

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

2 August 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 2nd day of August, 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. ("Leared"), representing Bob Leared, the District's Tax Assessor/Collector; Karrie Kay of Myrtle Cruz, Inc. ("MCI"), the District's Bookkeeper; Gregg Haan, P.E., of LJA Engineering & Surveying, Inc. ("LJA"), the District's Engineer; Mirna Bonilla-Odums representing Severn Trent – North America, the District's Operator; 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

First, the Board considered approval of the minutes of the meetings of 7 June 2017 and 5 July 2017. Mr. Haan requested that the minutes of the meeting of 5 July 2017 be revised to reflect that Margaret Gillentine, P.E., was representing LJA at said meeting. Upon a motion duly made and seconded, the Board voted unanimously to (1) approve the minutes of the meeting of 7 June 2017, as written; and (2) approve the minutes of the meeting of 5 July 2017, as amended.

Security Patrol Report

Mr. Will Yale presented the Board with copies of the Security Patrol Report for July 2017 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.

The Board then discussed matters relating to the Security Service Contract between the District and Harris County (the "Contract"). Mr. Yale informed the Board that the Harris County Commissioner's Court had recently approved a rate increase of 3% for the Contract, to be effective with the Contract term commencing on 1 March 2018 (the "2018 Contract Term"). He submitted to and reviewed with the Board a memorandum from the District's Attorney regarding the estimated rate schedule for the 2018 Contract Term. A copy of the memorandum is attached hereto as an exhibit to these minutes. With one Deputy at the 70% rate, he told the Board, the annual cost to the District for the 2018 Contract Term will be \$69,164.

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 \$306.78 in penalties and interest assessed on delinquent taxes paid to the District and the transfer of \$784.34 in revenues from the tax for maintenance and operations. Ms. Rodriguez also noted that the District's 2016 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. A discussion ensued regarding the lawsuit filed on the delinquent tax account of Estaban Ramirez (the "Ramirez Lawsuit"). Ms. Rodriguez reported that a trial date of 7 September 2017 had been set for the Ramirez Lawsuit.

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 2018 (the "Budget"); (2) the Summary of Costs relating to the District's Series 2014 Bonds; (3) the Budget Comparison for June 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.

A brief discussion ensued regarding the Budget. Mr. Yale noted that pursuant to Senate Bill 622 as approved by the 85th Texas Legislature – Regular Session (2017), the Budget for the fiscal year ending 31 July 2019 must include a line item for expenditures for notices required by law to be published in a newspaper.

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.

Annual Review of Unclaimed Property

Ms. Kay reported that unclaimed funds totaling \$530.31 had been escheated to the Texas Comptroller's Office by the District's Bookkeeper. Attached hereto as an exhibit to these minutes is a copy of the Texas Unclaimed Property Reporting System Report as provided by MCI.

Solid Waste Collection Report

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

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 a memorandum from Coats Rose regarding the meeting held on 12 July 2017 by the Authority's board of directors. A copy of the memorandum is attached hereto as an exhibit to these minutes.

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. Will Yale submitted for the Board's review and approval the First Addendum to October 20, 2016 Utility Commitment Agreement for Wastewater Treatment Plant Expansion (Wastewater Package Plant Train Three) (the "First Addendum") between the District and Bene Vista as prepared by the District's Attorney. He explained that the First Addendum amends the Commitment Agreement with respect to (1) the bid price for the Plant Expansion project; (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; and (3) certain adjustments to the Engineering Estimate of Probable Construction Cost that is attached as Exhibit "B" to the Commitment Agreement. Mr. Yale noted that the First Addendum includes a provision stating that Bene Vista will transfer to the District's Bookkeeper, within 10 days after the execution of the First Addendum, the funds for the Plant Expansion Project. Mr. Dick Yale reminded the Board that the contractual obligation for Bene Vista to advance funds to the District for the Plant Expansion project was established in the Commitment Agreement. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the First Addendum and to authorize Director Gardner to execute same. A copy of the First Addendum as approved by the Board is attached hereto and shall be considered to be part of these minutes.

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 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 pursuant to the Interlocal Agreement dated 3 May 2017 between the District and Harris County (the "County") in connection with the construction contract between the County and WadeCon/Menade, Inc. ("WadeCon") for the widening of Clay Road and the Clay Road Bridge (the "Bridge Project"). Mr. Haan reported that the County had issued the Notice to Proceed for the Bridge Contract to WadeCon with a commencement date of 7 August 2017. He added that the District's Operator was coordinating with WadeCon with regard to the relocation of the District Lines.

Wastewater Treatment Plant / Proposed Expansion

Next, the Board discussed the contract (the "T&C Contract") between the District and T&C Construction, Ltd. (called "T&C") for the Plant Expansion. Mr. Haan recalled that the Board had authorized the execution of the T&C Contract and Change Order

No. 1 to the T&C Contract at the Board's meeting on 5 July 2017. He noted that the District's Attorney was continuing to retain the T&C Contracts and Change Order No. 1 pending the receipt of funds for the Plant Expansion project from Richfield. Mr. Haan stated that the preconstruction meeting would be scheduled and the Notice to Proceed would be issued to T&C upon receipt of funds for the Plant Expansion project from Richfield. He then discussed with the Board matters relating to the schedule for the Plant Expansion project. If the Notice to Proceed were issued to the contractor on this date, he told the Board, the Plant Expansion project would not be complete until 24 December 2017. If Woodmere proceeds with its projected development schedule for Grand Oaks Subdivision ("Grand Oaks"), he continued, the District's existing Wastewater Treatment Plant (the "Plant") would be operating at close to 100% of its capacity on 24 December 2017.

