hereto as an exhibit.

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 seven checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of $391.32 in penalties and interest assessed on delinquent taxes paid to the District and the transfer to the District's Operating Fund of $1,166.15 in revenues from the tax for maintenance and operations. Ms. Rodriguez also noted that the District's 2016 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. A discussion ensued regarding the list of Top Delinquent Taxpayers. Ms. Rodriguez stated that she would contact Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Attorney, to confirm the status of the lawsuit filed on the delinquent tax account of Estaban Ramirez.

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.

Preliminary Report of Appraised & Taxable Values

Ms. Rodriguez then informed the Board that Leared had received the Preliminary Report of Appraised & Taxable Values for the District for the 2017 tax year (the "Preliminary Report") as prepared by the Harris County Appraisal District (called "HCAD"). Ms. Rodriguez noted that according to HCAD, the initial taxable value for the District for the 2017 tax year totals $268,356,755 (the "Initial Value"), which includes 2016 personal property values. She remarked that the Initial Value reflects an increase of approximately 13% over the previous tax year. She noted that 73 new residences had been added to the District's property tax roll.

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 April 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. Ms. Kay then reported that unclaimed funds totaling $530.31 would be escheated to the Texas Comptroller by the District's Bookkeeper.

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 2018

Ms. Kay called the Board's attention to the proposed Operating Budget for the fiscal year starting 1 August 2017 and ending 31 July 2018 (the "2018 Budget"), a copy of which is included with the Bookkeeper's Report. A discussion ensued regarding the 2018 Budget. The Board then directed Ms. Kay to amend the 2018 Budget as follows: (1) increase the income item for maintenance tax revenue to $650,000; (2) increase the income item for the charge related to the West Harris County Regional Water Authority (the "Authority") surface water fee to $360,000; (3) increase the expense item for the Authority surface water fee to $360,000; (4) increase the expense item for repairs and maintenance (general) to $450,000; (5) decrease the expense item for utilities to $90,000; and (6) increase the expense item for inspection fees to $50,000. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to adopt the 2018 Budget, as amended.

Solid Waste Collection Report

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for May 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 Authority. Mr. Yale submitted to and reviewed with the Board a memorandum from Coats Rose regarding the meeting held on 10 May 2017 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

Resolution Regarding Use of Surplus Funds

Next, Mr. Yale submitted for the Board's review and approval a RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS CONSTRUCTION FUNDS in the amount of $312,213.63 in connection with the relocation (the "Relocation Project") 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. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto and shall be considered to be a part of these minutes.

5 July 2017 Board of Directors Meeting

The Directors then considered rescheduling the 5 July 2017 Board meeting in view of the Independence Day holiday. Director Gardner stated that he would not be available to attend the Board's meeting on 5 July 2017. Directors Shapiro, Brown, Deaton, and Levenson indicated that they would be able to attend the Board's meeting on 5 July 2017, as did the District's consultants. The Board then agreed to meet on 5 July 2017, as scheduled.

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 the status of the Relocation Project for the District Lines mounted on the side of the Clay Road Bridge. Mr. Haan recalled that on 3 May 2017

the Board had approved the Interlocal Agreement between the District and Harris County (the "County") to facilitate the County issuing a change order on its contract with WadeCon/Menade, Inc. ("WadeCon"), the Country's contractor for the widening of Clay Road and the Clay Road Bridge (the "Bridge Project"), so that WadeCon would (1) construct a temporary water line and temporary sanitary sewer force main (the "Temporary Facilities") to provide continued potable water service and sanitary sewer service to the Amesbury Park Subdivision ("Amesbury Park") during the course of the Bridge Project; and (2) remove the Temporary Facilities upon completion of the Bridge Project and reinstall the District Lines on the side of the Clay Road Bridge (the "Permanent Facilities"). Pursuant to the Interlocal Agreement, he continued, the District's Engineer had provided the County's Engineer with the plans for the Permanent Facilities and WadeCon had submitted its plans for the Temporary Facilities. Mr. Haan stated that the County was preparing the change order on its contract with WadeCon for the Bridge Project and that issuance of the Notice to Proceed on said contract was expected to occur during the second week of June 2017. He added that the District's Engineer would prepare door hangars to notify residents of Amesbury Park of the temporary disruption of water supply and sanitary sewer service that would take place during the Relocation Project.

Mr. Yale distributed to the Board copies of a letter dated 10 May 2017 from the Texas Commission on Environmental Quality (the "Commission"), approving the District's application to undertake the Relocation Project on the basis of negotiated bids, pursuant to §49.274 of the Texas Water Code. A copy of the letter is attached hereto and shall be considered to be part of these minutes.

Wastewater Treatment Plant / Proposed Expansion

Next, the Directors reviewed the bids submitted for 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 four bids were received by the District's Engineer for the Plant Expansion. Mr. Haan stated that the apparent low base bid for the Plant Expansion was submitted by T&C Construction, Ltd. (called "T&C"), in the amount of $1,585,680. A copy of the bid tabulation for the Plant Expansion project is attached hereto as an exhibit to these minutes. Mr. Haan stated that T&C had changed its subcontractor for the Plant Expansion project and accordingly would prepare a Change Order to deduct $175,000 from the bid price of the Plant Expansion. After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the low bid and award the contract for the Plant Expansion project to T&C; and (2) approve Change Order No. 1, subject to the receipt of funds for the Plant Expansion project from Richfield.

