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

5 July 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 5th day of July, 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 Directors Gardner and Shapiro, 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; Margaret Gillentine, P.E., of LJA Engineering & Surveying, Inc., the District's Engineer; Mirna Bonilla-Odums representing Severn Trent Environmental Services, Inc., the District's Operator; Deputy T.J. Nguyen of the Harris County Sheriff's Department (the "Sheriff's Department"); Kirti Patel representing Richfield Real Estate Corporation ("Richfield"); Andrew Rue representing Woodmere Development Company, Ltd. ("Woodmere"); and Dick Yale, Will Yale, Cole Konopka, and David Green of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

Director Deaton called the meeting to order.

Approval of Minutes

First, the Board considered approval of the minutes of the meeting of 7 June 2017. The Directors then deferred approval of the minutes of 7 June 2017 to a future meeting of the Board.

Security Patrol Report

Mr. Will Yale presented the Board with copies of the Security Patrol Report for June 2017 as prepared by the Sheriff's Department. Deputy Nguyen submitted to and reviewed with the Board the Contract Statistics Report for the period of January through June 2017 as prepared by the Sheriff's Department. Copies of the Security Patrol Report and the Contract Statistics Report are attached hereto as exhibits to these minutes. Deputy Nguyen then discussed security related matters with the Board. 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 seven checks written on the District's tax account, said checks including the transfer to the District's Operating Fund of $760.55 in penalties and interest assessed on delinquent taxes paid to the District; and the transfer of $2,482.74 in revenues from the tax for maintenance and operations to the District's Operating Fund. Ms. Rodriguez also noted that the District's 2016 tax levy was 98.8% 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 lawsuit filed on the delinquent tax account of Estaban Ramirez (the "Ramirez Lawsuit"). Ms. Rodriguez reported that Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Attorney, had served the defendants in the Ramirez Lawsuit and was working to set a trial date.

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 Operating Budget for the fiscal year ending 31 July 2018; (3) the Budget Comparison for May 2017; (4) the Summary of Costs relating to the District's Series 2014 Bonds; (5) the Cash Flow Comparison table; (6) a table listing the District's power consumption and the amount billed to the District for electric service; and (7) 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

Mr. Yale distributed copies of the Monthly Account Summary for the District's solid waste collection service for June 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 Solid Waste Collection Report.

West Harris County Regional Water Authority

The Directors then discussed matters relating to 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 14 June 2017 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

Arbitrage Rebate Calculation Report / Series 2012 Refunding Bonds

Mr. Yale submitted to and reviewed with the Board the Arbitrage Rebate Calculation Report dated 12 June 2017 (the "Report") as prepared by Arbitrage Compliance Specialists, Inc. ("ACSI") in connection with the 5th-year rebate installment computation period for the District's Series 2012 Refunding Bonds. A copy of the Report is attached hereto as an exhibit to these minutes. Mr. Yale informed the Board that ACSI prepared computations pertaining to the amount of the rebate installment payment with respect to the Series 2012 Refunding Bonds that would be due on or before 31 July 2017 from the District to the Internal Revenue Service (the "IRS"). ACSI determined that no rebate installment payment is due to the IRS and that there are no filing requirements regarding arbitrage rebate with the IRS as of the date of this Report, he told the Board. Also attached hereto as an exhibit to these minutes is a copy of the Arbitrage Rebate Summary dated 14 June 2017 as prepared by ACSI.

Utility Financing and Capacity Commitment Agreement / Bene Vista Venture and Richfield Real Estate Corporation

The Board discussed matters relating to 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 ("Bene Vista"), under which Bene Vista agreed to finance the construction, engineering, and contingency costs for the 200,000 gallons-per-day package plant Train 3 Section of the District's Wastewater Treatment Plant (the "Plant Expansion"). Mr. Yale reported that Richfield desired to amend the Commitment Agreement in order to reflect (1) the bid price for the Plant Expansion project; and (2) certain adjustments to the table

denoting the current, allotted, and future additional service connections in the District that is attached as Exhibit "A" to the Commitment Agreement. He stated that the District's Attorney would confer with Mr. Patel after this meeting regarding the proposed revisions to the Commitment Agreement.