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

The Directors then discussed the contract between the Woodmere and Clearwater Utilities, Inc. ("Clearwater") for the construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks, Section 5 (the "Section 5 Utilities"). Mr. Haan reported that the Notice to Proceed on the Section 5 Utilities project was issued to Clearwater with a commencement date of 1 August 2017. He added that the final completion date for the Section 5 Utilities project was 10 October 2017.

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

Next, the Directors discussed the bids submitted for the proposed construction of water, sanitary sewer, and drainage facilities to serve Grand Oaks, Section 6 (the "Section 6 Utilities"). Mr. Haan recalled that nine bids were received by the District's Engineer on 20 June 2017 for the Section 6 Utilities and were reviewed at the Board's meeting on 5 July 2017. A copy of the bid tabulation for the Section 6 Utilities project is attached hereto as an exhibit to these minutes. He noted 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. Mr. Haan 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, he told the Board, the District's Engineer recommends that the contract be awarded to Clearwater rather than to Dimas. Pursuant to the discussion at the Board's meeting on 5 July 2017, he continued, Clearwater has offered a \$4,500 deduction on its bid for the Section 6 Utilities to remove the mobilization costs. After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) reject the low bid submitted by Dimas; (2) accept the second low bid; and (3) authorize the award of the contract for the Section 6 Utilities to Clearwater.

Storm Water Drainage / Grand Oaks Subdivision, Sections 5 and 6

Mr. Haan reported that LJA had been working with Horizon Environmental Services, Inc. ("Horizon"), and LJA company, in order to procure the necessary permits (the "Drainage Permits") for storm water drainage from Sections 5 and 6 of Grand Oaks into Bear Creek and the drainage ditch that runs north of Grand Oaks, Sections 6 and 10. He informed the Board that the District's application to the U.S. Army Corps of Engineers (the "Corps") for the Drainage Permits would need to include a statement from the District regarding the coordination between LJA and Horizon. Mr. Yale then submitted for the Board's review and approval a letter from the Board to the Corps, stating that (1) the coordination between LJA and Horizon to obtain the Drainage Permits was acceptable to the Board; and (2) Horizon was authorized to communicate with the Corps on behalf of the District with regard to the acquisition of the Permits. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the letter and to authorize Director Gardner to execute same. A copy of the letter is attached hereto as an exhibit to these minutes.

Storm Water Quality Features / Grand Oaks Subdivision, Sections 2 and 10

Next, Mr. Haan reviewed with the Board the proposals (the "Proposals") submitted by Storm Water Solutions, LP ("SWS"), for the monthly maintenance and annual permitting services associated with the storm water quality features serving Grand Oaks, Sections 2 and 10 (collectively, the "SWQ Services"). Copies of the Proposals are attached hereto as exhibits to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Proposals and to authorize the District's Engineer to notify SWS to proceed with the SWQ Services.

Wastewater Discharge Permit Renewal

Then Mr. Haan 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. He reported that LJA had completed the Application and would submit same to the Commission as soon as the laboratory data was received.

Barclay Garden Plaza

Mr. Haan reported that the District's Engineer had reviewed and commented on the plans for the proposed expansion (the "Expansion") of a dry-cleaning business and nail salon (the "Establishment") located in the Barclay Garden Plaza commercial center on Clay Road east of Barker Cypress Road. He stated that LJA had approved the revised plans for the Expansion and had forwarded same to the District's Operator to determine the tap and inspection fees for the additional service tap. Mr. Haan noted that the water and sanitary sewer demand for the Expansion would not exceed the initial utility commitment for the Establishment.

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 407,000 gallons of water from its own wells and had purchased 15,170,000 gallons of water from the Authority during the period of 6 June to 6 July 2017, with an accountability rate of 97.2%. Ms. Bonilla-Odums reported that the District has 1,201 active connections. She informed the Board that two residential connections were installed during July 2017. She noted that the Plant operated with its average level of flow at 821% 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 July 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.

Water Plant No. 1 / Motor Control Center Building

The Board discussed the condition of the District's Water Plant No. 1. Ms. Bonilla-Odums informed the Board of the need to install an air conditioning system (the "AC System") in the motor control center building (the "MCC") at Water Plant No. 1. She explained that an AC System would prolong the life of the electronic components in the MCC. Ms. Bonilla-Odums estimated the cost to install the AC System at approximately \$2,700. After discussion, upon a motion duly made by Director Brown and seconded, the Board voted unanimously to authorize the District's Operator to proceed with the installation of the AC System in the MCC.

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 35 letters had been sent out with a due date of 9 August 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 account in the amount of \$17.54 that would be written off; and one delinquent service account in the amount of \$50.14 that would be 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 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. He reported that, to date, there had been 50 sales and 44 closings in Grand Oaks. During July 2017, he told the Board, there had been nine sales. 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.

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

Secretary, Board of Directors

SEAL

Rolling Creek Utility District
Meeting of 2 August 2017
Attachments

1. Security Patrol Report;
2. Coats Rose memo / Security Contract Rates;
3. Tax Assessor/Collector's Report;
4. Bookkeeper's Report;
5. Texas Unclaimed Property Reporting System Report;
6. Solid Waste Collection Report;
7. Coats Rose memo / WHCRWA;
8. First Addendum to October 20, 2016 Utility Commitment Agreement for Wastewater Treatment Plant Expansion (Wastewater Package Plant Train Three);
9. Engineer's Report;
10. Letter to U.S. Army Corps of Engineers;
11. Bid Tabulation / Water, Sanitary Sewer, and Drainage Facilities to serve Section 6 in Grand Oaks Subdivision;
12. Proposals from Storm Water Solutions for storm water quality features in Sections 2 and 10 of Grand Oaks Subdivision; and
13. Operations Report.