Mr. Patel then expressed his desire to amend the Utility Financing and Capacity Commitment Agreement for Wastewater Treatment Plant Expansion dated 20 October 2016 (the "Commitment Agreement") between the District and Bene Vista Venture in order to reflect the bid price for the Plant Expansion project. Mr. Dick Yale stated that he would review the Commitment Agreement and possibly prepare an Addendum to

memorialize the bid price for the Plant Expansion Project. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Director Gardner to execute the Addendum, subject to review by the District's Attorney.

Proposal for Engineering Services / Renewal of Wastewater Discharge Permit

Mr. Haan submitted for the Board's review and approval a Proposal for Engineering Services as prepared by LJA in connection with the preparation of the application to the Commission for the renewal of the District's Wastewater Discharge Permit, which expires on 1 May 2018. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Proposal for Engineering Services and to authorize Director Gardner to execute same. A copy of the executed Proposal for Engineering Services is attached hereto as an exhibit to these minutes.

Barclay Garden Plaza

Mr. Haan informed the Board that the District's Engineer was reviewing the plans for the proposed expansion of a dry-cleaning business and nail salon located in the Barclay Garden Plaza commercial center on Clay Road east of Barker Cypress Road.

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 73,000 gallons of water from its own wells and had purchased 9,569,000 gallons of water from the Authority during the period of 7 April to 3 May 2017, with an accountability rate of 97.6%. Ms. Bonilla-Odums reported that the District has 1,186 active connections. She informed the Board that 16 residential connections were installed during May 2017. She noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 52% 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 May 2017, 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.

Water Plant No. 1

The Board discussed the condition of the District's Water Plant No. 1. Ms. Bonilla-Odums reviewed with the Board a price quote from STES in the amount of $3,200 for the replacement of the 12-inch gate valve on the fill line for Ground Storage Tank No. 1 (the "Gate Valve"). A copy of the price quote in included with the Operations Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to proceed with the replacement of the Gate Valve.

Then Ms. Bonilla-Odums reviewed with the Board a price quote from STES in the amount of $2,760 for the replacement of the 3-inch air release assembly on the well header at Water Plant No. 1 (the "Release Assembly"). A copy of the price quote is included with the Operations Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to proceed with the replacement of the Release Assembly.

Pine Forest Country Club

The Board then discussed matters relating to Pine Forest Country Club (the "Country Club"). Ms. Bonilla-Odums recalled that, as discussed at the Board's meeting on 3 May 2017, the District's Operator had erroneously billed the Country Club over several years for sanitary sewer service (the "Billing"). She stated that the District's Operator had reviewed and verified the Billing that occurred during the period of May 2012 through January 2017 and had determined that the Country Club was due a credit or refund in the amount of $26,196.01. Attached hereto as an exhibit to these minutes is an electronic mail message dated 1 June 2017 from Ms. Bonilla-Odums to the District's Bookkeeper that includes a monthly list of the Billing during the period of May 2012 through January 2017. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize a payment to the Country Club in the amount of $26,196.01 as a refund for the Billing.

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 48 letters had been sent out with a due date of 12 June 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.

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 was one delinquent service accounts in the total amount of $206.57 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 account 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 account listed in the Customer Write-Off Report.

Developer's Report

Next, Mr. Rue presented a report on development in Grand Oaks Subdivision ("Grand Oaks"). He informed the Board that Clearwater Utilities, Inc. ("Clearwater") had submitted the apparent low bid for the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks, Section 5 (the "Section 5 Utilities") and accordingly Woodmere desired to award the contract for the Section 5 Utilities to Clearwater. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the award of the contract for the Section 5 Utilities to Clearwater.

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.

Approval of Certified Agenda

The Directors then considered approval of the certified agenda for the executive session of 5 April 2017. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the certified agenda for the executive session of 5 April 2017, as written.

Oaths of Office

The Board considered approval of the Oaths of Office and the Statements of Officers as executed and submitted by Directors Gardner, Levenson, and Deaton. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Oaths and Statements. Mr. Yale told the Board that the Public Employee Blanket Bond covering the five positions of Director of the District would continue in force and effect. Copies of each of the executed Oaths and Statements are attached to these minutes as exhibits.

Election of Officers

The Directors next considered the need to reconstitute the Board of Directors, pursuant to the requirements of Section 49.054(b), Texas Water Code. After discussion, upon a motion duly made and seconded, the Board voted unanimously to elect the Directors to the offices indicated:

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

Then, upon a motion duly made and seconded, the Board voted unanimously to authorize Coats Rose to prepare a revised District Registration Form and file same with the Commission.

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.

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Secretary, Board of Directors

SEAL

Rolling Creek Utility District
Meeting of 7 June 2017
Attachments

1. Email from District Operator / customer concerns;
2. Security Patrol Report;
3. Announcement / Meet & Greet event for Harris County Sheriff Ed Gonzalez;
4. Tax Assessor/Collector's Report;
5. Bookkeeper's Report;
6. Best Trash Monthly Account Summary;
7. Coats Rose memorandum / WHCRWA;
8. RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS CONSTRUCTION FUNDS;
9. Engineer's Report;
10. Letter from TCEQ / Application to Proceed with Emergency Project by Negotiated Bid;
11. Proposal for Engineering Services;
12. Operations Report;
13. Email from STES / Billing to Pine Forest Country Club; and
14. Oaths of Office and Statements of Director for Brian Gardner, Kenneth Levenson, and Clay Deaton.