Formal Approval / Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 5

The Directors then considered formal approval of their action at their meeting of 7 June 2017, at which they authorized the award of the contract for the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 5 (the "Section 5 Utilities"), to Clearwater Utilities, Inc. ("Clearwater"), which had submitted the low bid for the project. After discussion, upon a motion duly made and seconded, the Board voted unanimously to formally approve said action.

Engineer's Report

Next, Ms. Gillentine 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 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. Ms. Gillentine 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 (the "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 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. Ms. Gillentine stated that the County had issued the Change Order to WadeCon and was planning to conduct the preconstruction meeting with the contractor during the following week. Mr. Konopka reported that he had conducted a teleconference with Jerry Wade of WadeCon regarding the status of the Bridge Project. According to Mr. Wade, he told the Board, the County has not issued the Notice to Proceed to WadeCon on the Bridge Project and WadeCon was threatening to cancel the contract for the Bridge Project on account of delays. Mr. Konopka added that Paul Briggs of the County's Engineering Department had informed the District's Attorney that the County was looking into scheduling the preconstruction meeting with WadeCon within the next two weeks.

Wastewater Treatment Plant / Proposed Expansion

The Board then discussed the contract between the District and T&C Construction, Ltd. (called "T&C") for the Plant Expansion. Mr. Yale submitted for the Board's review a memorandum from the District's Attorney regarding the bonds and insurance submitted by T&C in connection with the Plant Expansion 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 T&C were found to be in order. Ms. Gillentine presented the Board with (1) execution drafts of the contract for the Plant Expansion project (the "T&C Contract"); and (2) Change Order No. 1 to the T&C Contract. She explained that, as discussed at the Board's meeting on 7 June 2017, Change Order No. 1 would deduct $175,000 from the bid price of the Plant Expansion. Director Deaton then executed the T&C Contracts and Change Order No. 1. Mr. Yale stated that the District's Attorney would retain the executed T&C Contracts pending the receipt of funds for the Plant Expansion project from Richfield.

Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 5

The Board next discussed the contract between the Woodmere and Clearwater for construction of the Section 5 Utilities. Mr. Yale submitted for the Board's review a memorandum from the District's Attorney regarding the bonds and insurance submitted by Clearwater in connection with the Section 5 Utilities 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 Clearwater were found to be in order.

Water, Sanitary Sewer, and Drainage Facilities to Serve Grand Oaks Subdivision, Section 6

Next, the Directors reviewed the bids submitted for the proposed construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks Subdivision, Section 6 (the "Section 6 Utilities"). Ms. Gillentine reported that nine bids were received by the District’s Engineer for the Section 6 Utilities. She stated that the apparent low base bid for the Section 6 Utilities project was submitted by Dimas Bros. Construction, LLC (called "Dimas"), in the amount of $671,000.00. A copy of the bid tabulation for the Section 6 Utilities project is attached hereto as an exhibit to these minutes. A discussion ensued regarding the bids for the Section 6 Utilities. Ms. Gillentine stated that the second low bid for the Section 6 Utilities was submitted by Clearwater in the amount of $684,873.70. Based on representative project experience, timing, and efficiency of construction, she told the Board, the District's Engineer recommends that the contract be awarded to Clearwater rather than to Dimas. Mr. Dick Yale proposed that the District's Engineer ask Clearwater if they would be willing to submit a change order or revise their bid to remove mobilization costs from the bid cost for the Section 6 Utilities. After discussion, the Directors (1) deferred award of the contract for the Section 6 Utilities to a future meeting of the Board; and (2) authorized the District's Engineer to ask Clearwater to revise the bid for the Section 6 Utilities as described above.

Wastewater Discharge Permit Renewal

Then Ms. Gillentine discussed the status of the renewal application (the "Application") for the District's discharge permit to be submitted to the Texas Commission on Environmental Quality (the "Commission") by 1 November 2017. Ms. Gillentine reported that the District's Engineer is completing the Application. She submitted for the Board's approval the signature page for the Application (the "Signature Page"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) authorize Director Brown to execute the Signature Page; and (2) authorize the District's Engineer to submit the Application to the Commission.

Barclay Garden Plaza

Ms. Gillentine informed the Board that the District's Engineer had reviewed and commented on the plans for the proposed expansion of a dry-cleaning business and nail salon (the "Expansion") located in the Barclay Garden Plaza commercial center on Clay Road east of Barker Cypress Road. She stated that, to date, the District's Engineer had not received revised plans or a capacity request in connection with the Expansion.

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 268,000 gallons of water from its own wells and had purchased 13,896,000 gallons of water from the Authority during the period of 4 May to 5 June 2017, with an accountability rate of 98.0%. Ms. Bonilla-Odums reported that the District has 1,188 active connections. She informed the Board that four residential connections were installed during June 2017. She noted that the District's Wastewater Treatment Plant (the "Plant") operated with its average level of flow at 63% 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 June 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.

Severn Trent – North America

Ms. Bonilla-Odums informed the Board that in June 2017 London-based Severn Trent Plc. had approved a plan to sell Severn Trent – North America, its North American business operations, thereby forming a standalone American company. Attached hereto as an exhibit to these minutes is a copy of a press release issued by Severn Trent – North America. The press release states that Severn Trent - North America will now be owned by a group led by the current management team in the United States and backed by investors with an emphasis on the infrastructure and industrial sectors, PPC Enterprises LLC and Alston Capital Partners LLC.

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 57 letters had been sent out with a due date of 12 July 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. The Board noted that there were (1) two delinquent service accounts in the total amount of $136.18 that would be written off and turned over to a collection agency; and (2) two delinquent service accounts in the total amount of $8.93 that would be written off. 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 amounts owed to the District by the delinquent utility service accounts 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 noted that Woodmere had closed on the sale of 50 lots in Section 5 of Grand Oaks and 56 lots in Section 6 of Grand Oaks. 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.

85th Texas Legislature

Mr. Yale submitted to and reviewed with the Board a memorandum prepared by the District's Attorney that summarizes certain bills approved by the 85th Texas Legislature – Regular Session (2017) that could affect water district operations. A copy of the memorandum is attached to and shall be considered to be part of these minutes. He called the Board's attention to the following bills: (1) Senate Bill 554, regarding a notice about petitioning for a meeting place within a water district; (2) Senate Bill 255, which relieves water districts of the need for Texas Ethics Commission Form 1295 for contracts with publically-traded business entities or with electric utilities; (3) Senate Bill 622, which requires water districts to have a line item in their operating budget for newspaper publications; and (4) Senate Bill 2014, which allows the board of directors of a water district to approve a change order in a construction contract as long as the resulting change in the contract cost is $50,000 or less and is determined to be beneficial to the water 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.

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Secretary, Board of Directors

SEAL

Rolling Creek UD
Meeting of 5 July 2017
Attachments

1. Security Patrol Report;
2. Contract Statistics Report;
3. Tax Assessor/Collector's Report;
4. Bookkeeper's Report;
5. WCA Monthly Account Summary;
6. Coats Rose memo / WHCRWA;
7. Arbitrage Rebate Calculation Report;
8. Arbitrage Rebate Summary;
9. Engineer's Report;
10. Coats Rose memo / bonds & insurance on contract with T&C Construction;
11. Coats Rose memo / bonds & insurance on contract with Clearwater Utilities;
12. Bid Tabulation / Water, Sanitary Sewer, and Drainage Facilities to serve Section 6 in Grand Oaks Subdivision;
13. Operations Report;
14. Press Release / sale of Severn Trent – North America; and
15. Coats Rose memo / Legislative Summary – 85th Texas Legislature, Regular Session – 2017.